

CONSOLIDATED FINANCIAL STATEMENTS

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

**FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

THE ARC OF THE UNITED STATES AND AFFILIATES

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Consolidated Statement of Financial Position, as of December 31, 2020, with Summarized Financial Information for 2019	4 - 5
EXHIBIT B - Consolidated Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	6
EXHIBIT C - Consolidated Statement of Functional Expenses, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	7
EXHIBIT D - Consolidated Statement of Cash Flows, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9 - 21
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Consolidating Schedule of Financial Position, as of December 31, 2020	22 - 23
SCHEDULE 2 - Consolidating Schedule of Activities and Change in Net Assets, for the Year Ended December 31, 2020	24 - 25



CPAs & ADVISORS

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, 2020, 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, 2020, 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.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRFCPA.COM

Report on Summarized Comparative Information

We have previously audited the Organizations' 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on pages 22 - 23, and Consolidating Schedule of Activities and Change in Net Assets on pages 24 - 25 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.



April 18, 2021

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,635,717	\$ 1,030,490
Investments	11,800,654	11,767,831
Accounts receivable, net of allowance for doubtful accounts of \$55,000 and \$21,965, for 2020 and 2019, respectively	1,590,565	821,026
Grants receivable	107,586	196,313
Prepaid expenses	<u>118,615</u>	<u>76,962</u>
Total current assets	<u>15,253,137</u>	<u>13,892,622</u>
FIXED ASSETS		
Furniture and equipment	1,913,186	1,909,686
Vehicles	21,859	21,859
Website	<u>886,221</u>	<u>886,221</u>
	2,821,266	2,817,766
Less: Accumulated depreciation and amortization	<u>(2,440,004)</u>	<u>(2,179,192)</u>
Net fixed assets	<u>381,262</u>	<u>638,574</u>
OTHER ASSETS		
Security deposit	50,257	49,257
Investments held for beneficial interest in perpetual trust	1,448,913	1,320,372
Deferred compensation investments	<u>253,697</u>	<u>188,756</u>
Total other assets	<u>1,752,867</u>	<u>1,558,385</u>
TOTAL ASSETS	<u>\$ 17,387,266</u>	<u>\$ 16,089,581</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2020
 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,078,843	\$ 1,142,417
Due to related party	6,042	5,576
Deferred income	65,252	40,659
Refundable advance	88,500	-
Deferred rent, current	181,562	169,817
Accrued contingency liability	<u>160,000</u>	<u>160,000</u>
Total current liabilities	<u>1,580,199</u>	<u>1,518,469</u>
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	277,347	448,695
Deferred compensation	<u>253,697</u>	<u>188,756</u>
Total long-term liabilities	<u>531,044</u>	<u>637,451</u>
Total liabilities	<u>2,111,243</u>	<u>2,155,920</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	2,768,734	1,859,093
Board designated	<u>609,682</u>	<u>609,682</u>
Without donor restriction net assets	3,378,416	2,468,775
With donor restrictions	<u>11,897,607</u>	<u>11,464,886</u>
Total net assets	<u>15,276,023</u>	<u>13,933,661</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,387,266</u>	<u>\$ 16,089,581</u>

