FY22
BUDGET REQUEST

THE ARC
OF
NEW LONDON COUNTY

The Arc.
Eastern Connecticut

The Arc Eastern Connecticut
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Norwich, CT 06360
T: 860.889.4435
TheArcECT.org

Achieve with us.

December 15, 2020

Kimberly Allen, Finance Director
Town of Waterford
15 Rope Ferry Rd.
Waterford, CT 06385

Dear Ms. Allen, Mr. Brule, and Members of the Allocations Committee:

Enclosed please find our Social Services Agency Funding Request for Fiscal Year 2021/22.

Our Community Life & Advocacy program served 147 people with intellectual and developmental disabilities this year. Despite the pandemic, staff were able to hold virtual classes, groups and events that kept everyone connected and progressing in their program goals. **CL&A is the only program of its kind in the region; it receives no federal of state funds** and depends entirely on the generosity of area municipalities, private foundations, and contributions from area families. CL&A's programming is now offered to anyone with IDD in the entire eastern region.

Attached materials include a description of our services and who they benefit, our current budget for CL&A, our CL&A brochure, and our latest Annual Report.

Number of staff employed **by the entire agency,** and personnel costs:
Full Time: 194 Part Time: 239 Seasonal: 30

Annual Cost of Wages for 2020:	$13,338,319
Benefits and Payroll Taxes:	$2,511,807
Total Personnel Costs:	$15,850,126

Other Municipalities supporting our agency: the Town of Waterford ($1,800), the Town of Old Lyme ($850). The Town of Ledyard also supports our agency through its support of both a group residence in town and our Farm Stand/Community Supported Agriculture (CSA) employment training program.

United Way of SE CT Funding (FY19): **$45,869 (29% of the CL&A program total)**

In reviewing the attached materials, please consider not only the financial impact your funding has on the Community Life & Advocacy program, but also how The Arc Eastern Connecticut utilizes your support to provide opportunities for people with IDD in Waterford and beyond to give back to the community in meaningful and valuable ways. On behalf of The Arc Eastern Connecticut and our participant families, thank you once again for your consideration.

Sincerely,

Kathleen Stauffer
Chief Executive Officer

Town of
Waterford
CONNECTICUT

15 Rope Ferry Road
Waterford, CT 06385
860-442-0553

SOCIAL SERVICES FUNDING REQUEST

Organization Name: The Arc Eastern Connecticut
Request Date (Fiscal Year): 2021/22
Requested Amount: $1,800

Benefit Statement (Describe how these funds will be used)
The Arc Eastern Connecticut's Community Life & Advocacy (CL&A) program supports over 145 adults and young adults with intellectual and developmental disabilities (IDD) from around the region. It is one of several community-based programs that The Arc ECT provides, and is the only program of its kind in the region. Health/fitness activities, social/cultural programs, self-advocacy groups, civic participation, and personal enrichment are some of the varied components of this program. We are once again requesting support from the Town of Waterford to continue to provide, and augment, the services provided by CL&A.

CL&A is the oldest of The Arc's programs, and served 147 adults with IDD in 2019/20, providing opportunities for them to actively engage in the community as independently as possible, and to do so in ways that served personal choices and goals and demonstrated measurable contributions to neighborhoods and to society. For many people with IDD who take advantage of The Arc ECT's services, the CL&A program is critical to the development of a sense of self-esteem and independence. It uses a person-centered model and focuses its weekly activities on three life areas: **Community Involvement, Access, and Independence.** Projects, events and activities under the CL&A umbrella all speak to at least one, if not all three, of these focus areas to ensure participants have every opportunity to define the course of their lives to meet their civic, social and personal enrichment goals and desires.

Although national studies and surveys have consistently shown that activities focusing on inclusion improve the quality of life of people with IDD, **no state or federal funding exists for these essential programs.** The Arc collects a modest fee from participants for each activity, but these fees do not cover the cost of important programs focusing on life skills and self-advocacy, including an **empowerment group** meeting once a month for women who have experienced sexual, physical or emotional violence in their lives, **monthly meetings for men, self-advocacy groups** for teens and adults**, community volunteering activities,** and **self-presentation/life skills** classes.

Until March 2020, participants had the opportunity to attend in-person programming and volunteer/community activities. After the CDC and the Department of Developmental Services issued guidelines regarding the closure of day programs for people with IDD, CL&A staff developed a variety of online and phone-based activities and supports—including developing the program's first Men's Group—that kept people adhering to important routines that mitigated the isolation that many were feeling. The program, when fully operational, also provides door to door transportation for outings. The CL&A program is unique in that **it is not offered by any other agency serving people with IDD in New London County**. It's open to all interested participants from other agencies, and is funded only by donations, United Way, agency fundraising events, town grants, and the minimal activity fee paid by participants if they can afford it.

Funds will be used to defray the costs of outside speakers and facilitators who provide groups with entertaining, valuable and important information on a variety of topics including good nutrition, stress relief, personal safety, trauma support, family and personal relationships, etc. Funds are also used to cover the costs of some program expenses; for example,

participants are charged a nominal ($8 door to door) transportation fee to events and programs, but some of our participants and their families are severely economically stressed so we cover that cost as well as other program fees.

The Town of Waterford has been one of CL&A's longtime partners; some of our most enthusiastic participants have come from the Waterford area.

Per Town of Waterford Budget Guidelines: please attach a certified audit report of all funds appropriated during the last completed fiscal year to your funding request.

Complete agency audit attached. Also attached is the CL&A budget. We do not audit this program separately.

DECLARATION

I, the requester, understand that I am requesting public funds from the Town of Waterford.
I declare that this request does not pose any potential conflict with the Town of Waterford and I will provide any documentation requested by the Town of Waterford to authorize funding this request or review the appropriateness of this request.

