# CONSOLIDATED FINANCIAL STATEMENTS

# THE ARC OF THE UNITED STATES AND AFFILIATES

## FOR THE YEAR ENDED DECEMBER 31, 2019

**THE ARC OF THE UNITED STATES AND AFFILIATES**

**CONTENTS**

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of The Arc of the United States and Affiliates (the Organizations), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of December 31, 2019, and the consolidated change in their net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Schedule of Financial Position on pages 20 - 21, and Consolidated Schedule of Activities and Change in Net Assets on pages 22 - 23 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gelman Rosenberg & Freedman

May 21, 2020

# THE ARC OF THE UNITED STATES AND AFFILIATES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS OF DECEMBER 31, 2019

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash and cash equivalents | $ 1,030,490 |
| Investments | 11,767,831 |
| Accounts receivable, net of allowance for doubtful accounts of $21,965 | 821,026 |
| Grants receivable | 196,313 |
| Prepaid expenses | 76,962 |
| Total current assets | 13,892,622 |
| **FIXED ASSETS** | |
| Furniture and equipment | 1,909,686 |
| Vehicles | 21,859 |
| Website | 886,221 |
| | 2,817,766 |
| Less: Accumulated depreciation and amortization | (2,179,192) |
| Net fixed assets | 638,574 |
| **OTHER ASSETS** | |
| Security deposit | 49,257 |
| Investments held for beneficial interest in perpetual trust | 1,320,372 |
| Deferred compensation investments | 188,756 |
| Total other assets | 1,558,385 |
| **TOTAL ASSETS** | **$ 16,089,581** |
| **LIABILITIES AND NET ASSETS** | |
| **CURRENT LIABILITIES** | |
| Accounts payable and accrued liabilities | $ 1,142,417 |
| Due to related party | 5,576 |
| Deferred revenue | 40,659 |
| Deferred rent, current | 169,817 |
| Contingency accrued liability | 160,000 |
| Total current liabilities | 1,518,469 |
| **LONG-TERM LIABILITIES** | |
| Deferred rent, net of current portion | 448,695 |
| Deferred compensation | 188,756 |
| Total long-term liabilities | 637,451 |
| Total liabilities | 2,155,920 |
| **NET ASSETS** | |
| Without donor restrictions: | |
| Undesignated | 1,859,093 |
| Board designated | 609,682 |
| Without donor restriction net assets | 2,468,775 |
| With donor restrictions | 11,464,886 |
| Total net assets | 13,933,661 |
| **TOTAL LIABILITIES AND NET ASSETS** | **$ 16,089,581** |

See accompanying notes to consolidated financial statements.

## THE ARC OF THE UNITED STATES AND AFFILIATES

## CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
## FOR THE YEAR ENDED DECEMBER 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUE AND SUPPORT** | | | |
| Contributions | $ 695,127 | $ 2,060,613 | $ 2,755,740 |
| Affiliation and chapter fees | 2,979,877 | - | 2,979,877 |
| Contributed services | 4,328,647 | - | 4,328,647 |
| Bequest income | 53,990 | 1,005,407 | 1,059,397 |
| Registration fees | 881,084 | - | 881,084 |
| Grants | 725,055 | - | 725,055 |
| Program service fees | 485,331 | - | 485,331 |
| Contracts | 724,098 | - | 724,098 |
| Investment income, net | 1,337,658 | 793,758 | 2,131,416 |
| Royalty income | 107,615 | - | 107,615 |
| Other income | 52,351 | - | 52,351 |
| Net gain in perpetual trust | - | 197,630 | 197,630 |
| Net assets released from donor restrictions | 3,724,963 | (3,724,963) | - |
| Total revenue and support | 16,095,796 | 332,445 | 16,428,241 |
| **EXPENSES** | | | |
| Program Services: | | | |
| Chapter Leadership and Development | 2,642,545 | - | 2,642,545 |
| Public Education | 1,620,907 | - | 1,620,907 |
| Public Policy | 4,937,155 | - | 4,937,155 |
| Program Innovation | 4,580,247 | - | 4,580,247 |
| Total program services | 13,780,854 | - | 13,780,854 |
| Supporting Services: | | | |
| Management and General | 875,667 | - | 875,667 |
| Fundraising | 823,240 | - | 823,240 |
| Total supporting services | 1,698,907 | - | 1,698,907 |
| Total expenses | 15,479,761 | - | 15,479,761 |
| Change in net assets before other items | 616,035 | 332,445 | 948,480 |
| **OTHER ITEMS** | | | |
| Transfer of net assets from The Arc of the District of Columbia, Inc. | (701,566) | 209,683 | (491,883) |
| Forgiveness of debt | 351,974 | - | 351,974 |
| Total other items | (349,592) | 209,683 | (139,909) |
| Change in net assets | 266,443 | 542,128 | 808,571 |
| Net assets at beginning of year | 2,202,332 | 10,922,758 | 13,125,090 |
| **NET ASSETS AT END OF YEAR** | **$ 2,468,775** | **$ 11,464,886** | **$ 13,933,661** |

See accompanying notes to consolidated financial statements.