THE ARC OF THE UNITED STATES AND AFFILIATES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions	\$ 1,282,789	\$ 2,751,050	\$ 4,033,839	\$ 2,755,740
Affiliation and chapter fees	2,848,151	-	2,848,151	2,979,877
Contributed services	4,706,407	-	4,706,407	4,328,647
Bequest income	255,660	-	255,660	1,059,397
Registration fees	310,085	-	310,085	881,084
Grants	1,742,124	32,000	1,774,124	725,055
Program service fees	412,272	-	412,272	485,331
Contracts	651,263	-	651,263	724,098
Investment income, net	944,151	670,214	1,614,365	2,131,416
Royalty income	90,682	-	90,682	107,615
Other income	10,323	-	10,323	52,351
Net gain in perpetual trust	-	128,541	128,541	197,630
Net assets released from donor restrictions	<u>3,149,084</u>	<u>(3,149,084)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>16,402,991</u>	<u>432,721</u>	<u>16,835,712</u>	<u>16,428,241</u>
EXPENSES				
Program Services:				
Chapter Leadership and Development	2,323,485	-	2,323,485	2,642,545
Public Education	1,591,479	-	1,591,479	1,620,907
Public Policy	6,781,857	-	6,781,857	4,937,155
Program Innovation	<u>3,229,500</u>	<u>-</u>	<u>3,229,500</u>	<u>4,580,247</u>
Total program services	<u>13,926,321</u>	<u>-</u>	<u>13,926,321</u>	<u>13,780,854</u>
Supporting Services:				
Management and General	495,784	-	495,784	875,667
Fundraising	<u>1,071,245</u>	<u>-</u>	<u>1,071,245</u>	<u>823,240</u>
Total supporting services	<u>1,567,029</u>	<u>-</u>	<u>1,567,029</u>	<u>1,698,907</u>
Total expenses	<u>15,493,350</u>	<u>-</u>	<u>15,493,350</u>	<u>15,479,761</u>
Change in net assets before other items	<u>909,641</u>	<u>432,721</u>	<u>1,342,362</u>	<u>948,480</u>
OTHER ITEMS				
Transfer of net assets from The Arc of the District of Columbia, Inc.	-	-	-	(491,883)
Forgiveness of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,974</u>
Total other items	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,909)</u>
Change in net assets	909,641	432,721	1,342,362	808,571
Net assets at beginning of year	<u>2,468,775</u>	<u>11,464,886</u>	<u>13,933,661</u>	<u>13,125,090</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,378,416</u>	<u>\$ 11,897,607</u>	<u>\$ 15,276,023</u>	<u>\$ 13,933,661</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020								2019	
	Program Services				Supporting Services				Total Expenses	Total Expenses
	Chapter Leadership and Development	Public Education	Public Policy	Program Innovation	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 1,235,638	\$ 202,137	\$ 1,635,258	\$1,658,366	\$ 4,731,399	\$ 198,071	\$ 580,985	\$ 779,056	\$ 5,510,455	\$ 5,221,694
Employee benefits	220,196	36,022	291,410	295,528	843,156	35,297	103,534	138,831	981,987	869,481
Payroll taxes	88,543	14,485	117,179	118,835	339,042	14,193	41,632	55,825	394,867	401,903
Professional fees	190,279	45,064	152,111	289,131	676,585	21,620	48,404	70,024	746,609	935,876
In-kind professional fees	-	1,013,948	3,636,679	-	4,650,627	55,780	-	55,780	4,706,407	4,328,647
Supplies	7,028	1,302	4,697	7,222	20,249	881	1,553	2,434	22,683	31,808
Telephone and internet	15,151	5,775	18,118	12,443	51,487	2,850	6,126	8,976	60,463	45,752
Postage and shipping	2,904	58,964	4,605	13,173	79,646	398	64,093	64,491	144,137	134,909
Insurance	2,587	-	3,287	3,479	9,353	2,882	1,094	3,976	13,329	41,050
Occupancy and storage	148,046	63,044	171,137	208,489	590,716	25,757	63,701	89,458	680,174	692,729
Outside printing and design	11,215	2,997	27,259	2,778	44,249	584	12,626	13,210	57,459	230,850
Advertising expenses	3,291	52,926	92,347	17,378	165,942	934	3,353	4,287	170,229	114,246
Conferences, meetings and travel	63,348	1,254	56,400	33,652	154,654	10,002	12,086	22,088	176,742	1,028,842
Subscriptions and dues	57,076	35,255	96,156	10,225	198,712	2,103	7,217	9,320	208,032	206,465
Grants and sub-grants	74,174	-	277,000	354,750	705,924	-	-	-	705,924	400,674
Repairs and maintenance	126,259	50,438	127,032	119,680	423,409	42,222	68,002	110,224	533,633	270,697
Depreciation and amortization	72,455	7,350	60,431	78,574	218,810	7,700	34,302	42,002	260,812	298,492
Bad debt	-	-	-	-	-	73,932	-	73,932	73,932	66,533
Miscellaneous	5,295	518	10,751	5,797	22,361	578	22,537	23,115	45,476	159,113
TOTAL	\$ 2,323,485	\$ 1,591,479	\$ 6,781,857	\$3,229,500	\$ 13,926,321	\$ 495,784	\$ 1,071,245	\$ 1,567,029	\$15,493,350	\$ 15,479,761

See accompanying notes to consolidated financial statements.

