

CONSOLIDATED FINANCIAL STATEMENTS

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

**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

THE ARC OF THE UNITED STATES AND AFFILIATES

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023, 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.

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, 2023, and the consolidated change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organizations' 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

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 23 - 24, and Consolidating Schedule of Activities and Change in Net Assets on pages 25 - 26 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, on our consideration of the Organizations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

June 24, 2024

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,521,726	\$ 3,361,860
Investments	7,320,302	8,142,375
Accounts receivable	159,030	230,491
Grants and contributions receivable, net	3,394,790	1,501,935
Prepaid expenses	<u>198,812</u>	<u>194,748</u>
Total current assets	<u>15,594,660</u>	<u>13,431,409</u>
FIXED ASSETS		
Furniture and equipment	1,502,324	1,494,265
Vehicles	21,859	21,859
Website	<u>886,221</u>	<u>886,221</u>
	2,410,404	2,402,345
Less: Accumulated depreciation and amortization	<u>(2,397,385)</u>	<u>(2,365,823)</u>
Net fixed assets	<u>13,019</u>	<u>36,522</u>
OTHER ASSETS		
Security deposit	45,843	87,897
Investments held for beneficial interest in perpetual trust	1,363,481	1,252,013
Investments, net	992,096	992,096
Deferred compensation investments	390,093	317,932
Right-of-use assets, net	<u>3,723,984</u>	<u>757,902</u>
Total other assets	<u>6,515,497</u>	<u>3,407,840</u>
TOTAL ASSETS	<u>\$ 22,123,176</u>	<u>\$ 16,875,771</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2023
 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Operating lease liabilities	\$ 125,528	\$ 436,628
Accounts payable and accrued liabilities	1,614,338	1,660,348
Due to related party	22,504	7,850
Deferred revenue	12,000	10,000
Accrued contingency liability	<u>160,000</u>	<u>160,000</u>
Total current liabilities	<u>1,934,370</u>	<u>2,274,826</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, net	3,832,063	407,257
Deferred compensation	<u>390,093</u>	<u>317,932</u>
Total long-term liabilities	<u>4,222,156</u>	<u>725,189</u>
Total liabilities	<u>6,156,526</u>	<u>3,000,015</u>
NET ASSETS		
Without donor restrictions	3,206,671	4,123,282
With donor restrictions	<u>12,759,979</u>	<u>9,752,474</u>
Total net assets	<u>15,966,650</u>	<u>13,875,756</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,123,176</u>	<u>\$ 16,875,771</u>