## THE ARC OF THE UNITED STATES AND AFFILIATES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2019

| | Program Services | | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Chapter Leadership and Development | Public Education | Public Policy | Program Innovation | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
| Salaries | $ 1,197,070 | $ 186,930 | $ 1,092,361 | $ 2,008,299 | $ 4,484,660 | $ 335,766 | $ 401,268 | $ 737,034 | $ 5,221,694 |
| Employee benefits | 199,328 | 31,126 | 181,893 | 334,409 | 746,756 | 55,909 | 66,816 | 122,725 | 869,481 |
| Payroll taxes | 92,136 | 14,388 | 84,077 | 154,574 | 345,175 | 25,843 | 30,885 | 56,728 | 401,903 |
| Professional fees | 118,570 | 36,329 | 40,499 | 585,151 | 780,549 | 64,222 | 91,105 | 155,327 | 935,876 |
| In-kind professional fees | - | 1,130,476 | 3,007,016 | - | 4,137,492 | 191,155 | - | 191,155 | 4,328,647 |
| Supplies | 16,536 | 1,400 | 1,688 | 10,941 | 30,565 | 158 | 1,085 | 1,243 | 31,808 |
| Telephone and internet | 13,011 | 1,129 | 5,175 | 23,014 | 42,329 | 1,283 | 2,140 | 3,423 | 45,752 |
| Postage and shipping | 12,588 | 70,804 | 1,052 | 14,283 | 98,727 | 279 | 35,903 | 36,182 | 134,909 |
| Insurance | 9,193 | 2,238 | 6,927 | 16,150 | 34,508 | 2,542 | 4,000 | 6,542 | 41,050 |
| Occupancy and storage | 198,106 | 14,615 | 52,677 | 381,436 | 646,834 | 16,288 | 29,607 | 45,895 | 692,729 |
| Outside printing and design | 42,530 | 28,453 | 29,590 | 91,931 | 192,504 | 236 | 38,110 | 38,346 | 230,850 |
| Advertising expenses | 2,795 | 29,550 | 500 | 80,535 | 113,380 | - | 866 | 866 | 114,246 |
| Conferences, meetings and travel | 462,142 | 5,942 | 260,932 | 211,685 | 940,701 | 58,177 | 29,964 | 88,141 | 1,028,842 |
| Subscriptions and dues | 54,728 | 28,082 | 89,155 | 26,591 | 198,556 | 1,287 | 6,622 | 7,909 | 206,465 |
| Grants and sub-grants | 53,811 | - | - | 346,863 | 400,674 | - | - | - | 400,674 |
| Repairs and maintenance | 81,678 | 20,682 | 20,278 | 106,240 | 228,878 | 4,983 | 36,836 | 41,819 | 270,697 |
| Depreciation and amortization | 66,849 | 16,273 | 50,366 | 117,432 | 250,920 | 18,487 | 29,085 | 47,572 | 298,492 |
| Bad debt | - | - | - | - | - | 66,533 | - | 66,533 | 66,533 |
| Miscellaneous | 21,474 | 2,490 | 12,969 | 70,713 | 107,646 | 32,519 | 18,948 | 51,467 | 159,113 |
| **TOTAL** | **$ 2,642,545** | **$ 1,620,907** | **$ 4,937,155** | **$ 4,580,247** | **$ 13,780,854** | **$ 875,667** | **$ 823,240** | **$ 1,698,907** | **$ 15,479,761** |

# THE ARC OF THE UNITED STATES AND AFFILIATES

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED DECEMBER 31, 2019

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Change in net assets | $ 808,571 |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | |
| Depreciation and amortization | 298,492 |
| Unrealized gain on investments | (1,523,671) |
| Realized gain on sale of investments | (391,416) |
| Net gain in perpetual trust | (197,630) |
| Change in allowance for doubtful accounts | 30,035 |
| Increase in: | |
| Accounts receivable | (320,079) |
| Grants receivable | (99,252) |
| Prepaid expenses | (7,950) |
| Security deposit | (9,203) |
| Increase (decrease) in: | |
| Accounts payable and accrued liabilities | 294,483 |
| Due to related party | 140,903 |
| Deferred revenue | 31,654 |
| Deferred rent | (124,384) |
| Contingency accrued liability | 160,000 |
| Net cash used by operating activities | (909,447) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of fixed assets | (101,354) |
| Purchase of investments | (299,748) |
| Proceeds from sale of investments | 681,438 |
| Net cash provided by investing activities | 280,336 |
| Net decrease in cash and cash equivalents | (629,111) |
| Cash and cash equivalents at beginning of year | 1,659,601 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **$ 1,030,490** |
| **SUPPLEMENTAL INFORMATION:** | |
| **Taxes Paid** | **$ 8,316** |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Arc of the United States (The Arc) is the national headquarters of the largest community-based organization of and for people with intellectual and developmental disabilities. 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 lifetime.