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,342,362	\$ 808,571
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	260,812	298,492
Unrealized gain on investments	(1,209,221)	(1,523,671)
Realized gain on sale of investments	(231,231)	(391,416)
Net gain in perpetual trust	(128,541)	(197,630)
Change in allowance for doubtful accounts	(33,035)	30,035
(Increase) decrease in:		
Accounts receivable	(736,504)	(320,079)
Grants receivable	88,727	(99,252)
Prepaid expenses	(41,653)	(7,950)
Security deposit	(1,000)	(9,203)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(63,574)	294,483
Due to related party	466	140,903
Deferred income	24,593	31,654
Refundable advance	88,500	-
Deferred rent	(159,603)	(124,384)
Accrued contingency liability	<u>-</u>	<u>160,000</u>
Net cash used by operating activities	<u>(798,902)</u>	<u>(909,447)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,500)	(101,354)
Purchase of investments	(197,644)	(299,748)
Proceeds from sale of investments	<u>1,605,273</u>	<u>681,438</u>
Net cash provided by investing activities	<u>1,404,129</u>	<u>280,336</u>
Net increase (decrease) in cash and cash equivalents	605,227	(629,111)
Cash and cash equivalents at beginning of year	<u>1,030,490</u>	<u>1,659,601</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,635,717</u>	<u>\$ 1,030,490</u>
SUPPLEMENTAL INFORMATION:		
Taxes Paid	<u>\$ -</u>	<u>\$ 8,316</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 over 600 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 the District of Columbia Inc., and The Arc of Georgia Services Corporation will collectively be referred to as "the Organizations".

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 and economic interest of the entities. All inter-company transactions have been eliminated.

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 Entities*.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Basis of presentation (continued) -

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". 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** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. 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 include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

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. 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 ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Accounts and grants receivable (continued) -

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, 2020, 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 -

The majority of the Organizations' activities are supported by contributions, bequests, grants and contracts from the U.S. Government and other private entities. These awards are for various activities performed by the Organizations. Contributions, bequests, grants and contracts are recognized in the appropriate category of net assets in the period received. The Organizations perform an analysis of the individual contribution, bequest, grant and contract to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions, bequests, grants and contracts qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions, bequests, grants and contracts qualifying as contributions that are unconditional and have 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. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Contributions, bequests, grants and contracts qualifying as conditional contributions contain a right of return from obligation provision that limits the Organizations on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Contributions, bequests, grants and contracts (continued) -

Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grant awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. The Organizations recognize revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred).

Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, the Organizations had approximately \$638,491 in unrecognized conditional awards as of December 31, 2020.

Affiliation and chapter fees, registration and program services fees -

Revenue received for affiliation and chapter fees, registration and other program service fees are recorded as revenue at the point in time when the performance obligations are satisfied and/or related event has occurred in accordance with ASU 2014-09: *Revenue from Contracts With Customers* (Topic 606), as amended. Transaction price is determined based on cost and/or sales price. Any amounts received in advance are recorded as deferred revenue within the Consolidated Statement of Financial Position.

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.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still 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.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organizations' operations. The Arc cancelled their Disability Policy Seminar in April 2020. There were no penalties assessed due to the cancellation. The Arc then held virtual meetings for the July 2020 Summer Leadership Institution and the October 2020 National Convention. The Arc is also planning to hold the Disability Policy Seminar virtually in April 2021.

The Organizations are planning very cautiously to pursue a strategy of delaying and rescheduling events throughout fiscal year 2021. Other potential financial or operational impacts from COVID-19 are unknown at this time.

2. INVESTMENTS

Investments consisted of the following at December 31, 2020:

	Fair Value
Mutual funds	\$ 769,396
Stocks	8,271,950
Fixed income - taxable bonds	2,759,308
TOTAL INVESTMENTS	\$ <u>11,800,654</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. INVESTMENTS (Continued)

Included in the investment portfolio are endowed gifts to be invested in perpetuity in the amount of \$2,441,010 for the year ended December 31, 2020. The investment income is the following for the year ended December 31, 2020:

Interest and dividends	\$ 177,451
Unrealized gain	1,209,221
Realized gain	231,231
Distributions from the beneficial interest in perpetual trusts	22,206
Investment expenses provided by external investment advisors	<u>(25,744)</u>
TOTAL INVESTMENT INCOME, NET	<u>\$ 1,614,365</u>

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, 2020, The Arc recorded a net gain in perpetual trust of \$128,541, due to the increase in fair value. The Arc also received distributions from the beneficial interest in perpetual trusts in the amount of \$22,206, 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, 2020 was \$1,448,913.