Signature

December 15, 2020

Date

Community Life & Advocacy--PROGRAM BUDGET

The Arc Eastern Connnecticut				
	Prior Year	Current Year	Proposed	
Fiscal Year	FY2020	FY2021	FY2022	% Inc./Dec*
REVENUE				
4000 Contributions	44,976	45,000	50,000	11.11%
4001 United Way Of SE CT Designations	3,814	2,282	3,000	31.46%
4002 Foundations				
4200 Special Events-Net	44,780	55,000	55,000	
4300 Legacies and Bequests				
4500 Contributed by Associated Orgs.				
4700 Other Federated Fund-Raising Orgs.				
4702 Other United Ways				
4800 Unassoc. & Non-Federated Orgs.				
5000 Revenues/Grants from Gov't Agencies	32,630	8,375	8,375	
6000 Membership Dues from Individuals				
6100 Dues- Local Member Units				
6200 Program Service Fee	19,552	15,000	10,000	-33.33%
Sales of Materials/Services to Units				
6400 Sales to Public- Net				
6500 Investment Income	1,739	5,000	5,000	
6600 Gain/Losses on Sales of Assets				
6900 Miscellaneous Revenues				
6901 Transfers from Restricted Funds				
United Way of Southeastern CT Allocation	43,806	45,869	46,000	0.29%
TOTAL REVENUE	**191,298**	**176,526**	**177,375**	**0.48%**
EXPENSE				
7000 Salaries	105,402	112,780	113,908	1.00%
7100 Employee Benefits	2,688	2,957	3,253	10.00%
7200 Payroll Taxes	8,730	9,341	9,434	1.00%
8000 Professional Contracts/Fees	12,706	1,500	1,500	
8100 Supplies	2,912	3,500	2,728	-22.07%
8200 Telephone	425			
8300 Postage & Shipping				
8400 Occupancy (Rent, Utilities, Maint.)	1,357	1,752	1,752	
8500 Rental & Maintenance of Equipment				
8550 Equipment Acquisition				
8600 Printing & Publications				
8700 Travel & Transportation	22,592	22,500	22,500	
8800 Conferences, Conventions & Meetings				
8900 Special Assistance to Individuals				
9000 Membership Dues				
9100 Awards & Grants				
9200 Interest	40	40	40	
9300 Insurance	72	477	477	
9400 Miscellaneous (Admin & General)		21,679	21,783	0.48%
9500 Depreciation	245			
9691 Dues to National Organization				
TOTAL EXPENSE	**157,170**	**176,526**	**177,375**	**0.48%**

STRATEGIC PLAN 2020-2023

IN PARTNERSHIP FOR FULL EQUALITY

OUR VISION FOR PEOPLE LIVING WITH DISABILITY

Equality of opportunity, equality of choice

OUR VISION FOR OUR ORGANIZATION

The Arc Eastern Connecticut will be eastern Connecticut's leader in partnering and advocating for equality of opportunity and equality of choice.

OUR MISSION IN PARTNERSHIP FOR FULL EQUALITY

To PARTNER with people living with intellectual and developmental disabilities for EQUAL participation and inclusion in the communities of eastern Connecticut

OPERATING PRINCIPLES

1. **Civil Rights:** We partner with people living with disabilities to promote their voice and champion their perspective.
2. **Community:** We facilitate the development of natural relationships to connect people with their communities.
3. **Innovation:** We continuously break new ground in providing a menu of service options and improving how we operate our organization, to bring about meaningful change for the future.
4. **Family:** We encourage and facilitate family education and engagement as fundamental to helping people living with disability achieve positive outcomes.
5. **Leadership:** We model choice in everything we do.
6. **Change:** We will change our community by modeling and raising awareness of our mission.

OUR VALUES

1. **Person-centered:** We respect and respond to individual choices as the guiding force in the lives of people living with intellectual and developmental disabilities .
2. **Dedication:** Organizationally and individually we are dedicated to people living with disabilities who place their trust in us to provide quality individualized, self-directed supports.
3. **Integrity:** We uphold the highest ethical standards in how we treat people living with disabilities and in how we operate our organization.
4. **Stewardship:** We are fully committed to protecting and maximizing the return on the resources available to us and to embracing the highest standards of accountability.

The Arc. Eastern Connecticut

STRATEGIC INITIATIVE 1

CREATE AND NURTURE STRONG PARTNERSHIPS

The Arc Eastern Connecticut values a person-centered approach in all that we do. We are committed to strengthening and advancing relationships through concierge-style services to customers and team members alike, offering education, advocacy, community partnerships and collaborations. We are committed to having a customer base and team reflective of our community.

STRATEGIC INITIATIVE 2

INVEST IN A DIVERSE & TALENTED WORKFORCE

The Arc Eastern Connecticut is committed to building a workforce that invests in its most valuable resource, its people (person-centered). We are committed to providing the team with training, personal and professional development, access to technology, and a fair and consistent hiring, evaluation and retention processes.

STRATEGIC INITIATIVE 3

INFRASTRUCTURE

The Arc Eastern Connecticut will provide welcoming, safe and functional facilities. It is our priority to consistently align facility needs with resources to ensure proper use and growth.

STRATEGIC INITIATIVE 4

COMMUNITY ENGAGEMENT

The Arc Eastern Connecticut values its advocates, partners, and supporters. We believe we are stronger together. We are committed to growing our donor base, developing planned giving, and setting annual fundraising goals.

STRATEGIC INITIATIVE 5

INNOVATION

The Arc Eastern Connecticut holds innovation, creativity and optimization in high regard. As we grow, we are committed to providing plans that make The Arc Eastern Connecticut the “go to” innovator, problem solver, and service collaborator for Connecticut.

The Arc New London County, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2019 and 2018

CohnReznick
ADVISORY • ASSURANCE • TAX

The Arc New London County, Inc.

Index

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Independent Auditor's Report

To the Board of Directors
The Arc New London County, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of The Arc New London County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, and cash flows for the years then ended and the statement of functional expenses for the year ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc New London County, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 29, 2020, on our consideration of The Arc New London County, Inc.'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 Arc New London County, Inc.'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 Arc New London County, Inc.'s internal control over financial reporting and compliance.

CohnReznick LLP

Hartford, Connecticut
January 29, 2020

The Arc New London County, Inc.

Statements of Financial Position
June 30, 2019 and 2018

Assets

	2019	2018
Current assets		
Cash	$ 1,888,410	$ 1,646,884
Grants receivable	62,749	378,111
Accounts receivable, net	206,309	145,444
Prepaid expenses	232,413	185,122
Investments	32,571	30,176
Total current assets	2,422,452	2,385,737
Property, equipment and improvements, net	3,642,076	3,698,594
Other assets		
Restricted cash	66,376	66,343
Investment held by third party	16,714	15,226
Other assets	9,447	9,447
Total other assets	92,537	91,016
Total assets	$ 6,157,065	$ 6,175,347

The Arc New London County, Inc.

Statements of Financial Position
June 30, 2019 and 2018

Liabilities and Net Assets

	2019	2018
Current liabilities		
Accounts payable	$ 231,480	$ 120,086
Accrued expenses	728,801	700,460
Deferred revenue	238,246	247,235
Mortgage notes payable, current portion	117,186	125,197
Deferred capital improvements, current portion	24,801	26,337
Capital lease obligations, current portion	16,758	15,789
Total current liabilities	1,357,272	1,235,104
Long-term liabilities		
DDS cash advances	219,712	132,057
Mortgage notes payable, less current portion	1,239,598	1,356,692
Deferred capital improvements, less current portion	145,844	170,644
Capital lease obligations, less current portion	531,884	547,730
Total long-term liabilities	2,137,038	2,207,123
Total liabilities	3,494,310	3,442,227
Commitment and contingencies		
Net assets		
Without donor restrictions	2,593,937	2,625,437
With donor restrictions	68,818	107,683
Total net assets	2,662,755	2,733,120
Total liabilities and net assets	$ 6,157,065	$ 6,175,347

See Notes to Financial Statements.