The Arc provides an array of services and support for families and individuals and includes over 140,000 members affiliated through about 610 state and local chapters across the nation, including training and education assistance with employment and independent living. The Arc is devoted to promoting and improving supports and services for all people with intellectual and developmental disabilities. The Arc is primarily supported by affiliation fees, program revenue and support from the general public.

The Foundation of The Arc of the United States (the Foundation) was established to promote, support and further the interests and purposes of The Arc. The Foundation is primarily supported by contributions from the general public.

Effective January 1, 2019, The Arc's Board of Directors approved the restructuring of The Arc of Georgia Services Corporation (formerly The Georgia Arc Network) and The Arc of the District of Columbia Inc. to be subsidiary corporations of The Arc.

The Arc of the District of Columbia, Inc. (The Arc of D.C.) is a non-profit organization, incorporated in the District of Columbia. The Arc of D.C. promotes and protects the human rights of people with intellectual and development disabilities and actively supports their full inclusion and participation in the community throughout their lifetimes.

The Arc of Georgia Services Corporation (The Arc of GA) is a non-profit organization incorporated in Georgia. The Arc of GA 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 lifetime. The Arc of GA serves as the Management Trustee of The Arc of Georgia Pooled Trust for Self-Settled Accounts, The Arc of Georgia Pooled Trust for Third Party Accounts, and The Arc of Georgia Pooled Trust Spendthrift Trust, collectively d/b/a The Arc Georgia Pooled Trust.

The Arc of the United States, The Foundation of The Arc of the United States, The Arc of Georgia Services Corporation, and the Arc of the District of Columbia Inc. will collectively be referred to as "the Organizations".

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions -** Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions".

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets Without Donor Restrictions (continued)** - Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Organizations' mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The consolidated financial statements reflect the activity of The Arc of the United States, The Foundation of The Arc of the United States, The Arc of Georgia Services Corporation, and the Arc of the District of Columbia Inc. and are presented in accordance with FASB ASC 958-810, *Not-for-Profit Entities*, *Consolidation*, due to the common control of the entities. All inter-company transactions have been eliminated.

New accounting pronouncements adopted -

During 2019, the Organizations adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organizations recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Organizations has elected to opt out of all (or certain) disclosures not required for non public entities and also elected a modified retrospective approach.

Also during 2019, the Organizations adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. The Organizations adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Cash and cash equivalents (continued) -

Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income net of investment expenses provided by external investment advisors in the Consolidated Statement of Activities and Change in Net Assets.

Accounts and grants receivable -

Accounts receivable and grants receivable are stated at their fair value. The allowance for doubtful accounts is determined as a percentage of the total accounts receivables at year-end, including the age of the balance and the historical experience with the donor.

Fixed assets -

Fixed assets are stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Equipment and furniture costing greater than $1,500 is capitalized. Computers costing greater than $2,000 are capitalized. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

The Organizations are all exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Organizations are not private foundations.

Uncertain tax positions -

For the year ended December 31, 2019, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Contributions, bequests, grants and contracts -

Contributions, bequest, grants and contracts are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions, bequests, and grants qualifying as contributions are recorded by the Organizations upon notification of the contribution and grant award and satisfaction of all conditions, if applicable. Contributions, bequests, and grants are classified as net assets with donor restrictions when use of the contribution or grant funds is limited to specific programmatic areas or is designated for use in future periods. Contributions, bequests, and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Gifts, grants and contracts (continued) -

The Organizations receive awards under grants and contracts from the U.S. government and other sources for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such awards are recorded as revenue within the "without donor restrictions" to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. The Organizations also receive funding under fixed price contracts from the U.S. Governments and contract revenue is recognized as the performance obligations are performed contracts.

Awards received under grants and contracts in advance of incurring the related expenses for direct and indirect program costs are recorded as a refundable advance.

Contracts and grants receivable was $196,313 at December 31, 2019. This amount is from the United States Government.

Affiliation and chapter fees, registration and program services fees -

Revenue received for chapter fees, registration and other program service fees are recorded as revenue when the performance obligations are satisfied and/or related event has occurred. Transaction price is determined based on cost and/or sales price.

Contributed services -

Contributed services consist of legal services and advertising. Contributed services are recorded at their fair market value as of the date of the gift.

Use of estimates -

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organizations are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fair value measurement -

The Organizations adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. The Organizations account for a significant portion of their financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for non public entities beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organizations plan to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

## 2. INVESTMENTS

Investments consisted of the following at December 31, 2019:

| | Fair Value |
|---|---|
| Mutual funds | $ 657,109 |
| Fixed income - taxable bonds | 3,088,602 |
| Stocks | 8,022,120 |
| **TOTAL INVESTMENTS** | **$ 11,767,831** |

Included in the investment portfolio are endowed gifts to be invested in perpetuity in the amount of $2,312,468 for the year ended December 31, 2019.