4. PPP LOAN FUNDING

On April 20, 2020, The Arc received loan proceeds in the amount of \$1,111,300 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration. During the year ended December 31, 2020, The Arc expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and believes they have met all conditions set forth for full forgiveness. Accordingly, under guidance found in FASB ASC 958-605, The Arc has recognized the PPP funding as a conditional grant by which all conditions have been met. The Arc has deemed the forgiveness by the SBA to be highly probable, an administrative task only, and not a barrier to recognition. The full amount of the grant was recognized as grant income in the Consolidated Statement of Activities and Change in Net Assets. Subsequent to year-end, The Arc received notification the total amount of the PPP funds were forgiven by the SBA.

On May 8, 2020, The Arc of D.C. received loan proceeds in the amount of \$88,500 under the Paycheck Protection Program as well. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Accordingly, under guidance found in FASB ASC 958-605, The Arc of D.C. has recognized the PPP funding as a conditional grant by which all conditions have not yet been met as of December 31, 2020; therefore, The Arc of D.C. has recorded a refundable advance. The Arc of D.C. will record revenue once all the barriers are satisfied.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. 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, 2020, Board designated assets totaled \$609,682.

6. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020, net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose:	
Down Syndrome New Mexico Fund	\$ 4,956,936
Chapter Financial Assistance and Support Programs	1,594,280
Public Supported Research	906,194
Wyss	353,751
Tech Programs	299,749
COVID Advocacy	250,000
TENDR	203,644
Individual and Family Support Programs	200,000
Down Syndrome Research Fund	184,793
TheArc@School	113,073
The Arc DC Advocacy Fund	80,523
Prevention Fund	53,552
Research Program	9,500
Health and Wellness Programs	2,140
Give a Parent a Break	3,787
Disaster Relief	900
Inclusive Volunteering	100,000
Give a Kid a Job	25
Accumulated investment earnings from endowments not yet authorized for spending	<u>18,750</u>
Total subject to expenditure for specified purpose	9,331,597
Subject to passage of time	125,000
Endowments to be invested in perpetuity	<u>2,441,010</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 11,897,607</u>

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	\$ 855,403
Census	440,715
Advocacy Engagement	417,079
Individual and Family Support Programs	307,749
Tech Programs	238,264
TENDR	184,180
TheArc@School	127,328
Research Fund	74,200
Appropriation of accumulated investment earnings from Endowments	59,196
NCCJD	136,734
The Arc DC Advocacy Fund	45,154
Wyss	26,249
Research Program	15,500
Health and Wellness Programs	10,043
Federal Public Policy	200,000
Paul Marchand Fellowship Fund for Public Policy	7,188
Down Syndrome New Mexico Fund	<u>4,102</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 3,149,084</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. LIQUIDITY

Financial assets available for use within one year of the Consolidated Statement of Financial Position comprise the following at December 31, 2020:

Cash and cash equivalents	\$ 1,635,717
Investments	11,800,654
Accounts receivable	1,590,565
Grants receivable	107,586
Less: Donor restrictions for specific purposes	(11,897,609)
Less: Board designated net assets	<u>(609,682)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 2,627,231**

The Organizations have a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020, the Organizations have financial assets equal to approximately two months of operating expenses.

8. 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, 2020, the Foundation has a receivable from The Arc amounting to \$36,353, for contributions paid to the Foundation received through The Arc on behalf of the Foundation.

The Arc and The Arc of D.C. entered into a management service agreement. During the year ended December 31, 2020, The Arc charged The Arc of D.C. management fees in the amount of \$123,664. As of December 31, 2020, The Arc of D.C. owed The Arc \$137,504.