THE ARC OF THE UNITED STATES AND AFFILIATES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributed nonfinancial assets	\$ 20,092,542	\$ -	\$ 20,092,542	\$ 14,312,863
Grants	2,360,714	5,246,644	7,607,358	4,559,735
Affiliation and chapter fees	2,876,247	-	2,876,247	2,868,556
Contributions	1,749,495	72,505	1,822,000	2,103,031
Registration fees	1,270,907	-	1,270,907	1,208,296
Contracts	25,080	-	25,080	29,067
Program service fees	198,255	-	198,255	233,470
Bequest income	87,924	1,929	89,853	138,711
Royalty income	186,330	-	186,330	144,318
Other income	21,629	-	21,629	23,443
Net investment return	563,223	548,826	1,112,049	(2,254,389)
Net gain (loss) in perpetual trust	-	111,468	111,468	(319,780)
Net assets released from donor restrictions	<u>2,973,867</u>	<u>(2,973,867)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>32,406,213</u>	<u>3,007,505</u>	<u>35,413,718</u>	<u>23,047,321</u>
EXPENSES				
Program Services:				
Chapter Leadership and Development	2,865,969	-	2,865,969	3,238,301
Public Education	12,642,831	-	12,642,831	7,626,444
Public Policy	12,233,301	-	12,233,301	12,080,670
Program Innovation	<u>3,461,200</u>	<u>-</u>	<u>3,461,200</u>	<u>2,136,901</u>
Total program services	<u>31,203,301</u>	<u>-</u>	<u>31,203,301</u>	<u>25,082,316</u>
Supporting Services:				
Management and General	899,350	-	899,350	582,388
Fundraising	<u>1,220,173</u>	<u>-</u>	<u>1,220,173</u>	<u>1,610,229</u>
Total supporting services	<u>2,119,523</u>	<u>-</u>	<u>2,119,523</u>	<u>2,192,617</u>
Total expenses	<u>33,322,824</u>	<u>-</u>	<u>33,322,824</u>	<u>27,274,933</u>
Change in net assets	(916,611)	3,007,505	2,090,894	(4,227,612)
Net assets at beginning of year	<u>4,123,282</u>	<u>9,752,474</u>	<u>13,875,756</u>	<u>18,103,368</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,206,671</u>	<u>\$ 12,759,979</u>	<u>\$ 15,966,650</u>	<u>\$ 13,875,756</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023					2022				
	Program Services				Total Program Services	Supporting Services		Total Expenses	Total Expenses	
Leadership and Development	Public Education	Public Policy	Program Innovation	Management and General		Fundraising	Total Supporting Services			
Salaries	\$ 1,131,541	\$ 1,111,012	\$ 1,868,594	\$ 1,021,170	\$ 5,132,317	\$ 298,836	\$ 614,861	\$ 913,697	\$ 6,046,014	\$ 5,641,883
Employee benefits	200,009	196,381	330,290	180,500	907,180	52,820	108,682	161,502	1,068,682	1,087,752
Payroll taxes	83,071	81,564	137,181	74,968	376,784	21,939	45,139	67,078	443,862	430,647
Professional fees	305,793	111,116	785,050	223,180	1,425,139	113,812	149,555	263,367	1,688,506	1,565,989
Contributed nonfinancial assets	5,060	10,861,830	8,501,177	425,000	19,793,067	299,475	-	299,475	20,092,542	14,312,863
Supplies	5,487	1,089	2,791	20,429	29,796	1,181	819	2,000	31,796	38,359
Telephone and internet	14,312	6,373	15,140	13,001	48,826	2,204	4,316	6,520	55,346	49,777
Postage and shipping	5,807	1,207	4,754	12,724	24,492	553	60,989	61,542	86,034	184,733
Insurance	6,597	3,589	9,544	7,077	26,807	9,445	2,850	12,295	39,102	42,559
Occupancy and storage	112,065	72,438	169,308	236,723	590,534	24,203	47,352	71,555	662,089	714,979
Outside printing and design	40,807	13,525	8,968	52,313	115,613	505	22,952	23,457	139,070	252,754
Advertising expenses	5,520	54,466	8,016	57,800	125,802	-	-	-	125,802	293,219
Conferences, meetings and travel	735,842	23,428	155,349	72,398	987,017	45,620	19,722	65,342	1,052,359	1,262,171
Subscriptions and dues	53,828	28,699	79,594	25,490	187,611	2,816	47,604	50,420	238,031	226,651
Grants and sub-grants	796	120	7,819	934,259	942,994	315	5,535	5,850	948,844	380,867
Equipment/infrastructure repairs and maintenance	119,344	67,973	131,408	93,433	412,158	18,274	46,287	64,561	476,719	508,142
Depreciation and amortization	7,424	5,591	8,846	5,167	27,028	957	3,577	4,534	31,562	153,503
Bad debt	-	-	-	-	-	-	-	-	-	50,717
Miscellaneous	32,666	2,430	9,472	5,568	50,136	6,395	39,933	46,328	96,464	77,368
TOTAL	\$ 2,865,969	\$ 12,642,831	\$ 12,233,301	\$ 3,461,200	\$ 31,203,301	\$ 899,350	\$ 1,220,173	\$ 2,119,523	\$ 33,322,824	\$ 27,274,933