The investment income is the following for the year ended December 31, 2019:

| | |
|---|---|
| Interest and dividends | $ 252,407 |
| Unrealized gain | 1,523,671 |
| Realized gain | 391,416 |
| Distributions from the beneficial interest in perpetual trusts | 2,684 |
| Investment expenses provided by external investment advisors | (38,762) |
| **TOTAL INVESTMENT INCOME, NET** | **$ 2,131,416** |

## 3. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Arc is the beneficiary of certain perpetual trusts held and administered by a third party. The present value of the estimated future cash flows (as measured by the fair value of the underlying investments) is recognized as assets and contribution revenues at the dates the trusts are established. Distributions from the trust are recorded as investment income without donor restrictions. The increase or decrease in the asset measured by the fair value of the asset contributed to the trust is recorded as a restricted gain in perpetuity in the Consolidated Statement of Activities and Change in Net Assets.

For the year ended December 31, 2019, The Arc recorded a net gain in perpetual trust of $197,630, due to the increase in fair value.

The Arc also received distributions from the beneficial interest in perpetual trusts in the amount of $2,684, which is included in investment income without donor restrictions in the Consolidated Statement of Activities and Change in Net Assets.

The value of The Arc's interest in the perpetual trusts at December 31, 2019 was $1,320,372.

## 4. BOARD DESIGNATED

The Board of Directors has set aside certain net assets without donor restrictions for special purposes. Such funds are used to offset any operational loss incurred by The Arc or to fund any other special project of The Arc. As of December 31, 2019, Board designated assets totaled $609,682.

## 5. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2019, net assets with donor restrictions consisted of the following:

| | |
|---|---|
| Donor-Imposed Restrictions: | |
| Down Syndrome New Mexico Fund | $ 4,395,449 |
| Chapter Financial Assistance and Support Programs | 2,449,683 |
| TENDR | 75,823 |
| Advocacy Engagement | 417,080 |
| Public Supported Research | 980,194 |
| Down Syndrome Research Fund | 163,123 |
| Individual and Family Support Programs | 76,034 |
| Tech Programs | 87,914 |
| Prevention Fund | 53,552 |
| NCCJD | 53,733 |
| Health and Wellness Programs | 12,183 |
| Give a Parent a Break | 3,787 |
| Paul Marchand Fellowship Fund for Public Policy | 5,538 |
| Give a Kid a Job | 27 |
| Census | 240,714 |
| Silberman Fund | 125,677 |
| Accumulated investment earnings from endowments not yet authorized for spending | 11,907 |
| Endowments to be invested in perpetuity | 2,312,468 |
| **TOTAL NET ASSETS WITH DONOR RESTRICTIONS** | **$ 11,464,886** |

## 5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following is a summary of net assets released from restrictions by satisfying program restrictions imposed by donors:

| | |
|---|---|
| Donor-Imposed Restrictions: | |
| Chapter Financial Assistance and Support Programs | $ 1,300,063 |
| Public Supported Research | 296,313 |
| Advocacy Engagement | 492,999 |
| Individual and Family Support Programs | 555,207 |
| Disability Employment Programs | 53,018 |
| Tech Programs | 174,204 |
| Wings for Autism Program | 117,006 |
| MEAF-Employment | 61,000 |
| Health and Wellness Programs | 51,017 |
| Appropriation of accumulated investment earnings from Endowments | 40,516 |
| NCCJD | 131,266 |
| Disaster Relief Fund | 25,530 |
| Down Syndrome New Mexico Fund | 122,670 |
| TENDR | 107,974 |
| Public Policy Advocacy Fund | 2,890 |
| Silberman Fund | 84,005 |
| Census | 109,285 |
| **TOTAL NET ASSETS RELEASED FROM RESTRICTIONS** | **$ 3,724,963** |

## 6. LIQUIDITY

Financial assets available for use within one year of the Consolidated Statement of Financial Position comprise the following at December 31, 2019:

| | |
|---|---|
| Cash and cash equivalents | $ 1,030,490 |
| Investments | 11,767,831 |
| Accounts receivable | 821,026 |
| Grants receivable | 196,313 |
| Less: Donor restrictions for specific purposes | (11,464,886) |
| Less: Board designated net assets | (609,682) |
| **FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR** | **$ 1,741,092** |

The Organizations have a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019, the Organizations have financial assets equal to approximately two months of operating expenses.

## 7. RELATED PARTY TRANSACTIONS

The Arc and the Foundation have separate governing Boards of Directors, but share five voting directors which control the Foundation's Board. At December 31, 2019, the Foundation has a receivable from The Arc amounting to $84,143, for contributions paid to the Foundation received through The Arc on behalf of the Foundation.