The Arc and The Arc of Georgia entered into a management service agreement. The Arc charged The Arc of Georgia \$7,559 during the year for their management fees. As of December 31, 2020, The Arc of Georgia owed The Arc \$8,205.

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

At December 31, 2020, The Arc had a net balance of \$6,042 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.

9. 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.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. COMMITMENTS - OPERATING LEASES (Continued)

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, 2020, occupancy expense was \$680,174. Additionally, the deferred rent and lease incentive liability at year-end was \$458,909.

At December 31, 2020, minimum annual rental commitments under the lease are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 746,802
2022	684,489
2023	<u>284,111</u>
	<u>\$ 1,715,402</u>

10. RETIREMENT PLAN

The Organizations have a non-contributory pension plan (the Plan), covering substantially all of its regular employees. Total pension expense was \$426,689 for the year ended December 31, 2020. 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, 2020, \$253,697 was deferred under the Plan.

11. CONTRIBUTED SERVICES

During the year ended December 31, 2020, the Organizations were the beneficiary of donated services in the amount of \$4,706,407. 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, 2020, as follows:

Donated legal services	\$ 4,606,407
Donated advertising	<u>100,000</u>
TOTAL CONTRIBUTED SERVICES	<u>\$ 4,706,407</u>

The following programs have benefited from these donated services:

Public Education	\$ 1,013,948
Public Policy	3,636,679
Management and General	<u>55,780</u>
TOTAL	<u>\$ 4,706,407</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

12. CONTINGENCY ACCRUED LIABILITY

During the year ended December 31, 2020, 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.

13. CONTINGENCY

The Organizations receive grants from various agencies of the United States Government. 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* (Uniform Guidance). 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, 2020, the Organizations did not incur costs of Federal funding in excess of \$750,000 that would require a single audit under the Uniform Guidance.

14. 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 year ended December 31, 2020. 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.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

14. FAIR VALUE MEASUREMENT (Continued)

- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are 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.

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Mutual funds	\$ 769,396	\$ -	\$ -	\$ 769,396
Stocks	8,271,950	-	-	8,271,950
Fixed income - taxable bonds	<u>-</u>	<u>2,759,308</u>	<u>-</u>	<u>2,759,308</u>
TOTAL	<u>\$ 9,041,346</u>	<u>\$ 2,759,308</u>	<u>\$ -</u>	<u>\$ 11,800,654</u>
DEFERRED COMPENSATION ASSET	<u>\$ 253,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,697</u>
Common trust funds	\$ -	\$ 21,890	\$ -	\$ 21,890
Equities	970,949	-	-	970,949
Money market	344,241	-	-	344,241
Fixed income	<u>111,833</u>	<u>-</u>	<u>-</u>	<u>111,833</u>
ASSETS HELD IN PERPETUAL TRUST	<u>\$ 1,427,023</u>	<u>\$ 21,890</u>	<u>\$ -</u>	<u>\$ 1,448,913</u>

15. 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;

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

15. ENDOWMENT (Continued)

- 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	\$ 2,441,010
Accumulated investment earnings with purpose restrictions	<u>18,750</u>
TOTAL ENDOWMENT FUNDS CLASSIFIED AS NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,459,760</u>

Changes in endowment net assets for the year ended December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 2,324,375	\$ 2,324,375
Investment income, net	-	66,040	66,040
Net investment gain in beneficial interest in perpetual trusts	-	128,541	128,541
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(59,196)</u>	<u>(59,196)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 2,459,760</u>	<u>\$ 2,459,760</u>

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 Organizations to retain as a fund of perpetual duration. There were no deficiencies of this nature for the year ended December 31, 2020.

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.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

15. ENDOWMENT (Continued)

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.

16. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through April 18, 2021, the date the consolidated financial statements were issued.

In February 2021, The Arc of the United States entered into a five year promissory note agreement in the amount of \$1,115,357 with a 1% fixed interest rate under the second round of funding from the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.

In February 2021, The Arc of D.C. entered into a five year promissory note agreement in the amount of approximately \$88,500 with a 1% fixed interest rate under the second round of funding from the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.

