The Arc of the Quad Cities Area and Subsidiary

Consolidated Financial Report
June 30, 2023

Contents

Independent Auditor's Report

Board of Directors
The Arc of the Quad Cities Area and Subsidiary

Report on the Audit of the Financial Statements

Opinion
We have audited the consolidated financial statements of The Arc of the Quad Cities Area and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, (collectively, the financial statements). We have also audited the accompanying consolidated statement of functional expenses, of the Organization, for the year ended June 30, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization, as of June 30, 2023 and 2022, and the changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *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 Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements
Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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. 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Organization's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's 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 Organization's 2022 statement of functional expenses, and we expressed an unmodified audit opinion on the audited financial statements, which included that statement of functional expenses, in our report dated November 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report for the year ended June 30, 2023 dated November 22, 2023 on our consideration of the Organization's 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 Organization's 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 Organization's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
November 22, 2023

The Arc of the Quad Cities Area and Subsidiary

Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 8,860,985	$ 8,492,643
Receivables:		
Fees and grants due from governmental agencies	1,464,596	988,728
Subcontract and other	294,869	168,616
Prepaid expenses	25,873	12,144
Burress Endowment Fund	6,552,638	6,087,369
Investments	1,956,954	1,831,490
Other	20,668	20,707
Land, buildings and equipment:		
Land	1,030,507	1,030,507
Buildings and improvements	18,120,055	17,478,919
Furniture and equipment	1,832,949	1,711,547
Vehicles	1,295,239	1,062,627
Construction in progress	-	14,000
Total land, buildings and equipment	22,278,750	21,297,600
Less accumulated depreciation	11,356,433	10,625,086
Net land, buildings and equipment	10,922,317	10,672,514
Total assets	$ 30,098,900	$ 28,274,211

See notes to consolidated financial statements.

	2023	2022
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 276,580**	$ 283,278
Accrued compensation	**1,658,843**	2,110,032
Other accrued expenses	**132,851**	131,498
Finance lease liabilities	**68,753**	95,033
Mortgage note payable	**401,237**	429,824
Total liabilities	**2,538,264**	3,049,665
Commitments and contingencies (Notes 6, 7, 8, 11 and 13)		
Net assets:		
Without donor restrictions:		
Designated by the Board	**8,827,995**	7,742,078
Undesignated	**12,299,126**	11,395,099
	21,127,121	19,137,177
With donor restrictions:		
Restricted by time or purpose:		
Burress Endowment Fund	**3,186,418**	2,841,262
Restricted in perpetuity, Burress Endowment Fund	**3,247,097**	3,246,107
	6,433,515	6,087,369
Total net assets	**27,560,636**	25,224,546
Total liabilities and net assets	**$ 30,098,900**	$ 28,274,211

The Arc of the Quad Cities Area and Subsidiary

Consolidated Statements of Activities
Years Ended June 30, 2023 and 2022

	2023	2022
Change in net assets without donor restrictions from operations:		
Public support and revenue:		
Fees for services:		
State of Illinois:		
Department of Human Services, D.D., Medicaid waiver	**$ 11,182,573**	$ 9,842,533
Department of Public Aid, Medicaid	**688,728**	620,149
Client/family payments	**262,425**	25,334
Payee admin revenue	**68,488**	63,969
Other third-party payments	**1,357,815**	1,274,553
Total fees for services	**13,560,029**	11,826,538
Grants:		
Department of Human Services, D.D.	**267,026**	116,100
Community Mental Health Act (708)	**250,393**	239,423
Total grants	**517,419**	355,523
Other support and revenue:		
Contributions	**262,336**	188,742
Contribution of land	**-**	331,500
Rental income	**28,852**	24,000
Sales of goods and services	**2,331,347**	1,696,702
Investment income (loss)	**168,157**	(201,259)
Fundraising income	**75,847**	81,634
Miscellaneous	**19,245**	58,022
Gain on disposal of land, buildings and equipment	**3,000**	1,923
Total other support and revenue	**2,888,784**	2,181,264
Net assets released from restrictions:		
United Way services funding for the year	**55,685**	54,174
Investment income released from endowment	**240,226**	201,905
Restrictions satisfied by payments	**32,519**	32,400
Total net assets released from restrictions	**328,430**	288,479
Total support and revenue from operations	**$ 17,294,662**	$ 14,651,804

(Continued)

The Arc of the Quad Cities Area and Subsidiary

Consolidated Statements of Activities (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022
Functional expenses:		
Program services:		
Developmental training	**$ 2,007,148**	$ 1,958,629
Supported employment program (SEP)	**424,502**	362,488
Work services	**2,889,147**	2,323,710
Heritage fifty-three	**53,008**	59,456
CILA homes	**6,818,902**	6,539,489
Client and family support	**646,970**	524,142
CILA community support	**282,360**	300,837
Assistive technology	**121,003**	131,617
Behavioral health	**29,689**	20,427
Total program services	**13,272,729**	12,220,795
Supporting services:		
Management and general	**1,728,193**	1,555,083
Fundraising	**303,796**	246,999
Total functional expenses	**15,304,718**	14,022,877
Increase in net assets without donor restrictions from operations	**1,989,944**	628,927
Change in net assets with donor restrictions:		
Donor restricted contributions	**33,509**	32,700
Allocations from United Way	**55,685**	54,174
Investment income (loss) on endowment	**585,382**	(915,207)
Net assets released from restrictions:		
Expiration of time restrictions:		
United Way	**(55,685)**	(54,174)
Endowment	**(240,226)**	(201,905)
Restrictions satisfied by payments	**(32,519)**	(32,400)
Increase (decrease) in net assets with donor restrictions	**346,146**	(1,116,812)
Increase (decrease) in net assets	**2,336,090**	(487,885)
Net assets, beginning of year	**25,224,546**	25,712,431
Net assets, end of year	**$ 27,560,636**	$ 25,224,546

See notes to consolidated financial statements.