## 7. RELATED PARTY TRANSACTIONS (Continued)

All intercompany transactions have been eliminated in consolidation.

The Arc and The Arc of D.C. entered into a management service agreement. The Arc charged The Arc of D.C. $140,383 during the year for their management fees. As of December 31, 2019, The Arc of D.C. owed The Arc $120,689.

All intercompany transactions have been eliminated in consolidation.

The Arc and The Arc of Georgia entered into a management service agreement. The Arc charged The Arc of Georgia $4,457 during the year for their management fees. As of December 31, 2019, The Arc of Georgia owed The Arc $5,803.

Inter-company transactions are eliminated in the consolidated report presented.

At December 31, 2019, The Arc had a net balance of $5,576 due to The Arc of Arizona, which is not a subsidiary corporation of The Arc and therefore, this transaction is not eliminated in the consolidated report presented.

## 8. COMMITMENTS - OPERATING LEASES

As part of the lease agreement, The Arc received three free months of rent at the commencement of the contract. Additionally, The Arc was only required to pay 50% of the rental installments for the 12 months following and received free rent for the month and a half after the year period.

In December 2013, The Arc amended the lease to include an additional 1,644 square feet of office space. The lease for the additional space commenced on May 15, 2014 and will maintain a termination date of May 31, 2023.

In December 2018, The Arc of D.C. signed a lease agreement for a term of thirty eight months resulting in a lease expiration date of February 28, 2022. Base rent is $87,996 per year, plus a proportionate share of expenses, increasing by a factor of 5% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Consequently, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes will be recorded as a deferred rent liability.

For the year ended December 31, 2019, occupancy expense was $692,729. Additionally, the deferred rent and lease incentive liability at year-end was $618,512.

At December 31, 2019, minimum annual rental commitments under the lease are as follows:

| Year Ending December 31, | |
|---|---|
| 2020 | $ 724,843 |
| 2021 | 746,802 |
| 2022 | 684,489 |
| 2023 | 284,111 |
| | **$ 2,440,245** |

## 9. RETIREMENT PLAN

The Organizations have a non-contributory pension plan (the Plan), covering substantially all of its regular employees. Total pension expense was $382,983 for the year ended December 31, 2019. The Plan, which provides for deferred annuity contracts, is a money-purchase defined contribution plan. The Organizations' cost is limited to the contributions fixed under the Plan.

The Organizations also have a 457(b) deferred compensation plan, effective August 9, 2009, limited to the top hat group of employees. Elective deferrals may be made to the Plan up to the maximum allowed by law. As of December 31, 2019, $188,756 was deferred under the Plan.

## 10. CONTRIBUTED SERVICES

During the year ended December 31, 2019, the Organizations were the beneficiary of donated services in the amount of $4,328,647. The value of these services was estimated at fair market value, and has been included as revenue and expenses in the accompanying consolidated financial statements for the year ended December 31, 2019, as follows:

| | |
|---|---|
| Donated legal services | $ 3,171,459 |
| Donated advertising | 1,157,188 |
| **TOTAL CONTRIBUTED SERVICES** | **$ 4,328,647** |

## 11. CONTINGENCY ACCRUED LIABILITY

During the year ended December 31, 2019, The Arc of D.C. has a balance in contingency accrued liability of $160,000. Contingency accrued liability represents outstanding Medicaid overpayments. The Arc of D.C. is currently engaged in a settlement to repay this amount.

As of December 31, 2019, Arc of D.C. payables to an equipment rental vendor, former employees and other general vendors of $351,974 have been forgiven by these vendors and have no balance and therefore, has been included as forgiveness of debt in the accompanying Consolidated Statement of Activities and Change in Net Assets for the year ended December 31, 2019.

## 12. CONTINGENCY

The Organizations receive grants from various agencies of the United States Government. Beginning for fiscal year ended December 31, 2015, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2016. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

During the year ended December 31, 2019, the Organizations did not incur costs of Federal funding in excess of $750,000 that would require a single audit under the Uniform Guidance.

## 13. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organizations have categorized their financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organizations have the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organizations are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organizations are deemed to be actively traded.
- *Fixed income - taxable bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2019:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Asset Class:** | | | | |
| Mutual funds | $ 657,109 | $ - | $ - | $ 657,109 |
| Fixed income - taxable bonds | - | 3,088,602 | - | 3,088,602 |
| Stocks | 8,022,120 | - | - | 8,022,120 |
| **TOTAL** | **$ 8,679,229** | **$ 3,088,602** | **$ -** | **$ 11,767,831** |
| **DEFERRED COMPENSATION ASSET** | **$ 188,756** | **$ -** | **$ -** | **$ 188,756** |
| Common trust funds | $ - | $ 72,287 | $ - | $ 72,287 |
| Equities | 885,304 | - | - | 885,304 |
| Money market | 239,527 | - | - | 239,527 |
| Fixed income | 123,254 | - | - | 123,254 |
| **ASSETS HELD IN PERPETUAL TRUST** | **$ 1,248,085** | **$ 72,287** | **$ -** | **$ 1,320,372** |