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, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,090,894	\$ (4,227,612)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	31,562	153,503
Unrealized and realized (gain) loss on investments	(873,052)	2,392,376
Net (gain) loss in perpetual trust	(111,468)	319,780
Change in allowance for doubtful accounts	6,595	(7,500)
Amortization of right-of-use assets	497,879	650,026
Decrease (increase) in:		
Accounts receivable	71,461	966,515
Grants and contributions receivable	(1,899,450)	(1,547,950)
Prepaid expenses	(4,064)	(59,319)
Security deposit	42,054	(37,640)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(46,010)	527,535
Due to related party	14,654	7,850
Deferred revenue	2,000	(28,614)
Deferred rent	-	(1,570)
Operating lease liabilities	<u>(350,255)</u>	<u>(839,821)</u>
Net cash used by operating activities	<u>(527,200)</u>	<u>(1,732,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(8,059)	(2,544)
Purchase of investments	(267,179)	(167,856)
Proceeds from sale of investments	<u>1,962,304</u>	<u>2,655,243</u>
Net cash provided by investing activities	<u>1,687,066</u>	<u>2,484,843</u>
Net increase in cash and cash equivalents	1,159,866	752,402
Cash and cash equivalents at beginning of year	<u>3,361,860</u>	<u>2,609,458</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,521,726</u>	<u>\$ 3,361,860</u>
SCHEDULE OF NONCASH FINANCING TRANSACTIONS:		
Right-of-Use Asset	<u>\$ 3,463,961</u>	<u>\$ 1,407,928</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 3,463,961</u>	<u>\$ 1,683,706</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Basis of presentation (continued) -

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". Net assets set aside 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 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 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, 2022, from which the summarized information was derived.

Program services -

Chapter Leadership and Development - The Arc of the United States (The Arc) supports a network of nearly 600 affiliated state and local chapters that advocate on behalf of, and provide services and support for people with intellectual and developmental disabilities (IDD) and their families. The Arc promotes best practices in Access, Equity, and Inclusion through a series of chapter webinars and promotes best practices in programs, services and supports for people with IDD. The Arc keeps chapters informed of critical information and developments in the field, and provides periodic video conferences for chapter leaders, periodic webinars, an annual leadership institute, a national convention, written educational materials, email discussion groups, as well as one-to-one technical assistance via telephone and email.

Public Education - The Arc of the United States (The Arc) educates people with disabilities, their parents and other family members, the media and members of the public about the needs, interests, issues and concerns of people with intellectual and developmental disabilities (IDD) and their families. The Arc's public education efforts cover a broad range of subject areas, such as housing, employment, education, healthcare, criminal justice, and volunteerism and community service. Additionally, The Arc's websites, newsletter and social media sites, provide members of the public access to a broad range of information, a variety of free publications providing practical advice about the inclusion of people with IDD in all aspects of community life and help spread the information to a broader audience.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Program services (continued) -

Public Policy - The Arc of the United States (The Arc) advocates to promote and protect the civil rights and human rights of people with IDD and for funding and support for the programs, services and supports that enable them to be fully included in all aspects of community life. The Arc continuously monitors developments in Federal public policy, including legislation, regulations, administrative actions, litigation and judicial decisions, of importance to people with intellectual and developmental disabilities (IDD) and their families. The Arc regularly informs chapter leaders, government officials, the media, leaders of other nonprofits and other interested parties of developments in the field through email newsletter, periodic special reports and alerts and content posted to The Arc's website and social media. Educational and advocacy activities cut across a broad range of topics, such as health care, education, employment, civil rights, criminal justice, housing, and more. The Arc also regularly educates and informs elected and appointed government officials about the needs, interests and concerns of people with IDD and their families and about the likely impact of policy proposals. Additionally, input is provided to Congress, the Administration, government agencies and officials through written correspondence, oral and written testimony and face-to-face and virtual meetings. The Arc also participates in and provides leadership for a number of formal and informal coalitions and collaborations involved in related efforts.