The Arc of the Quad Cities Area and Subsidiary

Consolidated Statements of Functional Expenses
Year Ended June 30, 2023 with Comparative Totals for 2022

	Program Services
Salaries and related expenses:	
Salaries and wages	$ 8,113,968
Employee health and retirement benefits	865,885
Payroll taxes	661,643
Workers' compensation insurance	168,944
Other employment benefits	37,814
Consultants	52,001
Client wages and fringes	587,795
Total salaries and related expenses	10,488,050
Consumable supplies:	
Office supplies	9,151
Program supplies	43,690
Workshop supplies	756,530
Food, dietary and medical	40,879
Housekeeping and laundry supplies	88,123
Total consumable supplies	938,373
Occupancy:	
Insurance	30,650
Utilities	258,670
Maintenance	308,414
Telephone and internet	82,109
Total occupancy	679,843
Local transportation	165,959
Software	53,357
Equipment purchases under $750	33,649
Rent	1,748
Interest expense	290
Depreciation	673,908
Miscellaneous:	
Training, staff recognition and Board expenses	13,269
Subscriptions, postage and printing	54,141
Professional memberships and dues	1,060
Provider participation fees and licenses	47,299
Burress endowment expenses	48,110
Liability and malpractice insurance	54,180
Recruiting, advertising and PR	4,777
Fundraising and contribution	1,880
Other	12,836
Total miscellaneous	237,552
Total expenses, year ended June 30, 2023	$ 13,272,729
Total expenses, year ended June 30, 2022	$ 12,220,795

See notes to consolidated financial statements.

Supporting Services			
Management and General	Fundraising	Total Agency 2023	Total Agency 2022
$ 967,928	$ 139,861	$ 9,221,757	$ 8,718,362
59,647	25,505	951,037	902,199
71,293	9,761	742,697	676,188
13,412	2,082	184,438	175,329
2,098	298	40,210	27,645
117,304	1,227	170,532	158,583
-	-	587,795	326,737
1,231,682	178,734	11,898,466	10,985,043
4,817	940	14,908	12,385
3,459	5,196	52,345	65,996
-	-	756,530	594,849
1,679	193	42,751	38,455
3,336	139	91,598	71,660
13,291	6,468	958,132	783,345
2,808	156	33,614	48,051
4,879	280	263,829	283,821
51,383	2,930	362,727	277,049
9,867	205	92,181	108,546
68,937	3,571	752,351	717,467
54,211	1,269	221,439	234,237
63,251	2,836	119,444	90,376
4,840	34	38,523	36,579
1,842	-	3,590	1,014
13,577	16	13,883	13,959
73,935	3,744	751,587	701,725
51,518	4,987	69,774	67,832
3,679	9,741	67,561	64,912
48,819	390	50,269	51,713
2,645	301	50,245	59,986
42,971	50,289	141,370	33,991
3,496	583	58,259	54,627
39,324	23,854	67,955	88,220
-	16,979	18,859	27,234
10,175	-	23,011	10,617
202,627	107,124	547,303	459,132
$ 1,728,193	$ 303,796	$ 15,304,718	$ 14,022,877
$ 1,555,083	$ 246,999		

The Arc of the Quad Cities Area and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	$ **2,336,090**	$ (487,885)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	**751,587**	701,725
Land received through contribution	**-**	(331,500)
Gain on disposal of land, buildings and equipment	**(3,000)**	(1,923)
Change in net realized and unrealized (gain) loss on investments	**(508,105)**	1,301,484
Interest and dividends restricted for long-term purposes, net of investment fees	**(205,483)**	(154,302)
Other contributions restricted for long-term purposes	**990**	300
Increase in receivables	**(602,121)**	(69,397)
(Decrease) increase in prepaid expenses	**(13,729)**	82,324
Decrease in accounts payable and other accrued expenses	**(5,345)**	(2,987)
(Decrease) increase in accrued compensation	**(451,189)**	314,275
Net cash provided by operating activities	**1,299,695**	1,352,114
Cash flows from investing activities:		
Proceeds from sales of investments	**2,079,690**	1,054,994
Purchases of investments	**(2,162,279)**	(1,080,894)
Purchases of land, buildings and equipment	**(998,390)**	(705,092)
Net cash used in investing activities	**(1,080,979)**	(730,992)
Cash flows from financing activities:		
Interest and dividends restricted for long-term purposes, net of investment fees	**205,483**	154,302
Contributions restricted for long-term purposes	**(990)**	(300)
Principal payments on debt	**(28,587)**	(27,673)
Payments on finance lease liabilities	**(26,280)**	(11,979)
Net cash provided by financing activities	**149,626**	114,350
Net increase in cash and cash equivalents	**368,342**	735,472
Cash and cash equivalents:		
Beginning	**8,492,643**	7,757,171
Ending	$ **8,860,985**	$ 8,492,643
Noncash investing:		
Increase in capital lease payable related to land, buildings and equipment	$ **-**	$ 88,740
Land obtained through contribution	$ **-**	$ 331,500
Supplemental disclosure of cash flow information, cash paid for interest	$ **13,883**	$ 13,959

See notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: The Arc of the Quad Cities Area and Subsidiary (The Arc) is a not-for-profit organization that was organized for the general welfare of persons with disabilities. The Arc offers a range of services and programs for persons with developmental disabilities in the Rock Island County area. The Arc is supported by funding from the State of Illinois, Rock Island County, United Way and income from services and private contributions.