## 14. ENDOWMENT

The Organizations' endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organizations consider a fund to be underwater if the fair value of the fund is less than the sum the (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organizations have interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organizations consider the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Description of amounts classified as net assets with donor restrictions (Endowment only):

| | |
|---|---|
| Net Assets with Donor Restrictions: | |
| Original donor-restricted endowment gift amounts and amounts required to be retained by donor | $ 2,312,468 |
| Accumulated investment earnings with purpose restrictions | 11,907 |
| **TOTAL ENDOWMENT FUNDS CLASSIFIED AS NET ASSETS WITH DONOR RESTRICTIONS** | **$ 2,324,375** |

Changes in endowment net assets for the year ended December 31, 2019:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 2,084,874 | $ 2,084,874 |
| Investment income, net | - | 82,387 | 82,387 |
| Gain in beneficial interest in perpetual trusts | - | 197,630 | 197,630 |
| Appropriation of endowment assets for expenditure | - | (40,516) | (40,516) |
| **ENDOWMENT NET ASSETS, END OF YEAR** | **$ -** | **$ 2,324,375** | **$ 2,324,375** |

## 14. ENDOWMENT (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. There were no deficiencies of this nature for the year ended December 31, 2019.

Return Objectives and Risk Parameters -

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organizations must hold in-perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives -

To satisfy their long-term rate-of-return objectives, the Organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organizations target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve their long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Organizations have a policy of appropriating for distribution the amount deemed allowable by the donor after determining the actual amount earned.

## 15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through May 21, 2020, the date the consolidated financial statements were issued.

In March of 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen. The global financial markets have declined and the fair value of the investment portfolio of the Organizations has decreased to approximately $10,300,000 as of the date of the audit report. In addition, the Arc of the United States canceled a meeting and made another meeting virtual subsequent to year end due to the COVID-19 pandemic. The Arc of the United States is determining how their annual Convention will be impacted by the global pandemic.

In April 2020, to offset the impact of the global pandemic, the Arc of the United States entered into a two-year promissory note agreement in the amount of approximately $1,130,000 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note beginning in November 2020, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the U.S. Small Business Administration in whole or in part.

Other potential financial or operational impacts from COVID-19 are unknown at this time.

## SUPPLEMENTAL INFORMATION

## THE ARC OF THE UNITED STATES AND AFFILIATES

## CONSOLIDATED SCHEDULE OF FINANCIAL POSITION
## AS OF DECEMBER 31, 2019

### ASSETS

| | The Arc | The Foundation | The Arc of D.C. | The Arc of GA | Eliminations | Total |
|---|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | | |
| Cash and cash equivalents | $ 1,024,760 | $ 5,730 | $ - | $ - | $ - | $ 1,030,490 |
| Investments | 11,110,722 | 657,109 | - | - | - | 11,767,831 |
| Accounts receivable, net of allowance for doubtful accounts of $21,965 | 626,789 | - | 194,237 | - | - | 821,026 |
| Grants receivable | 196,313 | - | - | - | - | 196,313 |
| Due from related parties | 42,349 | 84,143 | - | - | (126,492) | - |
| Prepaid expenses | 74,053 | - | 2,909 | - | - | 76,962 |
| Total current assets | 13,074,986 | 746,982 | 197,146 | - | (126,492) | 13,892,622 |
| **FIXED ASSETS** | | | | | | |
| Furniture and equipment | 1,905,966 | - | 3,720 | - | - | 1,909,686 |
| Vehicles | - | - | 21,859 | - | - | 21,859 |
| Website | 886,221 | - | - | - | - | 886,221 |
| | 2,792,187 | - | 25,579 | - | - | 2,817,766 |
| Less: Accumulated depreciation and amortization | (2,153,613) | - | (25,579) | - | - | (2,179,192) |
| Net fixed assets | 638,574 | - | - | - | - | 638,574 |
| **OTHER ASSETS** | | | | | | |
| Security deposit | 40,054 | - | 9,203 | - | - | 49,257 |
| Investments held for beneficial interest in perpetual trust | 1,320,372 | - | - | - | - | 1,320,372 |
| Deferred compensation investments | 188,756 | - | - | - | - | 188,756 |
| Total other assets | 1,549,182 | - | 9,203 | - | - | 1,558,385 |
| **TOTAL ASSETS** | **$ 15,262,742** | **$ 746,982** | **$ 206,349** | **$ -** | **$ (126,492)** | **$ 16,089,581** |