The Arc New London County, Inc.

Statements of Activities
Years Ended June 30, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions		
Revenues		
Residential and day programs	$ 11,811,703	$ 10,405,086
Fee for service	743,275	865,286
Grants and contributions	321,544	271,081
Other	330,136	161,923
Rental and interest income	85,417	83,065
Net assets released from restrictions	39,985	10,944
Total revenues	13,332,060	11,797,385
Expenses		
Program expenses	11,496,977	10,045,713
Fundraising expenses	23,721	22,727
Administrative expenses	1,842,862	1,528,824
Total expenses	13,363,560	11,597,264
Change in net assets without donor restrictions	(31,500)	200,121
Changes in net assets with donor restrictions		
Grants and contributions	1,120	75,136
Net assets released from restrictions	(39,985)	(10,944)
Change in net assets with donor restrictions	(38,865)	64,192
Change in net assets	(70,365)	264,313
Net assets, beginning	2,733,120	2,468,807
Net assets, end	$ 2,662,755	$ 2,733,120

See Notes to Financial Statements.

The Arc New London County, Inc.

Statement of Functional Expenses
Year Ended June 30, 2019
(With comparative totals for 2018)

	Program expenses	Administrative expenses	Fundraising expenses	Total 2019	Total 2018
Salaries and wages	$ 7,521,099	$ 1,013,225	$ -	$ 8,534,324	$ 7,322,561
Benefits and payroll tax	1,489,163	169,769	-	1,658,932	1,585,671
Transportation expenses	722,273	28,428	-	750,701	658,591
Program supplies	484,714	120,687	-	605,401	468,873
Utilities	274,777	34,136	-	308,913	281,514
Consulting	226,202	13,119	-	239,321	239,365
Depreciation and amortization	212,703	15,690	-	228,393	224,024
Repairs and maintenance	234,817	-	-	234,817	178,436
Interest	101,115	1,312	-	102,427	109,408
Rent	106,098	-	-	106,098	101,151
Professional services	27,098	228,749	-	255,847	182,992
Insurance	47,404	13,297	-	60,701	58,564
Activities	23,090	385	-	23,475	25,614
Training	9,336	18,017	-	27,353	46,164
Miscellaneous	12,453	728	-	13,181	(4,976)
Recruitment and hiring	1,393	32,504	-	33,897	28,739
Temporary help	2,318	124,633	-	126,951	36,037
Events expenses	-	-	23,721	23,721	22,727
Association membership	924	28,183	-	29,107	31,809
	$ 11,496,977	$ 1,842,862	$ 23,721	$ 13,363,560	$ 11,597,264

See Notes to Financial Statements.

The Arc New London County, Inc.

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ (70,365)	$ 264,313
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net unrealized (gain) loss on investments	(384)	436
Net unrealized gain on investment held by third party	(1,488)	(1,096)
Depreciation and amortization	228,393	224,024
Deferred capital improvements amortization	(26,336)	(34,017)
Changes in operating assets and liabilities		
Grants receivable	315,362	156,343
Accounts receivable	(60,865)	981
Prepaid expenses	(47,291)	(38,956)
Accounts payable	111,394	(4,101)
Accrued expenses	28,341	70,819
Deferred revenue	(8,989)	124,180
Net cash provided by operating activities	467,772	762,926
Cash flows from investing activities		
Restricted cash	(33)	(38)
Purchases of investments	(2,011)	(1,230)
Purchase of property, equipment and improvements	(171,875)	(162,402)
Net cash used in investing activities	(173,919)	(163,670)
Cash flows from financing activities		
Repayments of long-term debt	(125,105)	(128,546)
DDS cash advance	87,655	-
Repayments of capital lease obligations	(14,877)	(14,919)
Net cash used in financing activities	(52,327)	(143,465)
Net increase in cash	241,526	455,791
Cash, beginning	1,646,884	1,191,093
Cash, end	$ 1,888,410	$ 1,646,884
Supplemental disclosures of cash flow data		
Interest paid	$ 102,427	$ 109,408

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Organization

The Arc New London County, Inc. (the "Arc") is a nonprofit organization which provides placement opportunities and services for people in New London County, Connecticut with developmental disabilities.

On July 1, 2019, the Arc acquired the assets and assumed the liabilities of The Arc of Quinebaug Valley, Inc., which is a 501(c)(3) nonprofit corporation. The Arc of Quinebaug Valley, Inc. provides mental health services for individuals with special needs that are located in the Quinebaug Valley area. Detail of the assets acquired and liabilities assumed is provided in Note 17.

Basis of presentation

The accompanying financial statements of the Arc have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Arc reports information regarding its financial position and activities according to the following net asset categories:

Net assets without donor restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Tax-exempt status

The Arc is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal or state corporate income taxes.

Arc has no unrecognized tax benefits at June 30, 2019 and 2018. Arc's federal information returns prior to fiscal year 2016 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If Arc has unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

Cash

Cash includes all cash balances and highly liquid short-term investments with an original maturity of three months or less when acquired. There were no cash equivalents as of June 30, 2019 and 2018.

Restricted cash

Restricted cash is held as collateral for debt with Saving Institute Bank and Trust (see Note 7).

Grants and accounts receivable

Accounts receivable principally represent monies due from Department of Developmental Services ("DDS") and Department of Social Services ("DSS"). Accounts receivable arising from regular operations are stated net of an allowance for doubtful accounts when applicable. Allowances for accounts receivable are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party when considering the need for an allowance. Receivables are written off when management determines amounts will not be collected. Receivables are considered past due based on invoice date. There is an allowance for accounts receivable at both June 30, 2019 and 2018 of $6,200.

Investments
Arc reports investments at their current fair value and reflects any gain or loss in the statements of activities. Gains and losses are considered unrestricted unless restricted by donor stipulation or law. Nonmonetary investments received as gifts are immediately sold and recorded at the realized value.

Property, equipment and improvements
Arc capitalizes all expenditures for property and equipment exceeding $2,500, with a useful life greater than three years. Purchased property and equipment are carried at cost less accumulated depreciation. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over their estimated useful lives or life of lease where applicable. Estimated lives for financial reporting purposes are as follows:

Asset	Estimated lives
Buildings and improvements	5 - 39.5 years
Vehicles	3 - 5 years
Furniture and equipment	5 - 10 years
Leasehold improvements	Shorter of lease life or useful life

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in change in net assets for the period.

Investment held by third party
Arc has an investment held by the Community Foundation of Southeastern Connecticut (the "Foundation"). Arc established the fund in 2003. With each $10,000 contributed, the Foundation matches $1,000. The $1,000 match is a contribution of net assets with donor restrictions.