In December 2019, The Arc of the Quad Cities Area entered into a member substitution and affiliation agreement with The Arc of the Quad Cities Iowa (Arc QC Iowa) and became the sole member of Arc QC Iowa. Arc QC Iowa is a not-for-profit organization that was organized for the general welfare of persons with disabilities and offers services and programs for persons with developmental disabilities in the Scott County area.

Significant accounting policies:

Principles of consolidation: The consolidated financial statements include The Arc of the Quad Cities Area and its subsidiary, Arc QC Iowa. All material intercompany accounts and transactions have been eliminated in consolidation.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, expenses and related disclosures at the date of the financial statements and during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of presentation: The net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. This category will also include funds that have been designated by the Board of Directors of The Arc for a particular purpose.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that require they be maintained permanently by The Arc or net assets subject to donor-imposed stipulations that may or will be met either by actions of The Arc and/or the passage of time. Donor restricted contributions and grants whose restrictions are met within the same year as received, are reported as without donor restrictions in the accompanying financial statements.

Cash and cash equivalents: For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of unrestricted cash and other highly liquid investments with maturities of three months or less when purchased.

Receivables: Receivables include grant and contributions receivables, as well as receivables related to sale of goods and services. A significant portion of receivables are due from governmental agencies and management expects these receivables to be fully collectible. Contributions and grant receivable are recorded net of management’s estimate of an allowance for uncollectible accounts, which was $0 as of both June 30, 2023 and 2022. The allowance for uncollectible accounts is based on management’s review of the outstanding receivables, historical and current collections information, current condition and aging of the accounts and existing economic conditions.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Sale of goods and services receivables are carried at original amount invoiced for services provided. Management expects these receivables to be fully collectible. Management evaluates these for collectability and records net of implicit and explicit price concessions, which was $0 as of June 30, 2023 and 2022. Sale of goods and services receivables for the year ended June 30, 2021 were $287,383.

Investments: Investments in debt and equity securities are carried at fair value. Temporary cash investments held in investment accounts are reported as investments on the consolidated statements of financial position and for cash flow presentation. Realized and unrealized gains and losses are included in the change in net assets.

Land, buildings and equipment: Land, buildings and equipment are carried at cost or at their estimated fair value as of the date received, if received as a donation. All expenditures for land, buildings and equipment in excess of $750 are capitalized. Depreciation is computed by the straight-line method over various estimated useful lives as follows:

	Years
Buildings and improvements	15-40
Furniture and equipment	5-10
Computer equipment	3-5
Vehicles	5-7

Leases: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Arc adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, The Arc has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with The Arc's historical accounting treatment under ASC Topic 840, Leases.

The Arc determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) The Arc obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Arc also considers whether its service arrangements include the right to control the use of an asset.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Arc made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, The Arc made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the operating balance of net assets.

Recognition of revenue:

Fees for services: The Arc’s fees for service revenue are earned by providing home and community-based services to people with disabilities. Revenues are based on rates determined by state funding agencies for each program a person participates in and are recognized as the service is performed.

Grants: Grant revenue funds certain of The Arc’s services provided under various programs including Respite Services, Assistive Technology, Client and Family Support and Work Services. Grant revenue is recognized as specific services are performed or expenditures are made under the terms of the grant. Grants from the Illinois Department of Human Services are subject to reconciliation and the recovery of lapsed funds. Any funds left after the reconciliation are subject to the Grant Funds Recovery Act. As of June 30, 2023 and 2022, there were no lapsed funds. Grants from the Illinois Department of Transportation represent the fair value of in-kind gifts of vehicles. These grants are not subject to the Grant Funds Recovery Act and are not subject to the recovery of lapsed funds. The vehicles must be used for general public or specialized transportation service for the duration of their useful lives. If the vehicles are sold, withdrawn from service or otherwise disposed of, a portion of the fair value may be required to be remitted to the Department of Transportation as provided by the agreement. The Illinois Department of Transportation is the lienholder on these vehicles.

Donated assets: Donated assets are recorded at their estimated fair value at the date of donation and are classified with assets of a similar nature.

Donated services: Educational, maintenance and medical services donated by various individuals and organizations have not been recorded, as these services do not meet the specialized skills and purchase criteria set forth by accounting principles generally accepted in the United States of America.

Promises to give: Contributions are recognized when the donor makes a promise to give which is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Sales of goods and services: The Arc recognizes revenue in accordance with FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Arc enters into various contracts with customers for the sale of goods or services. The Arc assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The contracts establish pricing and quantities. Revenue is recognized at a point in time when the control has transferred or when the services have been provided, which The Arc has identified as when the sale has been consummated through the delivery or shipment terms per the contract, and title to the goods and risk of loss have transferred to the buyer. The Arc has elected to treat shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated goods and not as a separate performance obligation.

The transaction price is the amount of consideration to which The Arc expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price and consists exclusively of fixed consideration.

Payment terms on invoiced amounts are typically 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, The Arc has determined that a significant financing component generally does not exist. The primary purpose of The Arc's invoicing terms is to provide customers with simplified and predictable ways of purchasing the products and services and not to receive financing from, or provide financing to, the customer.

The Arc excludes from revenue sales taxes and other government-assessed and imposed taxes on revenue generating activities.

Functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time and expense estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of The Arc.

Pending accounting guidance: In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The Arc is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

Subsequent events: The Arc has evaluated subsequent events through November 22, 2023, the date the financial statements were available to be issued.