## THE ARC OF THE UNITED STATES AND AFFILIATES

## CONSOLIDATED SCHEDULE OF FINANCIAL POSITION
## AS OF DECEMBER 31, 2019

### LIABILITIES AND NET ASSETS

| | The Arc | The Foundation | The Arc of D.C. | The Arc of GA | Eliminations | Total |
|---|---|---|---|---|---|---|
| **CURRENT LIABILITIES** | | | | | | |
| Accounts payable and accrued liabilities | $ 1,036,660 | $ - | $ 101,300 | $ 4,457 | $ - | $ 1,142,417 |
| Due to related party | 5,576 | - | 120,689 | 5,803 | (126,492) | 5,576 |
| Deferred revenue | 40,659 | - | - | - | - | 40,659 |
| Deferred rent, current | 155,542 | - | 14,275 | - | - | 169,817 |
| Contingency accrued liability | - | - | 160,000 | - | - | 160,000 |
| Total current liabilities | 1,238,437 | - | 396,264 | 10,260 | (126,492) | 1,518,469 |
| **LONG-TERM LIABILITIES** | | | | | | |
| Deferred rent, net of current portion | 448,695 | - | - | - | - | 448,695 |
| Deferred compensation | 188,756 | - | - | - | - | 188,756 |
| Total long-term liabilities | 637,451 | - | - | - | - | 637,451 |
| Total liabilities | 1,875,888 | - | 396,264 | 10,260 | (126,492) | 2,155,920 |
| **NET ASSETS** | | | | | | |
| Without donor restrictions: | | | | | | |
| Undesignated | 1,709,325 | 475,620 | (315,592) | (10,260) | - | 1,859,093 |
| Board designated | 609,682 | - | - | - | - | 609,682 |
| Without donor restriction net assets | 2,319,007 | 475,620 | (315,592) | (10,260) | - | 2,468,775 |
| With donor restrictions | 11,067,847 | 271,362 | 125,677 | - | - | 11,464,886 |
| Total net assets | 13,386,854 | 746,982 | (189,915) | (10,260) | - | 13,933,661 |
| **TOTAL LIABILITIES AND NET ASSETS** | **$ 15,262,742** | **$ 746,982** | **$ 206,349** | **$ -** | **$ (126,492)** | **$ 16,089,581** |

# THE ARC OF THE UNITED STATES AND AFFILIATES

## CONSOLIDATED SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
## FOR THE YEAR ENDED DECEMBER 31, 2019

| | The Arc | | | The Foundation | | | The Arc of D.C. | | |
|---|---|---|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| **REVENUE AND SUPPORT** | | | | | | | | | |
| Contributions | $ 669,167 | $ 2,060,613 | $ 2,729,780 | $ - | $ - | $ - | $ 25,960 | $ - | $ 25,960 |
| Affiliation and chapter fees | 2,979,867 | - | 2,979,867 | - | - | - | 10 | - | 10 |
| Contributed services | 4,301,936 | - | 4,301,936 | - | - | - | 26,711 | - | 26,711 |
| Bequest income | 53,990 | 1,005,407 | 1,059,397 | - | - | - | - | - | - |
| Registration fees | 881,084 | - | 881,084 | - | - | - | - | - | - |
| Grants | 762,507 | - | 762,507 | - | - | - | - | - | - |
| Program service fees | 604,757 | - | 604,757 | - | - | - | 11,022 | - | 11,022 |
| Contracts | - | - | - | - | - | - | 724,098 | - | 724,098 |
| Investment income, net | 1,263,501 | 741,654 | 2,005,155 | 74,157 | 52,104 | 126,261 | - | - | - |
| Royalty income | 107,615 | - | 107,615 | - | - | - | - | - | - |
| Other income | 52,351 | - | 52,351 | - | - | - | - | - | - |
| Net gain in perpetual trust | - | 197,630 | 197,630 | - | - | - | - | - | - |
| Net assets released from donor restrictions | 3,615,098 | (3,615,098) | - | 25,859 | (25,859) | - | 84,006 | (84,006) | - |
| Total revenue and support | 15,291,873 | 390,206 | 15,682,079 | 100,016 | 26,245 | 126,261 | 871,807 | (84,006) | 787,801 |
| **EXPENSES** | | | | | | | | | |
| Program Services: | | | | | | | | | |
| Chapter Leadership and Development | 2,642,545 | - | 2,642,545 | - | - | - | - | - | - |
| Public Education | 1,620,907 | - | 1,620,907 | - | - | - | - | - | - |
| Public Policy | 4,937,155 | - | 4,937,155 | - | - | - | - | - | - |
| Program Innovation | 3,928,614 | - | 3,928,614 | 37,452 | - | 37,452 | 775,311 | - | 775,311 |
| Total program services | 13,129,221 | - | 13,129,221 | 37,452 | - | 37,452 | 775,311 | - | 775,311 |
| Supporting Services: | | | | | | | | | |
| Management and General | 801,772 | - | 801,772 | 8,149 | - | 8,149 | 62,286 | - | 62,286 |
| Fundraising | 823,000 | - | 823,000 | - | - | - | 210 | - | 210 |
| Total supporting services | 1,624,772 | - | 1,624,772 | 8,149 | - | 8,149 | 62,496 | - | 62,496 |
| Total expenses | 14,753,993 | - | 14,753,993 | 45,601 | - | 45,601 | 837,807 | - | 837,807 |
| Change in net assets before other items | 537,880 | 390,206 | 928,086 | 54,415 | 26,245 | 80,660 | 34,000 | (84,006) | (50,006) |
| **OTHER ITEMS** | | | | | | | | | |
| Transfer of net assets from the Arc of the District of Columbia, Inc. | - | - | - | - | - | - | (701,566) | 209,683 | (491,883) |
| Forgiveness of debt | - | - | - | - | - | - | 351,974 | - | 351,974 |
| Total other items | - | - | - | - | - | - | (349,592) | 209,683 | (139,909) |
| Change in net assets | 537,880 | 390,206 | 928,086 | 54,415 | 26,245 | 80,660 | (315,592) | 125,677 | (189,915) |
| Net assets at beginning of year | 1,781,127 | 10,677,641 | 12,458,768 | 421,205 | 245,117 | 666,322 | - | - | - |
| **NET ASSETS AT END OF YEAR** | $ 2,319,007 | $ 11,067,847 | $ 13,386,854 | $ 475,620 | $ 271,362 | $ 746,982 | $ (315,592) | $ 125,677 | $ (189,915) |