SUPPLEMENTAL INFORMATION

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

	ASSETS					Total
	The Arc	The Foundation	The Arc of D.C.	The Arc of GA	Eliminations	
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,590,921	\$ 5,731	\$ 39,065	\$ -	\$ -	\$ 1,635,717
Investments	11,031,258	769,396	-	-	-	11,800,654
Accounts receivable, net of allowance for doubtful accounts of \$55,000	1,395,466	-	192,397	2,702	-	1,590,565
Grants receivable	107,586	-	-	-	-	107,586
Due from related parties	103,314	36,353	-	-	(139,667)	-
Prepaid expenses	114,436	-	4,179	-	-	118,615
Total current assets	<u>14,342,981</u>	<u>811,480</u>	<u>235,641</u>	<u>2,702</u>	<u>(139,667)</u>	<u>15,253,137</u>
FIXED ASSETS						
Furniture and equipment	1,909,466	-	3,720	-	-	1,913,186
Vehicles	-	-	21,859	-	-	21,859
Website	886,221	-	-	-	-	886,221
	2,795,687	-	25,579	-	-	2,821,266
Less: Accumulated depreciation and amortization	<u>(2,414,425)</u>	<u>-</u>	<u>(25,579)</u>	<u>-</u>	<u>-</u>	<u>(2,440,004)</u>
Net fixed assets	<u>381,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,262</u>
OTHER ASSETS						
Security deposit	41,054	-	9,203	-	-	50,257
Investments held for beneficial interest in perpetual trust	1,448,913	-	-	-	-	1,448,913
Deferred compensation investments	253,697	-	-	-	-	253,697
Total other assets	<u>1,743,664</u>	<u>-</u>	<u>9,203</u>	<u>-</u>	<u>-</u>	<u>1,752,867</u>
TOTAL ASSETS	<u>\$ 16,467,907</u>	<u>\$ 811,480</u>	<u>\$ 244,844</u>	<u>\$ 2,702</u>	<u>\$ (139,667)</u>	<u>\$ 17,387,266</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

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	\$ 981,704	\$ 2,977	\$ 86,779	\$ 7,383	\$ -	\$ 1,078,843
Due to related party	-	-	137,504	8,205	(139,667)	6,042
Deferred revenue	65,000	-	252	-	-	65,252
Refundable advance	-	-	88,500	-	-	88,500
Deferred rent, current	172,917	-	8,645	-	-	181,562
Contingency accrued liability	-	-	160,000	-	-	160,000
Total current liabilities	1,219,621	2,977	481,680	15,588	(139,667)	1,580,199
LONG-TERM LIABILITIES						
Deferred rent, net of current portion	275,778	-	1,569	-	-	277,347
Deferred compensation	253,697	-	-	-	-	253,697
Total long-term liabilities	529,475	-	1,569	-	-	531,044
Total liabilities	1,749,096	2,977	483,249	15,588	(139,667)	2,111,243
NET ASSETS						
Without donor restrictions:						
Undesignated	2,563,407	537,141	(318,928)	(12,886)	-	2,768,734
Board designated	609,682	-	-	-	-	609,682
Without donor restriction net assets	3,173,089	537,141	(318,928)	(12,886)	-	3,378,416
With donor restrictions	11,545,722	271,362	80,523	-	-	11,897,607
Total net assets	14,718,811	808,503	(238,405)	(12,886)	-	15,276,023
TOTAL LIABILITIES AND NET ASSETS	\$ 16,467,907	\$ 811,480	\$ 244,844	\$ 2,702	\$ (139,667)	\$ 17,387,266