Note 2. Concentration of Credit Risk

The Arc has concentrated its credit risk for cash by maintaining deposits in banks located within the Quad City region. The maximum loss that could have resulted from that risk as of June 30, 2023 totaled approximately $8,640,000 for the excess of the balances reported by three major financial institutions over the amounts that would have been covered by federal insurance. The Arc has entered into a Sweep Repurchase agreement with one of the banks in which it maintains deposits. As part of this agreement, the bank automatically withdraws amounts from the deposit account in excess of $100,000 on a daily basis and invests this amount in certain designated investments that are segregated specifically as a collateral pledge for this agreement. The balance in this sweep account was approximately $7,261,000 as of June 30, 2023.

Note 3. Financial Assets Available and Liquidity

The Arc regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Arc's main source of liquidity at its disposal consists of marketable securities as well as approximately $750,000 available under a line of credit as described in Note 8.

For the purpose of analyzing resources available to meet general expenditures over a 12-month period, The Arc considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, The Arc operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statements of cash flows, which identifies the sources and uses of The Arc cash and shows positive cash generated by operations.

Net assets with donor restrictions identified in the table below consist of the Burress Endowment Fund restricted in perpetuity, investment return from Endowment Funds and restricted contributions.

The Arc's governing board has designated a portion of its resources, which could be made available, if necessary, for general expenditures within one year in the normal course of operations. Those amounts are identified as board-designated in the table below.

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 8,860,985	$ 8,492,643
Receivables, net	1,759,465	1,157,344
Burress Endowment Fund investments	6,552,638	6,087,369
Investments at fair value	1,956,954	1,831,490
Total financial assets as of June 30	19,130,042	17,568,846
Less restricted and Board-designated amounts:		
Contractual or restrictions:		
Burress Endowment earnings and appreciation	3,186,418	2,841,262
Burress Endowment restricted in perpetuity	3,247,097	3,246,107
Board-designated net assets:		
Operating Reserves	5,880,230	4,310,265
Capital Reserves	2,844,456	3,322,219
Quasi Endowment	103,309	109,594
	$ 3,868,532	$ 3,739,399

Note 4. Investments, Endowment Fund and Net Asset Classifications

In April 1997, The Arc established the Wilber L. Burress Endowment Fund (Endowment Fund) to encourage gifts and bequests and provide long-term funds for the general purposes of The Arc. The fund is managed by an Endowment Board of Trustees. Net assets associated with the Endowment Fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The fair values of investments in the Endowment Fund as of June 30, 2023 and 2022, are as follows:

	2023	2022
Cash and cash equivalents	$ 62,937	$ 92,644
Equity securities	1,204,779	1,114,036
Mutual funds	3,067,427	2,698,885
Exchange traded funds	1,212,667	1,232,359
Fixed income securities	1,004,828	949,445
	$ 6,552,638	$ 6,087,369

Investment income (loss) on long-term funds is classified in the consolidated statements of activities as income from net assets with donor restrictions. Investment income (loss) for the years ended June 30, 2023 and 2022, is summarized as follows:

	2023	2022
Interest and dividends	$ 193,122	$ 188,289
Net realized and unrealized gains (losses)	422,298	(1,069,509)
Investment fees and expenses	(30,038)	(33,987)
	$ 585,382	$ (915,207)

The investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

The Arc has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the 2009 Illinois legislature as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted Endowment Fund absent explicit donor stipulations to the contrary. As a result of this interpretation, The Arc classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment. The remaining portion of the Endowment Fund is also classified as net assets with donor restrictions until those amounts are approved for expenditure by the Endowment Board of Trustees to be appropriated for expenditure by The Arc in a manner consistent with the standard of prudence prescribed by the State of Illinois in its enacted version of UPMIFA. In accordance with UPMIFA, The Arc considers the following factors in making a determination to appropriate or accumulate donor-restricted Endowment Funds: (1) the duration and preservation of the Endowment Fund; (2) the purposes of The Arc and the donor-restricted Endowment Fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and appreciation of investments; (6) other resources of The Arc and (7) the investment policies of the Endowment Fund.

Note 4. Investments, Endowment Fund and Net Asset Classifications (Continued)

The Arc has adopted investment and spending policies for its Endowment Fund. The objective of these policies is to provide The Arc a predictable funding stream for its programs while protecting the purchasing power of the Endowment Fund. The Endowment Fund, through its investment policy, has established a target (inflation-adjusted) annualized rate of return over the long-term of at least 4%; the total return during any single measurement period may deviate from the long-term return objective. To satisfy its long-term rate-of-return objective, The Arc may invest in publicly traded securities of domestic corporations and foreign corporations listed on a major domestic or international exchange, mutual funds, U.S. Government and U.S. Agency obligations, short-term insured obligations of financial institutions, and bank demand deposits. The purpose is to moderate the overall investment risk of the Endowment Fund.

An amount equal to 4% of the fund value as of each December 31 may, at the request of The Arc and by approval of the Endowment Board of Trustees, be used by The Arc for its general purposes. The distributions shall not cause the fund value to fall below $3,000,000 per direction of the Endowment Board of Trustees. During the year ended June 30, 2022, distributions of $201,905 were approved and distributed in 2022. The fiscal year 2023 approved distribution was $240,226, of which $120,113 was distributed in June 2023 and the remaining $120,113 was distributed in July 2023.