Program Innovation - The Arc of the United States (The Arc) is constantly striving to improve the quality of life for people with IDD and their families, by promoting the development of best practices in programs, services and supports for people with IDD. The Arc's field of programs include The National Center on Criminal Justice and Disability which works to educate law enforcement, court and corrections personnel to accommodate the needs of people with IDD in the criminal justice system. The Wings for Autism/Wings for All Project, provides an airport travel simulation for children with an autism spectrum disorder or other disabilities and their families. The Center for Future Planning offers an online resource center to assist adults with IDD and their families to plan for their future needs. The Arc's Tech Programs provide online resources to assist people with IDD and their families to access the latest technology to support their living in the community. The Inclusive Volunteerism Project engages people with IDD in volunteerism and community service at sites across the nation. The Arc@School program provides resources and information to families to support students with IDD to obtain the services they need to be successful in school.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organizations that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The Organizations implemented the ASU on January 1, 2023, using a modified retrospective approach. Management performed the analysis and determined the effect of the standard was immaterial to the financial statements as a whole. Accordingly, the adoption primarily resulted in enhanced disclosures only.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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 return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to the affiliation and chapter fees. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. The calculation of the allowance for credit losses was not material to the consolidated financial statements as of December 31, 2023.

Grants and contributions receivable include unconditional promises to give that are expected to be collected within one year. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows.

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. Depreciation and amortization expense totaled \$31,562 for the year ended December 31, 2023.

Income taxes -

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

Revenue from contracts with customers -

The Organizations' affiliation and chapter fees and registration fees are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Organizations have elected to opt out of all disclosures not required for nonpublic entities.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Revenue from contracts with customers (continued) -

Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Organizations' contracts with customers generally have initial terms of one year or less.

Support from grants and contributions, including Federal awards -

The Organizations receive grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. The Organizations perform an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organizations had no refundable advances as of December 31, 2023.

In addition, the Organizations have obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Organizations unrecognized conditional contributions to be received in future years totaled \$1,382,672 as of December 31, 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of contributed legal services and advertisements. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

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.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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 within that functional area and expenses that benefited more than one function area, such as personnel costs, were allocated based on actual time and effort.

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.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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 changes in methodologies and no transfers between levels in the fair value hierarchy during the year ended December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

- *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.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Corporate 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, 2023:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	\$ 1,406,446	\$ -	\$ -	\$ 1,406,446
Mutual funds	890,224	-	-	890,224
Common stocks	1,819,707	-	-	1,819,707
Corporate bonds	-	4,196,021	-	4,196,021
TOTAL	\$ 4,116,377	\$ 4,196,021	\$ -	\$ 8,312,398
DEFERRED COMPENSATION ASSET				
	\$ 390,093	\$ -	\$ -	\$ 390,093
Common trust funds	\$ -	\$ 30,150	\$ -	\$ 30,150
Equities	1,016,838	-	-	1,016,838
Money market funds	245,303	-	-	245,303
Fixed income	71,190	-	-	71,190
ASSETS HELD IN PERPETUAL TRUST	\$ 1,333,331	\$ 30,150	\$ -	\$ 1,363,481

Included in the investment portfolio, and in the perpetual trusts described in Note 3, are endowed gifts to be invested in perpetuity in the amount of \$2,355,577 for the year ended December 31, 2023.

Net investment return is the following for the year ended December 31, 2023:

Interest and dividends	\$ 268,832
Unrealized and realized gains	873,052
Investment expenses provided by external investment advisors	(29,835)
NET INVESTMENT RETURN	\$ 1,112,049

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 or loss in perpetuity in the Consolidated Statement of Activities and Change in Net Assets.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. BENEFICIAL INTEREST IN PERPETUAL TRUST (Continued)

For the year ended December 31, 2023, The Arc recorded a net gain in perpetual trust of \$111,468, due to the increase in fair value. The Arc received distributions from the beneficial interest in perpetual trusts for the amount of \$31,405 during the year ended December 31, 2023. The value of The Arc's interest in the perpetual trusts at December 31, 2023 was \$1,363,481.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2023:

Subject to expenditure for specified purpose:	
Chapter Leadership and Development	\$ 808,849
Public Education	7,842
Public Policy	459,747
Program Innovation	9,147,958
Accumulated investment losses from endowments	<u>(19,994)</u>
Total subject to expenditure for specified purpose	10,404,402
Endowments to be invested in perpetuity	<u>2,355,577</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 12,759,979</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2023:

Purpose restrictions accomplished:	
Chapter Leadership and Development	\$ 160,296
Public Education	121,911
Public Policy	410,927
Program Innovation	2,269,159
Timing restrictions accomplished	<u>11,574</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 2,973,867</u>

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use within one year of the Consolidated Statement of Financial Position comprise the following at December 31, 2023:

Cash and cash equivalents	\$ 4,521,726
Investments	7,320,302
Accounts receivable, net	159,030
Grants and contributions receivable	3,394,790
Less: Donor restrictions for specific purposes	<u>(12,759,979)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,635,869</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. LIQUIDITY AND AVAILABILITY (Continued)

The Organizations have a policy to structure its financial assets to be available and liquid as its obligations become due.

6. 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, 2023, the Foundation has a receivable from The Arc amounting to \$134,540, for expenses paid by the Foundation on behalf of The ARC. The Arc charged The Foundation management fees in the amount of \$209,107.

The Arc and The Arc of D.C. entered into a management service agreement. During the year ended December 31, 2023, The Arc charged The Arc of D.C. management fees in the amount of \$91,109. As of December 31, 2023, The Arc of D.C. owed The Arc \$396,088.

The Arc and The Arc of Georgia entered into a management service agreement. The Arc charged The Arc of Georgia \$1,821 during the year for their management fees. As of December 31, 2023, The Arc of Georgia owed The Arc \$24,445.

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

At December 31, 2023, The Arc had a net balance of \$22,504 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.

7. LEASE COMMITMENTS

The Organizations follow FASB ASC 842 for leases. The Organizations have elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organizations have also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Operating Leases:

The Arc had a lease for office space in Washington, DC that expired May 31, 2023. The office lease included an escalation of base rentals which was amortized on a basis to achieve straight-line rent expense over the life of the lease.

In July 2022, The Arc entered into a 124-month lease agreement for office space in Washington, D.C. commencing June 1, 2023. Base rent is \$439,677 per year, plus a proportionate share of expenses, increasing by a factor of 2.5%. Additionally, The ARC received an allowance equal to the sum of the product of the number of square feet of rentable area in the premises multiplied by \$140 plus \$73,279 for various leasehold improvements. The Arc also received an abatement of base rent and its share of expenses for the first eighteen months after the commencement date.

In March 2022, The Arc of D.C. signed a lease agreement for a term of sixty three months resulting in a lease expiration date of May 31, 2027. Base rent is \$97,020 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year. Additionally, The Arc of D.C. received an allowance of up to \$55,000 for various leasehold improvements.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. LEASE COMMITMENTS (Continued)

For the year ended December 31, 2023, total lease cost was \$668,640 and total cash paid was \$461,126 for all operating leases. As of December 31, 2023, the weighted-average remaining lease term and rate for operating leases is 9.08 years and 3.41%, respectively.

The following is a schedule of the future minimum lease payments due under the operating leases, net of imputed interest, as of December 31, 2023:

<u>Year Ending December 31,</u>	
2024	\$ 167,604
2025	562,303
2026	576,969
2027	515,773
2028	474,470
Thereafter	<u>2,421,280</u>
	4,718,399
Less: Discount to present value	<u>(760,808)</u>
	3,957,591
Less: Current portion	<u>(125,528)</u>
LONG-TERM PORTION	<u>\$ 3,832,063</u>

8. RETIREMENT PLANS

The Organizations have a non-contributory pension plan (the Plan), covering substantially all of its regular employees. Total pension expense was \$452,154 for the year ended December 31, 2023. 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, 2023, \$390,093 was deferred under the Plan.

9. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended December 31, 2023, the Organizations were the beneficiary of donated services in the amount of \$20,092,542.

The value of these services was estimated at fair market value. Donated legal services are valued based on the attorney's standard hourly rate multiplied by the number of hours donated to the Organizations. The donated advertisements are valued based on the rates charged for similar advertisements in similar media outlets.

The contributed services have been included as revenue and expenses in the accompanying consolidated financial statements for the year ended December 31, 2023, as follows:

Legal services	\$ 8,800,652
Advertising	10,861,830
Other	<u>430,060</u>
TOTAL	<u>\$ 20,092,542</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. CONTRIBUTED NONFINANCIAL ASSETS (Continued)

The following programs and supporting services have benefited from these donated goods and services:

Chapter Leadership and Development	\$ 5,060
Public Education	10,861,830
Public Policy	8,501,177
Program Innovation	425,000
Management and General	<u>299,475</u>
TOTAL	<u>\$ 20,092,542</u>

10. CONTINGENCY ACCRUED LIABILITY

During the year ended December 31, 2021, 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.

11. CONTINGENCY

The Organizations receive grants from the U.S. 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 Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. 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. Audits in accordance with the applicable provisions of Subpart F of the Uniform Guidance have been completed for all required fiscal years through 2023.

12. ENDOWMENT FUNDS

The Organizations' endowment funds consist 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.

Interpretation of Relevant Law -

The Organizations have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the District of Columbia as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, the Organizations classify as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

12. ENDOWMENT (Continued)

Interpretation of Relevant Law (continued) -

Additionally, in accordance with UPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organizations 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 Organizations.

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.

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. Deficiencies of this nature exist in five donor-restricted endowment funds, which together have an original gift value of \$424,514, and a deficiency of \$30,275 as of December 31, 2023. These deficiencies resulted from unfavorable market fluctuations during the year ended December 31, 2023. The total original gift value as of December 31, 2023 is \$2,355,577.

Endowment funds consisted of the following as of December 31, 2023:

	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>With Donor Restrictions</u>		
		<u>Available for</u> <u>Appropriation</u>	<u>Held in</u> <u>Perpetuity</u>	<u>Total</u>
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ (19,994)</u>	<u>\$ 2,355,577</u>	<u>\$ 2,335,583</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

12. ENDOWMENT (Continued)

Changes in endowment funds consisted of the following as of and for the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
		<u>Available for Appropriation</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ (67,767)	\$ 2,244,109	\$ 2,176,342
Net investment return	-	47,773	-	47,773
Gain in beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>111,468</u>	<u>111,468</u>
ENDOWMENT FUNDS, END OF YEAR	<u>\$ -</u>	<u>\$ (19,994)</u>	<u>\$ 2,355,577</u>	<u>\$ 2,335,583</u>

13. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through June 24, 2024, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

	The Arc	The Foundation	The Arc of D.C.	The Arc of GA	Eliminations	Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 4,311,767	\$ 203,841	\$ 6,118	\$ -	\$ -	\$ 4,521,726
Investments	6,701,438	618,864	-	-	-	7,320,302
Accounts receivable	156,056	-	-	2,974	-	159,030
Grants and contributions receivable, net	3,363,682	8,800	179,778	-	(157,470)	3,394,790
Due from related parties	285,993	134,540	-	-	(420,533)	-
Prepaid expenses	186,685	-	12,127	-	-	198,812
Total current assets	<u>15,005,621</u>	<u>966,045</u>	<u>198,023</u>	<u>2,974</u>	<u>(578,003)</u>	<u>15,594,660</u>
FIXED ASSETS						
Furniture and equipment	1,498,604	-	3,720	-	-	1,502,324
Vehicles	-	-	21,859	-	-	21,859
Website	886,221	-	-	-	-	886,221
	2,384,825	-	25,579	-	-	2,410,404
Less: Accumulated depreciation and amortization	<u>(2,371,806)</u>	<u>-</u>	<u>(25,579)</u>	<u>-</u>	<u>-</u>	<u>(2,397,385)</u>
Net fixed assets	<u>13,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,019</u>
OTHER ASSETS						
Security deposit	36,640	-	9,203	-	-	45,843
Investments held for beneficial interest in perpetual trust	1,363,481	-	-	-	-	1,363,481
Investments, net	720,736	271,360	-	-	-	992,096
Deferred compensation investments	390,093	-	-	-	-	390,093
Right-of-use assets, net	3,295,533	-	428,451	-	-	3,723,984
Total other assets	<u>5,806,483</u>	<u>271,360</u>	<u>437,654</u>	<u>-</u>	<u>-</u>	<u>6,515,497</u>
TOTAL ASSETS	<u>\$ 20,825,123</u>	<u>\$ 1,237,405</u>	<u>\$ 635,677</u>	<u>\$ 2,974</u>	<u>\$ (578,003)</u>	<u>\$ 22,123,176</u>