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	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	\$ 1,279,845	\$ 2,751,050	\$ 4,030,895	\$ -	\$ -	\$ -	\$ 42,614	\$ -	\$ 42,614
Affiliation and chapter fees	2,848,101	-	2,848,101	-	-	-	50	-	50
Contributed services	4,706,407	-	4,706,407	-	-	-	-	-	-
Bequest income	255,660	-	255,660	-	-	-	-	-	-
Registration fees	310,085	-	310,085	-	-	-	-	-	-
Grants	1,742,124	32,000	1,774,124	-	-	-	-	-	-
Program service fees	528,336	-	528,336	-	-	-	2,988	-	2,988
Contracts	-	-	-	-	-	-	651,263	-	651,263
Investment income, net	874,584	627,494	1,502,078	69,567	42,720	112,287	-	-	-
Royalty income	90,682	-	90,682	-	-	-	-	-	-
Other income	10,099	-	10,099	-	-	-	224	-	224
Net gain in perpetual trust	-	128,541	128,541	-	-	-	-	-	-
Net assets released from donor restrictions	3,061,210	(3,061,210)	-	42,720	(42,720)	-	45,154	(45,154)	-
Total revenue and support	15,707,133	477,875	16,185,008	112,287	-	112,287	742,293	(45,154)	697,139
EXPENSES									
Program Services:									
Chapter Leadership and Development	2,323,485	-	2,323,485	-	-	-	-	-	-
Public Education	1,591,479	-	1,591,479	-	-	-	-	-	-
Public Policy	6,781,857	-	6,781,857	-	-	-	-	-	-
Program Innovation	2,767,588	-	2,767,588	42,646	-	42,646	585,577	-	585,577
Total program services	13,464,409	-	13,464,409	42,646	-	42,646	585,577	-	585,577
Supporting Services:									
Management and General	354,010	-	354,010	8,040	-	8,040	123,664	-	123,664
Fundraising	1,034,632	-	1,034,632	80	-	80	36,388	-	36,388
Total supporting services	1,388,642	-	1,388,642	8,120	-	8,120	160,052	-	160,052
Total expenses	14,853,051	-	14,853,051	50,766	-	50,766	745,629	-	745,629
Change in net assets	854,082	477,875	1,331,957	61,521	-	61,521	(3,336)	(45,154)	(48,490)
Net assets at beginning of year	2,319,007	11,067,847	13,386,854	475,620	271,362	746,982	(315,592)	125,677	(189,915)
NET ASSETS AT END OF YEAR	\$ 3,173,089	\$ 11,545,722	\$ 14,718,811	\$ 537,141	\$ 271,362	\$ 808,503	\$ (318,928)	\$ 80,523	\$ (238,405)

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	The Arc of GA			Total			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
REVENUE AND SUPPORT							
Contributions	\$ -	\$ -	\$ -	\$ 1,322,459	\$ 2,751,050	\$ (39,670)	\$ 4,033,839
Affiliation and chapter fees	-	-	-	2,848,151	-	-	2,848,151
Contributed services	-	-	-	4,706,407	-	-	4,706,407
Bequest income	-	-	-	255,660	-	-	255,660
Registration fees	-	-	-	310,085	-	-	310,085
Grants	-	-	-	1,742,124	32,000	-	1,774,124
Program service fees	15,146	-	15,146	546,470	-	(134,198)	412,272
Contracts	-	-	-	651,263	-	-	651,263
Investment income, net	-	-	-	944,151	670,214	-	1,614,365
Royalty income	-	-	-	90,682	-	-	90,682
Other income	-	-	-	10,323	-	-	10,323
Net gain in perpetual trust	-	-	-	-	128,541	-	128,541
Net assets released from donor restrictions	-	-	-	3,149,084	(3,149,084)	-	-
Total revenue and support	15,146	-	15,146	16,576,859	432,721	(173,868)	16,835,712
EXPENSES							
Program Services:							
Chapter Leadership and Development	-	-	-	2,323,485	-	-	2,323,485
Public Education	-	-	-	1,591,479	-	-	1,591,479
Public Policy	-	-	-	6,781,857	-	-	6,781,857
Program Innovation	7,557	-	7,557	3,403,368	-	(173,868)	3,229,500
Total program services	7,557	-	7,557	14,100,189	-	(173,868)	13,926,321
Supporting Services:							
Management and General	10,070	-	10,070	495,784	-	-	495,784
Fundraising	145	-	145	1,071,245	-	-	1,071,245
Total supporting services	10,215	-	10,215	1,567,029	-	-	1,567,029
Total expenses	17,772	-	17,772	15,667,218	-	(173,868)	15,493,350
Change in net assets	(2,626)	-	(2,626)	909,641	432,721	-	1,342,362
Net assets at beginning of year	(10,260)	-	(10,260)	2,468,775	11,464,886	-	13,933,661
NET ASSETS AT END OF YEAR	\$ (12,886)	\$ -	\$ (12,886)	\$ 3,378,416	\$ 11,897,607	\$ -	\$ 15,276,023