## THE ARC OF THE UNITED STATES AND AFFILIATES

## CONSOLIDATED SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
## FOR THE YEAR ENDED DECEMBER 31, 2019

| | The Arc of GA | | | Total | | | |
|---|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Eliminations | Total |
| **REVENUE AND SUPPORT** | | | | | | | |
| Contributions | $ - | $ - | $ - | $ 695,127 | $ 2,060,613 | $ - | $ 2,755,740 |
| Affiliation and chapter fees | - | - | - | 2,979,877 | - | - | 2,979,877 |
| Contributed services | - | - | - | 4,328,647 | - | - | 4,328,647 |
| Bequest income | - | - | - | 53,990 | 1,005,407 | - | 1,059,397 |
| Registration fees | - | - | - | 881,084 | - | - | 881,084 |
| Grants | - | - | - | 762,507 | - | (37,452) | 725,055 |
| Program service fees | 14,392 | - | 14,392 | 630,171 | - | (144,840) | 485,331 |
| Contracts | - | - | - | 724,098 | - | - | 724,098 |
| Investment income, net | - | - | - | 1,337,658 | 793,758 | - | 2,131,416 |
| Royalty income | - | - | - | 107,615 | - | - | 107,615 |
| Other income | - | - | - | 52,351 | - | - | 52,351 |
| Net gain in perpetual trust | - | - | - | - | 197,630 | - | 197,630 |
| Net assets released from donor restrictions | - | - | - | 3,724,963 | (3,724,963) | - | - |
| Total revenue and support | 14,392 | - | 14,392 | 16,278,088 | 332,445 | (182,292) | 16,428,241 |
| **EXPENSES** | | | | | | | |
| Program Services: | | | | | | | |
| Chapter Leadership and Development | - | - | - | 2,642,545 | - | - | 2,642,545 |
| Public Education | - | - | - | 1,620,907 | - | - | 1,620,907 |
| Public Policy | - | - | - | 4,937,155 | - | - | 4,937,155 |
| Program Innovation | 21,162 | - | 21,162 | 4,762,539 | - | (182,292) | 4,580,247 |
| Total program services | 21,162 | - | 21,162 | 13,963,146 | - | (182,292) | 13,780,854 |
| Supporting Services: | | | | | | | |
| Management and General | 3,460 | - | 3,460 | 875,667 | - | - | 875,667 |
| Fundraising | 30 | - | 30 | 823,240 | - | - | 823,240 |
| Total supporting services | 3,490 | - | 3,490 | 1,698,907 | - | - | 1,698,907 |
| Total expenses | 24,652 | - | 24,652 | 15,662,053 | - | (182,292) | 15,479,761 |
| Change in net assets before other items | (10,260) | - | (10,260) | 616,035 | 332,445 | - | 948,480 |
| **OTHER ITEMS** | | | | | | | |
| Transfer of net assets from the Arc of the District of Columbia, Inc. | - | - | - | (701,566) | 209,683 | - | (491,883) |
| Forgiveness of debt | - | - | - | 351,974 | - | - | 351,974 |
| Total other items | - | - | - | (349,592) | 209,683 | - | (139,909) |
| Change in net assets | (10,260) | - | (10,260) | 266,443 | 542,128 | - | 808,571 |
| Net assets at beginning of year | - | - | - | 2,202,332 | 10,922,758 | - | 13,125,090 |
| **NET ASSETS AT END OF YEAR** | **$ (10,260)** | **$ -** | **$ (10,260)** | **$ 2,468,775** | **$ 11,464,886** | **$ -** | **$ 13,933,661** |