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

LIABILITIES AND NET ASSETS

	The Arc	The Foundation	The Arc of D.C.	The Arc of GA	Eliminations	Total
CURRENT LIABILITIES						
Operating lease liabilities	\$ -	\$ -	\$ 125,528	\$ -	\$ -	\$ 125,528
Accounts payable and accrued liabilities	1,556,939	135,258	77,791	1,820	(157,470)	1,614,338
Due to related party	22,504	-	396,088	24,445	(420,533)	22,504
Deferred revenue	12,000	-	-	-	-	12,000
Accrued contingency liability	-	-	160,000	-	-	160,000
Total current liabilities	1,591,443	135,258	759,407	26,265	(578,003)	1,934,370
LONG-TERM LIABILITIES						
Operating lease liabilities, net	3,537,568	-	294,495	-	-	3,832,063
Deferred compensation	390,093	-	-	-	-	390,093
Total long-term liabilities	3,927,661	-	294,495	-	-	4,222,156
Total liabilities	5,519,104	135,258	1,053,902	26,265	(578,003)	6,156,526
NET ASSETS						
Without donor restrictions	2,806,985	841,202	(418,225)	(23,291)	-	3,206,671
With donor restrictions	12,499,034	260,945	-	-	-	12,759,979
Total net assets	15,306,019	1,102,147	(418,225)	(23,291)	-	15,966,650
TOTAL LIABILITIES AND NET ASSETS	\$ 20,825,123	\$ 1,237,405	\$ 635,677	\$ 2,974	\$ (578,003)	\$ 22,123,176

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	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								
Contributed nonfinancial assets	\$ 20,092,542	\$ -	\$20,092,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	1,625,035	5,246,644	6,871,679	-	-	-	735,679	-	735,679
Affiliation and chapter fees	2,876,247	-	2,876,247	-	-	-	-	-	-
Contributions	1,369,848	72,505	1,442,353	341,266	-	341,266	38,381	-	38,381
Registration fees	1,245,634	-	1,245,634	25,000	-	25,000	273	-	273
Contracts	-	-	-	-	-	-	25,080	-	25,080
Program service fees	470,563	-	470,563	-	-	-	16,950	-	16,950
Bequest income	87,924	1,929	89,853	-	-	-	-	-	-
Royalty income	186,330	-	186,330	-	-	-	-	-	-
Other income	21,629	-	21,629	-	-	-	-	-	-
Net investment return	475,566	506,761	982,327	87,657	42,065	129,722	-	-	-
Net gain in perpetual trust	-	111,468	111,468	-	-	-	-	-	-
Net assets released from donor restrictions	2,973,867	(2,973,867)	-	-	-	-	-	-	-
Total revenue and support	31,425,185	2,965,440	34,390,625	453,923	42,065	495,988	816,363	-	816,363
EXPENSES									
Program Services:									
Chapter Leadership and Development	2,865,969	-	2,865,969	-	-	-	-	-	-
Public Education	12,642,831	-	12,642,831	-	-	-	-	-	-
Public Policy	12,233,301	-	12,233,301	-	-	-	-	-	-
Program Innovation	2,640,954	-	2,640,954	-	-	-	820,246	-	820,246
Total program services	30,383,055	-	30,383,055	-	-	-	820,246	-	820,246
Supporting Services:									
Management and General	827,622	-	827,622	225,007	-	225,007	138,813	-	138,813
Fundraising	1,220,023	-	1,220,023	150	-	150	-	-	-
Total supporting services	2,047,645	-	2,047,645	225,157	-	225,157	138,813	-	138,813
Total expenses	32,430,700	-	32,430,700	225,157	-	225,157	959,059	-	959,059
Change in net assets	(1,005,515)	2,965,440	1,959,925	228,766	42,065	270,831	(142,696)	-	(142,696)
Net assets at beginning of year	3,812,500	9,533,594	13,346,094	612,436	218,880	831,316	(275,529)	-	(275,529)
NET ASSETS AT END OF YEAR	\$ 2,806,985	\$ 12,499,034	\$ 15,306,019	\$ 841,202	\$ 260,945	\$ 1,102,147	\$ (418,225)	\$ -	\$ (418,225)