The changes in endowment net assets for the years ended June 30, 2023 and 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
		2023	
Endowment net assets, beginning of year	$ -	$ 6,087,369	$ 6,087,369
Investment return:			
Interest and dividends	-	193,122	193,122
Net appreciation in fair value of investments (realized and unrealized)	-	422,298	422,298
Total investment gains	-	615,420	615,420
Contributions	-	-	-
Appropriation of endowment funds for expenditures	-	(120,113)	(120,113)
Other changes	-	(149,161)	(149,161)
Endowment net assets, end of year	$ -	$ 6,433,515	$ 6,433,515

	Without Donor Restrictions	With Donor Restrictions	Total
		2022	
Endowment net assets, beginning of year	$ -	$ 7,204,181	$ 7,204,181
Investment return:			
Interest and dividends	-	188,289	188,289
Net depreciation in fair value of investments (realized and unrealized)	-	(1,069,509)	(1,069,509)
Total investment gains	-	(881,220)	(881,220)
Contributions	-	300	300
Appropriation of endowment funds for expenditures	-	(201,905)	(201,905)
Other changes	-	(33,987)	(33,987)
Endowment net assets, end of year	$ -	$ 6,087,369	$ 6,087,369

Note 4. Investments, Endowment Fund and Net Asset Classifications (Continued)

From time to time, the fair value of the Endowment Fund may fall below the donor contributions that are required to be retained for perpetual duration, known as an underwater endowment. The Endowment Fund was not underwater as of June 30, 2023 or 2022.

Note 5. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. The fair value hierarchy set forth in the topic is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that The Arc has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable, or can be corroborated by, observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value:

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded fund, equity securities, fixed income securities and mutual funds.

The fair values of beneficial interests in assets held by community foundations are estimated at The Arc's beneficial interest percent of the fair value of investment pools held by each community foundation as of the statement of financial position date. The Arc's interests are at the community foundation level and not in the underlying investments within the community foundations' investment pools. Therefore, the beneficial interests are considered to be Level 3 despite containing underlying assets with quoted prices.

There have been no changes in valuation techniques used for any assets measured at fair value during the years ended June 30, 2023 and 2022.

Note 5. Fair Value Measurements (Continued)

The following tables set forth by level within the fair value hierarchy the investments measured at fair value on a recurring basis as of June 30, 2023 and 2022:

	Investments at Fair Value			
	Level 1	Level 2	Level 3	Total
	June 30, 2023			
Assets:				
Equity securities, domestic	$ 1,204,779	$ -	$ -	$ 1,204,779
Mutual funds:				
Domestic:				
Small/mid-cap equities	1,530,816	-	-	1,530,816
Large-cap equities	253,225	-	-	253,225
Fixed income	1,750,245	-	-	1,750,245
International large-cap equities	1,075,362	-	-	1,075,362
Exchange traded funds:				
Small blend	227,773	-	-	227,773
Mid-cap blend	313,770	-	-	313,770
Large growth	-	-	-	-
Large value	375,839	-	-	375,839
Emerging markets	146,277	-	-	146,277
Real estate	32,446	-	-	32,446
Other	183,853	-	-	183,853
Open-ended mutual funds	1,153,701	-	-	1,153,701
Beneficial interests in community foundations	-	-	134,115	134,115
	$ 8,248,086	$ -	$ 134,115	8,382,201
Cash and cash equivalents				127,391
Total investments				$ 8,509,592

Note 5. Fair Value Measurements (Continued)

	Investments at Fair Value			
	Level 1	Level 2	Level 3	Total
	June 30, 2022			
Assets:				
Equity securities, domestic	$ 1,114,036	$ -	$ -	$ 1,114,036
Mutual funds:				
Domestic:				
Small/mid-cap equities	1,416,386	-	-	1,416,386
Large-cap equities	259,803	-	-	259,803
Fixed income	1,654,904	-	-	1,654,904
International large-cap equities	823,501	-	-	823,501
Exchange traded funds:				
Small blend	237,307	-	-	237,307
Mid-cap blend	228,248	-	-	228,248
Large growth	141,899	-	-	141,899
Large value	461,139	-	-	461,139
Emerging markets	177,103	-	-	177,103
Real estate	24,909	-	-	24,909
Other	194,959	-	-	194,959
Open-ended mutual funds	723,819	-	-	723,819
Beneficial interests in community foundations	-	-	123,077	123,077
	$ 7,458,013	$ -	$ 123,077	7,581,090
Cash and cash equivalents				337,769
Total investments				$ 7,918,859

Note 6. Commitments

Employment contract: In June 2015, The Arc renewed the employment contract with its Executive Director who retired in July 2016. The contract included The Arc paying a fixed dollar amount of the cost to provide the employee with family supplemental major medical, health, dental and pharmacy coverage upon the employee reaching age 65 whether or not the Executive Director is employed at that time. The Arc has a liability recorded related to this contract as of June 30, 2023 and 2022, which is included in accrued compensation. For the year ended June 30, 2023, the total payment amount was $13,399.

Following are estimated amounts of expected future payments:

Years ending June 30:	
2024	$ 13,801
2025	14,215
2026	14,642
2027	15,081
2028	15,534
Thereafter	216,649
	$ 289,922

Note 6. Commitments (Continued)

Mailroom contract: The Arc has a contract to provide mailroom services to Arsenal Island. The contract was effective July 31, 2023, and included four options to renew for successive periods of 12 months. In the base year, the original award in the amount of $212,413 was received. The contract has been renewed through June 2028.

Following are the future award amounts to be received:

Years ending June 30:	
2024	$ 212,413
2025	212,836
2026	213,272
2027	213,722
2028	214,186
	$ 1,066,429

Note 7. Mortgage Note Payable

Mortgage note payable as of June 30, 2023 and 2022, is as follows:

	2023	2022
Mortgage note payable, bank, 3.21% interest rate, payable $3,513 per month including interest, due on November 2024. (A)	$ 401,237	$ 429,824

(A) Collateralized by certain land, building and improvements with a net book value of $839,934 as of June 30, 2023.