Revenue recognition

Program and contract revenue
Arc manages residential facilities, in home support and day programs for individuals with special needs. Revenue is recognized when the services are performed. The residential facilities are reimbursed according to regulations governing Community Living Arrangements. Food and lodging costs are reimbursed by DSS and other covered expenses are reimbursed by DDS. Services provided by Arc related to day programs and in home and community residential programs are reimbursed through a direct contract with DDS and/or billed through a fiscal intermediary. Reimbursement of certain expenses is subject to maximum per diem rate limitations and annual cost settlement regulations.

Fundraising and contributions
Arc conducts various fundraising activities during the year including special events and appeals for donations. Revenues generated by these activities were $114,576 and $106,350 and the

total costs of fundraising activities were $23,721 and $22,727 for the years ended June 30, 2019 and 2018, respectively.

Arc reports unconditional promises to give as revenue when the promise is received. Conditional promises to give are recognized as revenue when the condition is met. Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period have been reported as unrestricted support in the statements of activities.

Deferred revenue
Program and contract revenue received in advance is recorded as deferred revenue and recorded in the period to which it relates.

Functional expense allocation
The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Newly adopted accounting standards
During 2018, Arc adopted the provisions of Accounting Standards Update ("ASU") 2016-14. The provisions improve the usefulness and reduce the complexities of information provided to donors, grantors, creditors, and other users of the financial statements by eliminating the distinction between resources with permanent restrictions and those with temporary restrictions from the face of the financial statements. Enhanced disclosures in the notes to the financial statements will provide useful information about the nature, amounts and effects of the various types of donor-imposed restrictions, which often include limits on the purposes for which the resources can be used as well as the time frame for their use. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both the nature and functional classification. While the adoption of ASU 2016-14 requires net assets to be presented with and without donor restrictions, the ASU had no effect on Arc's total net assets.

Subsequent events
Arc has evaluated subsequent events through January 29, 2020, which is the date the financial statements were available to be issued as noted in Note 17.

Note 2 - Concentrations

Funding source

Arc's program revenue is primarily derived from contracts with DDS. Total revenue received from DDS in 2019 and 2018 was $11,327,879 and $9,927,719, respectively. Amounts due from DDS at June 30, 2019 and 2018 were $62,749 and $378,111, respectively.

Concentrations of credit risk

Financial instruments which potentially subject Arc to concentrations of credit risk consist primarily of cash and accounts receivable. Arc maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. At June 30, 2019, the cash balance exceeded the federally insured limit by approximately $1,488,000.

Note 3 - Liquidity

Arc regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2019, Arc has approximately $2.1 million of financial assets available to meet annual operating needs for the 2020 fiscal year, as follows:

Cash	$ 1,888,410
Accounts receivable	206,309
Grants receivable	62,749
Investments available for subsequent year	32,571
Total financial assets	2,190,039
Less net assets with donor restrictions	(68,818)
Total financial assets available	$ 2,121,221

These financial assets are not subject to any donor or contractual restrictions.

Arc supports its general operations primarily with unrestricted donor contributions and donor-restricted funds whose time or purpose restriction has been met.

Arc's invests in a portfolio to maintain liquid instruments within its portfolio to ensure assets are available to meet general expenditures, liabilities and other obligations as they come due.

In addition to financial assets available to meet general expenditures within one year, Arc has a line of credit for up to $750,000 with Chelsea Groton Bank that they can draw upon (see Note 8).

Note 4 - Accounts receivable/ DDS bridge funding advances

Arc retains bridge funding advances from DDS to fund the cash flow requirements of Arc associated with certain DDS programs. DDS provided Arc a cash advance equal to one month of claims associated with Day and In Home Supports programs, which is $1,375,014.

As shown below, these advances are offset against DDS accounts receivable on the accompanying statements of financial position.

	2019	2018
DDS accounts receivable	$ 1,437,763	$ 1,226,743
Less DDS bridge funding advance	(1,375,014)	(848,632)
Grants receivable, net	$ 62,749	$ 378,111

Note 5 - Investments

The following summarizes Arc's investments at June 30, 2019 and 2018:

	2019	2018
Money funds	$ 1,431	$ 2,112
Common stock	31,140	28,064
Community Foundation of Southeastern Connecticut	16,714	15,226
Total	$ 49,285	$ 45,402

All investments are financial instruments whose fair value can be readily determined. Investments are reported at fair value, which includes adjustments for unrealized gains and losses. Unrealized gains and losses arise from changes in the fair value of investments exclusive of dividend and interest income recognized but not yet received and exclusive of any write-down of the carrying amount of investments because of impairment. Unrealized gains and losses are reported as increases or decreases in unrestricted net assets. Arc's investments are not encumbered by any restrictions from donors or creditors. The fair value is subject to the risks of market and economic conditions.

Arc values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

In determining fair value, Arc utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Money funds and common stock are valued at level 1. Common stocks that are listed on a national securities exchange or reported on the NASDAQ national market are valued at their last sales price or valuation date.

Investments held by the Foundation are classified as level 3 using allocations provided by the third party. Details regarding investments held for long-term purposes measured at fair value on a recurring basis using significant unobservable inputs (level 3) are as follows:

June 30, 2017	$ 14,130
Change in value	1,096
June 30, 2018	15,226
Change in value	1,488
June 30, 2019	$ 16,714

There have been no changes in valuation techniques and related inputs used at June 30, 2019 and 2018. Arc's policy is to recognize transfers in and out of various levels as of the actual date of the event. There were no transfers during the years ended June 30, 2019 and 2018.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Arc believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 6 - Property and equipment

Components of property and equipment are as follows:

	2019	2018
Buildings	$ 3,409,885	$ 3,409,885
Capital and leasehold improvements	1,670,030	1,559,140
Furniture, fixtures and equipment	318,147	310,069
Vehicles	267,915	215,008
	5,665,977	5,494,102
Less accumulated depreciation	(3,195,674)	(2,967,281)
Land	1,171,773	1,171,773
	$ 3,642,076	$ 3,698,594

Depreciation expense including capital leased assets was $228,393 and $224,024 for the years ended June 30, 2019 and 2018, respectively.

Note 7 - Long-term debt

Long-term debt consists of the following at June 30, 2019 and 2018:

	2019	2018
6.00% seven mortgage loans payable to DDS, collateralized by real estate. Monthly principal and interest payments ranging from $84 - $2,153 are payable through September 2030.	$ 637,707	$ 699,957
3.40% two mortgage loans payable to Connecticut Housing and Financing Authority ("CHFA"), collateralized by real estate. Monthly principal and interest payments ranging from $1,547 - $2,353 are payable through December 2041.	600,232	618,872
4.5% - $4.88% two notes payable to Chelsea Groton Bank, collateralized by real estate. Monthly principal and interest payments of $2,003 - $2,224 are payable through April 2022.	72,614	108,815
2.55% note payable to Saving Institute Bank and Trust, collateralized by cash which is restricted on the statements of financial position. Monthly principal and interest payments of $479 are payable through May 2027.	41,136	45,743
2.7% notes payable to Saving Institute Bank and Trust, collateralized by equipment. Monthly principal and interest payments of $288 are payable through December 2020.	5,095	8,502
	1,356,784	1,481,889
Less current portion	(117,186)	(125,197)
Total	$ 1,239,598	$ 1,356,692

Future maturities of long-term debt for each of the five years subsequent to 2019 and thereafter are as follows:

2020	$ 117,186
2021	119,109
2022	94,784
2023	71,610
2024	76,673
Thereafter	877,422
Total	$ 1,356,784

Related interest expense for the years ended June 30, 2019 and 2018 was $66,909 and $73,444, respectively.