THE ARC OF THE UNITED STATES AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	The Arc of GA			Total			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
	REVENUE AND SUPPORT						
Contributed nonfinancial assets	\$ -	\$ -	\$ -	\$ 20,092,542	\$ -	\$ -	\$ 20,092,542
Grants	-	-	-	2,360,714	5,246,644	-	7,607,358
Affiliation and chapter fees	-	-	-	2,876,247	-	-	2,876,247
Contributions	-	-	-	1,749,495	72,505	-	1,822,000
Registration fees	-	-	-	1,270,907	-	-	1,270,907
Contracts	-	-	-	25,080	-	-	25,080
Program service fees	12,779	-	12,779	500,292	-	(302,037)	198,255
Bequest income	-	-	-	87,924	1,929	-	89,853
Royalty income	-	-	-	186,330	-	-	186,330
Other income	-	-	-	21,629	-	-	21,629
Net investment return	-	-	-	563,223	548,826	-	1,112,049
Net gain in perpetual trust	-	-	-	-	111,468	-	111,468
Net assets released from donor restrictions	-	-	-	2,973,867	(2,973,867)	-	-
Total revenue and support	<u>12,779</u>	<u>-</u>	<u>12,779</u>	<u>32,708,250</u>	<u>3,007,505</u>	<u>(302,037)</u>	<u>35,413,718</u>
EXPENSES							
Program Services:							
Chapter Leadership and Development	-	-	-	2,865,969	-	-	2,865,969
Public Education	-	-	-	12,642,831	-	-	12,642,831
Public Policy	-	-	-	12,233,301	-	-	12,233,301
Program Innovation	-	-	-	3,461,200	-	-	3,461,200
Total program services	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,203,301</u>	<u>-</u>	<u>-</u>	<u>31,203,301</u>
Supporting Services:							
Management and General	9,945	-	9,945	1,201,387	-	(302,037)	899,350
Fundraising	-	-	-	1,220,173	-	-	1,220,173
Total supporting services	<u>9,945</u>	<u>-</u>	<u>9,945</u>	<u>2,421,560</u>	<u>-</u>	<u>(302,037)</u>	<u>2,119,523</u>
Total expenses	<u>9,945</u>	<u>-</u>	<u>9,945</u>	<u>33,624,861</u>	<u>-</u>	<u>-</u>	<u>33,322,824</u>
Change in net assets	2,834	-	2,834	(916,611)	3,007,505	-	2,090,894
Net assets at beginning of year	(26,125)	-	(26,125)	4,123,282	9,752,474	-	13,875,756
NET ASSETS AT END OF YEAR	<u>\$ (23,291)</u>	<u>\$ -</u>	<u>\$ (23,291)</u>	<u>\$ 3,206,671</u>	<u>\$ 12,759,979</u>	<u>\$ -</u>	<u>\$ 15,966,650</u>