Notes payable mature over the next two years as follows:

Years ending June 30:	
2024	$ 29,727
2025	371,510
	$ 401,237

Note 8. Line of Credit

The Arc has a line of credit with SENB Bank of Moline whereby it can borrow a maximum of $750,000 at the prime rate (8.25% as of June 30, 2023) through January 2025. The Arc had no borrowings as of June 30, 2023 and 2022.

Note 9. Employee Benefits

The Arc had a money purchase (defined contribution) plan which covered all eligible employees through April 1, 2022. The Arc started a new 401(k) plan effective April 1, 2022, and merged the money purchase plan into the 401(k) plan on April 1, 2022. The total retirement plan expenses for both plans was approximately $240,000 and $285,000 during the years ended June 30, 2023 and 2022, respectively.

Note 10. Custodian Funds

The Arc acts as custodian of the residents' funds for residents in their Community Integrated Living Arrangements (CILA). As of June 30, 2023 and 2022, these funds amounted to $93,917 and $151,947, respectively. These funds are not included in the accompanying consolidated financial statements.

Note 11. Postretirement Health Care Benefits

The current accounting standards guidance requires recognition of the overfunded or underfunded status of defined benefit postretirement plans as an asset or liability in the consolidated statement of financial position. This guidance also requires measurement of the funded status of a plan as of the date of the consolidated statement of financial position.

The Arc has a noncontributory unfunded postretirement health care benefit plan that covers certain eligible employees. Eligible employees must have been employed before 1992, have been employed in a position, which is not represented by a union for the last five years of employment and must not have been terminated for cause. Under the terms of the plan, The Arc will pay 50% of health insurance premiums for the eligible employees beginning at their retirement and continuing until the retiree reaches age 65, or is eligible for Medicare, whichever comes first.

The accumulated postretirement benefit obligation is included in accrued compensation in the accompanying consolidated statements of financial position as of June 30, 2023 and 2022. Information about the plan is as follows:

	2023	2022
Amount at the end of year:		
Fair value of plan assets	$ -	$ -
Projected benefit obligations	91,221	129,131
Funded status (plan obligations in excess of plan assets) included in accrued compensation on the consolidated statements of financial position	$ (91,221)	$ (129,131)
Accumulated postretirement benefit obligation	$ 91,221	$ 129,131

Benefits paid to retired members of the plan were $25,656 and $17,198 for the years ended June 30, 2023 and 2022, respectively.

Assumptions used in calculating the June 30, 2023, postretirement benefit included a discount rate of 4.90% and a health care cost trend of 4.10%.

There were three and two employees being paid benefits under this plan during the years ended June 30, 2023 and 2022, respectively.

Note 11. Postretirement Health Care Benefits (Continued)

Following are estimated amounts of expected future benefit payments:

Years ending June 30:		
2024	$	14,089
2025		5,244
2026		-
2027		-
2028		9,800
Thereafter		62,088
	$	91,221

Note 12. Income Taxes

The Internal Revenue Service (IRS) has recognized The Arc as exempt from income taxes under Internal Revenue Code Section 501(c)(3).

The Arc files a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the tax position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to not-for-profits include such matters as the following: the tax-exempt status of each entity and various positions relative to potential sources of unrelated business income tax (UBIT). UBIT is reported on Form 990T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax benefits in the accompanying consolidated statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of June 30, 2023 and 2022, there were no uncertain tax benefits identified and recorded as a liability.

The Form 990 filed by The Arc is subject to examination by the IRS up to three years from the extended due date of each return.

Note 13. Leases

The Arc leases copiers and a phone system under finance lease agreements that have initial terms of five years. The copier leases do not include options to renew. The phone lease includes an option to renew for six periods at the end of the term. In addition, these leases do not contain termination options. The options to extend a lease are included in the lease terms when it is reasonably certain that The Arc will exercise that option. The Arc’s operating leases generally do not contain any material restrictive covenants or residual value guarantees. The copier lease amounts to $2,198 and the phone system amounts to $66,555 as of June 30, 2023. The $68,753 of leases is recorded under furniture and equipment on the consolidated statements of financial position as of June 30, 2023.

Note 13. Leases (Continued)

The Arc has elected the use of risk-free discount rate for leases with no implicit interest rate practical expedient as there are no interest rates stated in the leases. The copier lease has a five-year term ending in October 2023. The phone lease has a five-year term ending in March 2027.

Finance lease cost is recognized on a straight-line basis over the lease term. The Arc does not have any significant operating leases. The weighted-average of the remaining lease term is as follows:

Weighted-average remaining lease term:	
Finance leases	4 years

Future minimum lease commitments are as follows:

Years ending June 30:	
2024	$ 19,946
2025	17,748
2026	17,748
2027	13,311
	$ 68,753

The Arc of the Quad Cities Area and Subsidiary

Consolidating Statement of Financial Position
June 30, 2023

	The Arc of the QCA	Arc of QC Iowa	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 8,846,137	$ 14,848	$ -	$ 8,860,985
Receivables:				
Fees and grants due from governmental agencies	1,464,596	-	-	1,464,596
Subcontract and other	294,869	-	-	294,869
Intercompany	2,161	-	(2,161)	-
Prepaid expenses	25,873	-	-	25,873
Burress Endowment Fund	6,552,638	-	-	6,552,638
Investments	1,951,954	5,000	-	1,956,954
Other	49,555	-	(28,887)	20,668
Land, buildings and equipment:				
Land	1,030,507	-	-	1,030,507
Buildings and improvements	18,120,055	-	-	18,120,055
Furniture and equipment	1,818,949	14,000	-	1,832,949
Vehicles	1,295,239	-	-	1,295,239
Total land, buildings and equipment	22,264,750	14,000	-	22,278,750
Less accumulated depreciation	11,353,633	2,800	-	11,356,433
Net land, buildings and equipment	10,911,117	11,200	-	10,922,317
Total assets	$ 30,098,900	$ 31,048	$ (31,048)	$ 30,098,900