Note 8 - Line of credit

Arc had a $350,000 line of credit with Chelsea Groton Bank which expired on April 2019. The line of credit had a stated interest rate of 6.50% and was collateralized by the assets of Arc. The line of credit was limited to 75% of eligible accounts receivable balances. There was no outstanding balance as of June 30, 2018.

During August 2019, Arc entered into a $750,000 line of credit agreement with Chelsea Groton Bank. The line of credit is limited to 75% of eligible accounts receivable balances. The line of credit has a stated interest rate at one percentage point above Chelsea Groton Bank's Base Rate with a 5% floor. There was no outstanding balance as of June 30, 2019.

Note 9 - Capital lease obligations

Arc leased two properties with CIL Realty, Inc. ("CIL") through November 2039. The property will transfer ownership at the end of the lease term. The assets and related liability under the capital leases are recorded at the fair values of the assets. The assets are amortized over the shorter of their related lease terms or their estimated productive lives. Amortization of the assets under the capital leases is included in depreciation and amortization expense.

Accordingly, the assets were capitalized and have the following book values at June 30, 2019 and 2018:

	2019	2018
Building	$ 532,069	$ 532,069
Less accumulated amortization	(204,441)	(186,705)
Land	160,174	160,174
Total	$ 487,802	$ 505,538

Related interest expense for the years ended June 30, 2019 and 2018 was $35,518 and $35,964, respectively. Amortization expense relating to the capital lease obligations for both years ended June 30, 2019 and 2018 was $17,736.

At June 30, 2019, future minimum lease payments due under capital leases are as follows:

2020	$	50,841
2021		50,841
2022		50,841
2023		50,841
2024		50,841
Thereafter		684,297
Total future minimum lease payments		938,502
Less amount representing interest		(389,860)
Present value of net minimum lease payments		548,642
Less current portion		(16,758)
Long-term portion	$	531,884

Note 10 - Commitments

Real estate

Arc leases three facilities and is responsible for utilities, maintenance and insurance. Related rent expense for the years ended June 30, 2019 and 2018 was $106,098 and $101,151, respectively. Monthly rental payments range between $1,450 - $5,500 expiring at various times through May 2023.

Vehicles and equipment

Arc also leases vehicles and copiers for amounts ranging from $182 - $1,641 per month through May 2024. Related rent expense for the years ended June 30, 2019 and 2018 was $195,069 and $197,313, respectively.

Future minimum lease payments due under all non-cancelable operating leases are as follows:

2020	$	251,799
2021		192,157
2022		147,623
2023		83,027
2024		14,260
Total	$	688,866

Note 11 - DDS cash advances

When a facility commences operations, Arc may receive an operational advance from DDS equal to one month service revenue based on full capacity. These operational advances are applied against the final reimbursement when a facility ceases its agency relationship with DDS. Total operational advances received by Arc amounted to $219,712 and $132,057 the years ended June 30, 2019 and 2018, respectively.

Note 12 - Deferred capital improvements

During the fiscal year ended June 30, 2009, Arc received funding from DDS for Grant-In-Aid bonding funds of $92,165, which provided funding for replacement of the roof at Arc's headquarters facility in Norwich, Connecticut. A 10-year lien has been filed in favor of the State of Connecticut for the amount of the bond funding, of which a declining percentage of the award will be required to be returned to the State should Arc cease their operations as a DDS funded day program site during this period. Accordingly, the deferred bond revenue is being amortized over the 10-year lien period. The balance of the bond funds at June 30, 2019 and 2018 was $0 and $1,536, respectively, and is included under current liabilities on the statements of financial position.

During the fiscal year ended June 30, 2016, Arc received bond funds of $248,008 from Office of Policy Management for building improvements. The improvements were placed in service during this fiscal year; the grants are being amortized and recognized over the life of the improvements. The deferred balance for these grants for the fiscal years ended June 30, 2019 and 2018 was $170,645 and $195,445, respectively.

Note 13 - Retirement plan

Arc maintains a 403(b) retirement plan covering all eligible employees. The matching percentage is governed by the plan document. Arc contributed $45,404 and $40,727 to the plan for the years ended June 30, 2019 and 2018, respectively.

Note 14 - Net assets with time or purpose donor restrictions

Net assets with time or purpose donor restrictions are available for the following purposes as of June 30, 2019 and 2018:

	2019	2018
Program restrictions	$ 19,520	$ 21,948
Capital restrictions	48,298	84,735
Total net assets with time and purpose restrictions	67,818	106,683
Net assets restricted in perpetuity	1,000	1,000
Total net assets with donor restrictions	$ 68,818	$ 107,683

Net assets with time or purpose donor restrictions released from restrictions for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Program restrictions	$ 2,798	$ 4,473
Capital restrictions	37,187	6,471
Total net assets with time and purpose restrictions	$ 39,985	$ 10,944

Note 15 - National and state affiliations

The Arc New London County, Inc. is affiliated with The Arc Connecticut and The Arc United States. In exchange for dues to these two organizations, Arc gets assistance in promoting the joint causes of the organizations with state and federal governments.

Note 16 - Functionalized expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 17 - Subsequent events.

As described in Note 1, the Arc acquired The Arc of Quinebaug Valley, Inc. ("QVArc") on July 1, 2019. Upon completion of the acquisition, Arc shall be the surviving corporation. No consideration was paid as part of the acquisition. The following table summarizes assets acquired, and liabilities assumed at the acquisition date.

Cash	$ 763,514
Receivables	521,030
Inventory	13,449
Other current assets	72,325
Other assets	29,583
Property and equipment	2,266,645
Total assets	$ 3,666,546
Notes payable	$ 1,566,182
Accounts payable and accrued expenses	346,459
Total liabilities	1,912,641
Net assets	1,753,905
Total liabilities and net assets	$ 3,666,546

Final valuation of the assets acquired, and liabilities assumed will be determined after this report date.

Subsequent to the merger with QVArc on July 1, 2019, The Arc New London County, Inc. changed its name to The Arc Eastern Connecticut, Inc.

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The Arc of Quinebaug Valley, Inc.

Financial Statements

June 30, 2019

APICELLA, TESTA & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

The Arc of Quinebaug Valley, Inc.
June 30, 2019

Table of Contents

APICELLA, TESTA & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

Achille A. Apicella, CPA ▪ John J. Zaprzalka, CPA ▪ James E. Traester, CPA

Independent Auditor's Report

To the Board of Directors
The Arc of Quinebaug Valley, Inc.

We have audited the accompanying financial statements of The Arc of Quinebaug Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc of Quinebaug Valley, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the 2018 financial statements have been restated to reflect a change in accounting principle due to the adoption of Accounting Standards Update (ASU) 2016-14. Our opinion is not modified with respect to this matter.

Apicella, Testa + Company, P.C.

APICELLA, TESTA & COMPANY, P.C.
Certified Public Accountants

Shelton, Connecticut
January 21, 2020

The Arc of Quinebaug Valley, Inc.
Statements of Financial Position
As of June 30, 2019 and 2018

	2019	(As Restated) 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 763,514	$ 1,005,103
Accounts receivable (net)	521,030	192,189
Promises to give	-	1,450
Inventory	13,449	12,639
Prepaid expenses and other assets	72,325	87,839
Total current assets	1,370,318	1,299,220
Property and equipment (net)	2,266,645	2,352,170
Other assets:		
Client custodial funds	20,452	6,687
Funds held for others	4,819	4,814
Total other assets	25,271	11,501
Endowment funds	4,312	4,310
Total assets	$ 3,666,546	$ 3,667,201
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 130,888	$ 33,183
Accrued payroll and related liabilities	184,289	159,159
Due to clients	26,463	9,483
Line of credit	-	22,926
Notes payable - current portion	74,767	72,195
Total current liabilities	416,407	296,946
Long-term liabilities:		
Notes payable - net of current portion	1,491,415	1,564,984
Other liabilities:		
Funds held for others	4,819	4,814
Refundable advances	-	82,086
Total other liabilities	4,819	86,900
Total liabilities	1,912,641	1,948,830
Net assets:		
Without donor restrictions	1,721,883	1,633,829
With donor restrictions:		
Time and purpose restricted	27,722	80,242
Restricted in perpetuity	4,300	4,300
Total with donor restrictions	32,022	84,542
Total net assets	1,753,905	1,718,371
Total liabilities and net assets	$ 3,666,546	$ 3,667,201

The accompanying notes are an integral part of this financial statement.

APICELLA, TESTA & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

The Arc of Quinebaug Valley, Inc.
Statements of Activities
For the Years Ended June 30, 2019 and 2018

	2019	(As Restated) 2018
Changes in net assets without donor restrictions		
Revenue and support:		
Program service revenue	$ 5,142,641	$ 4,857,531
Subcontract revenue	231,970	200,761
Fundraising, donations, and grants (net)	217,421	107,447
Other income	17,105	12,519
Net assets released from restrictions	54,697	23,178
Total revenue and support	5,663,834	5,201,436
Expenses:		
Program services:		
Day programs	2,358,448	1,910,448
Fee for service & other programs	267,962	412,434
Supported living programs	984,733	1,033,790
Community living arrangements	1,215,625	1,090,680
Total program services	4,826,768	4,447,352
Supporting services:		
Fundraising and development	47,851	46,004
Management and general	701,161	543,632
Total expenses	5,575,780	5,036,988
Changes in net assets without donor restrictions	88,054	164,448
Changes in net assets with donor restrictions		
Contributions and grants	3,125	24,806
Earnings on endowment funds	2	2
Losses on uncollectible pledges	(950)	(600)
Net assets released from restrictions	(54,697)	(23,178)
Changes in net assets with donor restrictions	(52,520)	1,030
Change in net assets	35,534	165,478
Net assets - beginning of year	1,718,371	1,552,893
Net assets - end of year	$ 1,753,905	$ 1,718,371

The accompanying notes are an integral part of this financial statement.

The Arc of Quinebaug Valley, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services				Supporting Services		
	Day Programs	Fee for Service & Other Programs	Supported Living Programs	Community Living Arrangements	Fundraising and Development	Management and General	Total
Salaries and wages	$ 1,357,948	$ 173,133	$ 727,696	$ 763,648	$ 21,316	$ 308,786	$ 3,352,527
Payroll taxes	137,356	16,060	62,471	67,965	1,795	25,540	311,187
Employee benefits	119,517	8,597	99,541	110,126	703	23,376	361,860
Client remunerations	148,862	6,004	-	-	-	-	154,866
Training and education	1,826	301	480	1,491	-	532	4,630
Consultants	8,964	4,456	10,152	10,992	-	224,909	259,473
Supplies and expense	102,813	16,164	27,799	95,887	23,693	67,757	334,113
Cost of coods sold	74,128	-	-	-	-	-	74,128
Rent	-	-	-	2,107	-	-	2,107
Utilities	33,635	1,966	1,026	16,274	52	3,315	56,268
Repairs and maintenance	63,689	4,332	2,078	31,498	95	12,548	114,240
Property taxes	-	764	-	-	-	-	764
Depreciation	123,072	14,365	20,555	59,137	151	10,050	227,330
Vehicle and travel expense	121,701	15,596	27,755	14,714	16	6,998	186,780
Interest	23,392	2,227	793	33,572	30	1,902	61,916
Insurance	41,545	3,997	4,387	8,214	-	9,300	67,443
Bad debt expense	-	-	-	-	-	6,148	6,148
Total expenses	$ 2,358,448	$ 267,962	$ 984,733	$ 1,215,625	$ 47,851	$ 701,161	$ 5,575,780

The accompanying notes are an integral part of this financial statement.

The Arc of Quinebaug Valley, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services				Supporting Services		
	Day Programs	Fee for Service & Other Programs	Supported Living Programs	Community Living Arrangements	Fundraising and Development	Management and General	Total
Salaries and wages	$ 1,057,580	$ 258,767	$ 756,532	$ 708,414	$ 20,541	$ 331,837	$ 3,133,671
Payroll taxes	117,092	25,423	68,159	63,288	1,774	26,763	302,499
Employee benefits	113,733	10,826	97,653	101,082	603	24,702	348,599
Client remunerations	165,590	7,303	-	-	-	-	172,893
Training and education	3,627	3,290	922	685	8	952	9,484
Consultants	4,176	5,409	12,876	8,884	1	66,937	98,283
Supplies and expense	36,852	19,667	37,920	56,157	22,627	59,076	232,299
Cost of coods sold	63,813	-	-	-	-	-	63,813
Utilities	28,433	7,765	1,306	16,025	52	3,696	57,277
Repairs and maintenance	42,679	11,947	1,854	26,477	85	9,171	92,213
Property taxes	8,018	1,145	-	4,407	-	-	13,570
Depreciation	125,316	34,201	23,046	52,385	138	10,214	245,300
Vehicle and travel expense	91,880	16,129	26,193	10,396	47	4,460	149,105
Interest	22,512	5,532	1,146	34,850	31	1,995	66,066
Insurance	29,147	5,030	6,183	7,630	97	3,757	51,844
Bad debt expense	-	-	-	-	-	72	72
Total expenses	$ 1,910,448	$ 412,434	$ 1,033,790	$ 1,090,680	$ 46,004	$ 543,632	$ 5,036,988

The accompanying notes are an integral part of this financial statement.