	The Arc of the QCA	Arc of QC Iowa	Eliminations	Consolidated
Liabilities and Net Assets				
Liabilities:				
Accounts payable	$ 276,580	$ -	$ -	$ 276,580
Intercompany payables	-	2,161	(2,161)	-
Accrued compensation	1,658,843	-	-	1,658,843
Other accrued expenses	132,851	-	-	132,851
Finance lease liabilities	68,753	-	-	68,753
Mortgage note payable	401,237	-	-	401,237
Total liabilities	2,538,264	2,161	(2,161)	2,538,264
Net assets:				
Without donor restrictions:				
Designated by the Board	8,827,995	-	-	8,827,995
Undesignated	12,299,126	28,887	(28,887)	12,299,126
	21,127,121	28,887	(28,887)	21,127,121
With donor restrictions:				
Restricted by time or purpose:				
Burress Endowment Fund	3,186,418	-	-	3,186,418
Restricted in perpetuity, Burress Endowment Fund	3,247,097	-	-	3,247,097
	6,433,515	-	-	6,433,515
Total net assets	27,560,636	28,887	(28,887)	27,560,636
Total liabilities and net assets	$ 30,098,900	$ 31,048	$ (31,048)	$ 30,098,900

The Arc of the Quad Cities Area and Subsidiary

Consolidating Statement of Activities
Year Ended June 30, 2023

	The Arc of the QCA	Arc of QC Iowa	Eliminations	Consolidated
Change in net assets without donor restrictions from operations:				
Public support and revenue:				
Fees for services:				
State of Illinois:				
Department of Human Services, D.D., Medicaid waiver	$ 11,182,573	$ -	$ -	$ 11,182,573
Department of Public Aid, Medicaid	688,728	-	-	688,728
Client/family payments	262,425	-	-	262,425
Payee admin revenue	68,488	-	-	68,488
Other third-party payments	1,357,815	-	-	1,357,815
Total fees for services	13,560,029	-	-	13,560,029
Grants:				
Department of Human Services, D.D.	267,026	-	-	267,026
Community Mental Health Act (708)	250,393	-	-	250,393
Total grants	517,419	-	-	517,419
Other support and revenue:				
Contributions	243,863	18,473	-	262,336
Rental income	28,852	-	-	28,852
Sales of goods and services	2,331,347	-	-	2,331,347
Investment income (loss)	168,146	11	-	168,157
Fundraising income	75,847	-	-	75,847
Miscellaneous	22,662	-	(3,417)	19,245
Gain on disposal of land buildings and equipment	3,000	-	-	3,000
Total other support and revenue	2,873,717	18,484	(3,417)	2,888,784
Net assets released from restrictions:				
United Way services funding for the year	55,685	-	-	55,685
Investment income released from endowment	240,226	-	-	240,226
Restrictions satisfied by payments	32,519	-	-	32,519
Total net assets released from restrictions	328,430	-	-	328,430
Total support and revenue from operations	$ 17,279,595	$ 18,484	$ (3,417)	$ 17,294,662

(Continued)

The Arc of the Quad Cities Area and Subsidiary

Consolidating Statement of Activities (Continued)
Year Ended June 30, 2023

	The Arc of the QCA	Arc of QC Iowa	Eliminations	Consolidated
Functional expenses:				
Program services:				
Developmental training	$ 2,007,148	$ -	$ -	$ 2,007,148
Supported employment program (SEP)	424,502	-	-	424,502
Work services	2,889,147	-	-	2,889,147
Heritage fifty-three	53,008	-	-	53,008
CILA homes	6,818,902	-	-	6,818,902
Client and family support	646,970	-	-	646,970
CILA community support	282,360	-	-	282,360
Assistive technology	121,003	-	-	121,003
Behavioral Health	29,689	-	-	29,689
Total program services	13,272,729	-	-	13,272,729
Supporting services:				
Management and general	1,713,126	15,067	-	1,728,193
Fundraising	303,796	-	-	303,796
Total functional expenses	15,289,651	15,067	-	15,304,718
Increase in net assets without donor restrictions from operations	1,989,944	3,417	(3,417)	1,989,944
Change in net assets with donor restrictions:				
Donor restricted contributions	33,509	-	-	33,509
Allocations from United Way	55,685	-	-	55,685
Investment income on endowment	585,382	-	-	585,382
Net assets released from restrictions:				
Expiration of time restrictions:				
United Way	(55,685)	-	-	(55,685)
Endowment	(240,226)	-	-	(240,226)
Restrictions satisfied by payments	(32,519)	-	-	(32,519)
Increase in net assets with donor restrictions	346,146	-	-	346,146
Increase in net assets	2,336,090	3,417	(3,417)	2,336,090
Net assets, beginning of year	25,224,546	25,470	(25,470)	25,224,546
Net assets, end of year	$ 27,560,636	$ 28,887	$ (28,887)	$ 27,560,636

The Arc of the Quad Cities Area and Subsidiary
(The Arc of the Quad Cities Area Only)