The Arc of Quinebaug Valley, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 35,534	$ 165,478
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	227,330	245,300
Bad debt expense	6,148	72
Contributions received for capital purchases	(52,989)	(24,806)
(Increase) decrease in assets:		
Accounts receivable (net)	(334,989)	186,348
Promises to give	1,450	500
Inventory	(810)	1,119
Prepaid expenses and other assets	15,514	(6,513)
Client custodial funds	(13,765)	15,278
Endowment funds	(2)	598
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	97,705	(6,197)
Accrued payroll and related liabilities	25,130	(5,263)
Due to clients	16,980	(15,278)
Refundable advances	(82,086)	-
Total adjustments	(94,384)	391,158
Net cash provided by (used in) operating activities	(58,850)	556,636
Cash flows from investing activities		
Purchase of property and equipment	(141,805)	(20,535)
Net cash provided by (used in) investing activities	(141,805)	(20,535)
Cash flows from financing activities		
Contributions received for capital purchases	52,989	24,806
Payments on line of credit	(22,926)	(20,009)
Payments on notes payable	(70,997)	(71,975)
Net cash provided by (used in) financing activities	(40,934)	(67,178)
Net increase (decrease) in cash and cash equivalents	(241,589)	468,923
Cash and cash equivalents - beginning of year	1,005,103	536,180
Cash and cash equivalents - end of year	$ 763,514	$ 1,005,103
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 61,916	$ 66,066
Supplemental disclosure of non-cash activities		
Donated goods	$ 11,315	$ -
Contributed use of real property	$ 2,107	$ -
Disposal of fully depreciated property and equipment	$ 39,420	$ 121,407

The accompanying notes are an integral part of this financial statement.

Note 1 – General

The Arc of Quinebaug Valley, Inc. (the Agency) is a not-for-profit human services agency founded in 1952 that serves the needs of individuals with intellectual, developmental, and other life-affecting disabilities and their families in Northeastern Connecticut. The Arc of Quinebaug Valley is committed to providing supports that reflect dignity, respect, and choice.

The Agency offers a variety of programs and services including retirement day services, group and individualized supported employment, individualized day programs, education services, and residential supports. The Agency's day programs also include a thrift shop (The Arc Emporium) and a bottle and can redemption program (Project Redemption), both of which employ individuals with disabilities.

The Agency's programs are funded primarily by contracts with the State of Connecticut, local public school systems, as well as support from the general public through contributions and fundraising.

The Agency merged into another non-profit organization as of July 1, 2019. See Note 16 for more information.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of The Arc of Quinebaug Valley, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
>
> Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. See Note 11 for additional information.
>
> The Agency reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the same reporting period in which the revenue is recognized. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Cash and Cash Equivalents – For purposes of the statements of cash flows, The Arc of Quinebaug Valley, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, with the exception of cash included in endowment funds.

Accounts Receivable – Receivables are stated at unpaid balances, less an allowance for doubtful accounts when appropriate. Allowances for accounts receivable are determined by management based on an assessment of their collectability. Receivables are written off only when management believes amounts will not be collected. The allowance for doubtful account was $-0- and $15,000 for the years ending June 30, 2019 and 2018, respectively.

Promises to Give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their estimated cash flows, using a risk-adjusted discount rate of return appropriate for the expected term of the promise to give. Amortization of the discounts is included in contribution revenue.

Inventory – Inventory is stated at the lower of cost or fair market value at the date of donation. The Agency's inventory consists of goods held for sale at the thrift shop.

Property and Equipment – The Agency capitalizes all expenditures for property and equipment in excess of $5,000 (or $2,500 for property and equipment associated with the Agency's community living arrangements as per State guidelines). Property and equipment is stated at cost at the date of purchase or fair value at the date of donation. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the assets, which range from three to 30 years.

Expenditures for repairs and maintenance are generally charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities.

The Agency reviews long-lived assets for impairment using an undiscounted cash flow method whenever events or circumstances indicate the carrying value of an asset may not be recoverable. There were no impairment losses related to long-lived assets as of June 30, 2019 and 2018.

Compensated Absences – The Agency has a policy that enables employees to accumulate paid time off and carry it forward to the next fiscal year. An accrual for these benefits is included in "Accrued payroll and related liabilities" on the statements of financial position.

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under certain contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is pledged or received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Governmental grants and contracts are generally considered to be exchange transactions rather than contributions. Revenue from cost-reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance-based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue if the grant extends beyond the Agency's fiscal year and as due to the grantor if the grant was completed within the fiscal year.

The Agency records donated materials and services as contributions based upon their estimated fair market value at the date of donation. Donated services are recognized if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by donation. General volunteer services do not meet the criteria for recognition and accordingly, no amounts have been reflected for these services. See Note 12 for additional information.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Agency recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management believes that the Agency has no tax positions that would require financial statement recognition or disclosure. The Agency's informational returns for fiscal years ending June 30, 2016 and after are subject to examination by the Internal Revenue Service and the State of Connecticut, generally for three years from the date they were filed.

Fundraising and Donations – This line item is shown net of the costs of direct benefits to donors in the amounts of $30,877 for 2019 and $6,149 for 2018.

Advertising – The Agency expenses advertising costs as incurred. For the years ended June 30, 2019 and 2018, advertising expenses totaled $126 and $1,070, respectively.

Expense Allocations – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. While directly identifiable expenses are charged to the specific programs and supporting services for which they were incurred, certain costs have been allocated among the programs and supporting services benefited. Those expenses that are allocated include occupancy-related expenses, which are allocated on a square footage basis, as well as certain salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any specific function, but provide for the overall support and direction of the organization.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Adoption of Accounting Principal – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which became effective in the current fiscal year. Among the major relevant changes for the organization includes requiring the presentation of only two classes of net assets (with and without donor restrictions) from three classes (unrestricted, temporarily restricted, and permanently restricted), requiring the placed in service approach to recognize releases of restricted gifts of long-lived assets or gifts of cash restricted for the acquisition of long-lived assets, and requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

Certain provisions of the ASU are required to be adopted retrospectively, which has resulted in restatement of the prior period financial statements as more fully explained in Note 17. In addition, net assets that were previously reported as unrestricted are now reported as net assets without donor restrictions and net assets that were previously reported as temporarily and permanently restricted have now been combined into net assets with donor restrictions.