Supplementary Information
Schedule of Program Costs
Year Ended June 30, 2023

Account Title	Agency Total	All Other Not Allocated	31U/37U/31C Developmental Training
Functional expenses:			
Program expenses:			
Program staff salaries	$ 8,113,968	$ 323,697	$ 2,148,662
Program staff payroll taxes and fringe benefits	1,734,286	85,345	551,704
Program consultants	20,293	-	7,215
Subcontract employee wages	587,795	32,368	555,427
Medicine and drugs	33,192	45	5,354
All other direct service equipment and supplies	807,093	10,820	675,050
Staff transportation	221,439	4,720	108,928
Direct service staff conferences and conventions	22,062		9,263
Program insurance	58,259	1,748	16,771
Telecommunications costs assigned to program	92,181	5,945	26,349
Other	342,602	1,668	261,568
Total program expenses	12,033,170	466,356	4,366,291
Support expenses:			
Food and dietary supplies	9,559	65	2,023
Housekeeping, laundry and supplies	91,598	-	22,785
Total support expenses	101,157	65	24,808
Occupancy expenses:			
Building and equipment, operations and maintenance	651,876	14,043	221,412
All other depreciation and amortization	748,787	7,488	445,551
Vehicle rent	1,028	-	1,028
All other leases/rent/taxes	10,861	213	2,595
Mortgage and installment loan interest	13,883	7	4,802
Equipment under $750 and software	134,883	1,524	45,890
Total occupancy expenses	1,561,318	23,275	721,278
Administrative and office expenses:			
Administrative salaries	1,107,790	44,195	293,354
Administrative payroll taxes and fringe benefits	184,096	9,059	58,564
Administrative consultants	150,239	1,840	54,645
Office supplies and equipment	80,719	663	58,518
Other (BOD expense, recruiting, miscellaneous)	71,162	52	26,313
Total administrative and office expenses	1,594,006	55,809	491,394
Total functional expenses	15,289,651	545,505	5,603,771
Nonreimbursable expenses:			
Cost of production and workshop client wages included above	756,530	-	756,530
Other (fundraising, legal, interest and membership fees)	587,795	32,368	555,427
Total nonreimbursable expenses	1,344,325	32,368	1,311,957
Net expenses	$ 13,945,326	$ 513,137	$ 4,291,814

60D/53D/53R Community Residential Alternatives (CRA's)	55A HBS Service Facilitation	55D HBS Personal Support Facilitation
$ 4,905,109	$ 489,185	$ 211,569
940,996	106,250	41,382
10,990	1,196	505
-	-	-
27,661	122	8
104,067	10,246	3,636
82,342	10,833	13,543
6,858	5,384	315
36,026	1,976	1,268
54,725	1,302	3,665
64,445	7,628	2,926
6,233,219	634,122	278,817
7,065	308	64
67,961	697	88
75,026	1,005	152
399,651	12,660	2,877
273,240	11,681	9,379
-	-	-
7,160	636	204
7,681	781	349
77,345	5,437	2,781
765,077	31,195	15,590
669,688	66,788	28,885
99,887	11,279	4,393
80,163	8,584	3,101
17,584	2,972	631
37,543	4,122	1,796
904,865	93,745	38,806
7,978,187	760,067	333,365
-	-	-
-	-	-
-	-	-
$ 7,978,187	$ 760,067	$ 333,365

The Arc of the Quad Cities Area and Subsidiary
(The Arc of the Quad Cities Area Only)

Supplementary Information
Schedule of Program Revenues
Year Ended June 30, 2023

Account Title	Agency Total	All Other Not Allocated
Fees and purchase of services:		
Department of Human Services	$ 11,023,362	$ -
Department of Public Aid	688,728	-
Client/family program fees (incl. SSI, SSA, pensions, etc.)	1,844,781	102
Other (transportation, insurance)	3,158	(1)
Total fees and purchase of services	13,560,029	101
Grant revenues:		
Department of Human Services	46,768	46,768
Local government awards	250,393	178,659
Capital grant	220,258	-
Other (extension grant, United Way)	55,685	20,000
Total grant revenues	573,104	245,427
Contributions and other:		
Restricted to operations	25,970	23,520
Unrestricted	483,490	8,426
Contributions—goods and services	-	-
Capital projections donation revenue	6,549	-
Sales of goods and services	2,332,146	45,095
Gain on the sale of assets	3,000	-
Cafeteria and vending machine	(799)	-
Rental income	28,852	-
Other (membership, fundraising, special events, Burress)	99,108	-
Total contributions and other	2,978,316	77,041
Investment income (loss) on unrestricted assets/investments	168,146	-
Total unrestricted support and revenue	$ 17,279,595	$ 322,569

31U/37U/31C Developmental Training	61H/62H/63H CILA Intermittent Hourly Support	60D/53D/53R Community Residential Alternatives (CRA's)	55A HBS Service Facilitation	55D HBS Personal Support Facilitation
$ 1,688,026	$ -	$ 8,784,603	$ 291,255	$ 259,478
538,380	-	139,381	7,630	3,337
277,167	1,206	1,388,867	119,526	57,913
1,686	(1)	253	555	666
2,505,259	1,205	10,313,104	418,966	321,394
-	-	-	-	-
57,450	14,284	-	-	-
77,156	4,261	120,944	12,334	5,563
22,257	125	3,539	361	9,403
156,863	18,670	124,483	12,695	14,966
883	38	1,371	109	49
234,733	7,667	188,317	35,829	8,518
-	-	-	-	-
2,294	127	3,596	367	165
2,287,051	-	-	-	-
1,051	58	1,647	168	76
(799)	-	-	-	-
2,852	-	26,000	-	-
45,252	1,630	46,360	4,718	1,148
2,573,317	9,520	267,291	41,191	9,956
59,882	3,307	91,089	9,573	4,295
$ 5,295,321	$ 32,702	$ 10,795,967	$ 482,425	$ 350,611