Subsequent Events – Subsequent events were evaluated through January 21, 2020, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

The Arc of Quinebaug Valley, Inc. has $1,284,544 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and cash equivalents and accounts receivable. None of these financial assets is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Arc of Quinebaug Valley, Inc. has a policy to structure its financial assets available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, The Arc of Quinebaug Valley, Inc. invests cash in excess of daily requirements in various short-term investments, including money market accounts.

Note 4 – Concentrations

Credit Risk – The Agency maintains its cash deposits with the local financial institutions, which may at times exceed the limits insured by the Federal Deposit Insurance Corporation.

Funding Sources – The Agency receives funding from several state agencies, including the Department of Developmental Services (DDS). Revenue earned from DDS amounted to $4,538,888 and $4,067,204 for the years ending June 30, 2019 and 2018, respectively. This represents approximately 80% and 77% of total revenue and support for 2019 and 2018, respectively. As with all government funding, these grants and contracts are subject to reduction or termination in future years. Any significant reduction in these grants and contracts could have an adverse effect on the Agency's program services.

In addition, a significant portion of accounts receivable as of June 30, 2019 and 2018 is also due from the State of Connecticut. DDS receivables totaled $394,372 and $84,852 as of June 30, 2019 and 2018, respectively. For 2019 and 2018, the receivable from DDS was net of an advance of $-0- and $347,414, respectively.

Note 5 – Funds Held for Others

The Agency entered into an agreement with an unrelated third-party to act as a fiscal sponsor. The funds are being raised for the construction of a playground that includes equipment allowing the inclusion of children with significant disabilities. The funds will ultimately be turned over to the Town of Plainfield for the construction of the playground. The amount is recorded as both an asset and a liability.

Note 6 – Property and Equipment

Property and equipment is comprised of the following at June 30:

	2019	2018
Land and land improvements	$ 362,405	$ 327,942
Buildings and building improvements	2,216,096	2,134,630
Furniture, fixtures and equipment	110,843	84,966
Vehicles	1,001,715	1,041,136
Total, at cost	3,691,059	3,588,674
Less: accumulated depreciation	(1,424,414)	(1,236,504)
Total property and equipment - net	$ 2,266,645	$ 2,352,170

The Agency has received several grants from the State of Connecticut Department of Transportation toward the purchase of vehicles. The State holds the title to these vehicles until the earlier of the end of the useful life or a certain mileage is reached; however, the Agency has capitalized the vehicles since it is probable that title will pass to them at the end of the specified time period. Also see Note 15.

Note 7 – Endowment Funds

The Agency's endowment fund is comprise of donor-restricted funds. As required by generally accepted accounting principles, 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 Agency has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the organization will retain in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment funds that are not retained in perpetuity are retained in net assets with donor restrictions until they are subject to appropriation for expenditure by the organization in a manner consistent with the standard of prudence prescribed by CTUPMIFA. In accordance with that standard, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the organization's investment policies.

Endowment net asset composition by type of fund is as follows:

	With Donor Restrictions	Total
June 30, 2019		
Donor-restricted endowment funds:		
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	$ 4,300	$ 4,300
Accumulated interest	12	12
Total	$ 4,312	$ 4,312

	With Donor Restrictions	Total
June 30, 2018		
Donor-restricted endowment funds:		
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	$ 4,300	$ 4,300
Accumulated interest	10	10
Total	$ 4,310	$ 4,310

Funds with Deficiencies – From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or CTUPMIFA requires the organization to retain in perpetuity. These deficiencies could result from unfavorable market fluctuations. Any such deficiencies would be reported as decreases in net assets with donor restrictions and subsequent gains that restore the deficiencies would be reported as increases in net assets with donor restrictions. There were no deficiencies of this nature as of June 30, 2019 and 2018.

Investment Policy – The Agency currently maintains its endowment funds in an interest-bearing savings account at a bank.

Spending Policy – Currently, earnings are being left to accumulate.

Changes in endowment net assets as of June 30, 2019 are as follows:

	With Donor Restrictions	Total
Balance, beginning of year	$ 4,310	$ 4,310
Interest income	2	2
Balance, end of year	$ 4,312	$ 4,312

Changes in endowment net assets as of June 30, 2018 are as follows:

	With Donor Restrictions	Total
Balance, beginning of year	$ 4,908	$ 4,908
Loss on uncollectible pledge	(600)	(600)
Interest income	2	2
Balance, end of year	$ 4,310	$ 4,310

Note 8 – Line of Credit

The Arc of Quinebaug Valley, Inc. had available to it a $125,000 line of credit from a bank at an interest rate of prime (per Wall Street Journal) plus 1%. The line of credit was secured by a second mortgage on the property located on 687 Cook Hill Road, Danielson, CT. As of June 30, 2019 and 2018, the balance outstanding on this note was $-0- and $22,926, respectively. As of June 30, 2019, the line of credit has been closed.

Note 9 – Notes Payable

The Agency is obligated for the following notes:

	2019	2018
Notes payable in total monthly installments of $4,584 including interest ranging from 0% to 4.99% per annum due at various dates through August 2021 and secured by motor vehicles.	$ 43,041	$ 67,256
Mortgage note payable to Jewett City Savings Bank, in monthly installments of $1,315 including interest at 4.50% per annum through 2033 and collateralized by all property and equipment at Cook Hill Road, Danielson, CT.	166,752	174,826
Mortgage note payable to Putnam Bank, in monthly installments of $1,412 including interest at 4.90% per annum through 2035 and collateralized by the real property located at 193 Mechanic Street, Killingly, CT.	189,980	197,280
Mortgage note payable to Putnam Bank, in monthly installments of $1,717 including interest at 3.875% per annum (through May 2022) through 2037 and collateralized by the real property located at 22 Route 171, Woodstock, CT.	264,637	273,798
Mortgage note payable to Jewett City Savings Bank, in monthly installments of $866 including interest at 4.50% per annum through 2038 and collateralized by the real property located at Tamarack Circle, Dayville, CT.	132,386	136,716

Mortgage note payable to the State of Connecticut in monthly installments of $752 including interest at 6% through 2039 collateralized by all property and equipment located at Tamarack Circle, Dayville, CT.	104,769	107,422
Mortgage note payable to CHFA in monthly installments of $3,538 bearing interest at 3.00% per annum through January 2047. The monthly payment also includes a required contribution of $584 to a repair and replacement reserve account. The mortgage is secured by the group home located in Danielson, CT.	664,617	679,881
Total	1,566,182	1,637,179
Less: current portion	(74,767)	(72,195)
Notes payable - net of current portion	$ 1,491,415	$ 1,564,984

The following is a schedule of maturing principal payments payable over the next five years and thereafter at June 30:

2020	$ 74,767
2021	68,893
2022	55,786
2023	56,493
2024	58,829
Thereafter	1,251,414
Total	$ 1,566,182

Note 10 – Refundable Advances

The Agency has received a refundable advance from the Connecticut Department of Developmental Services (DDS) related to the opening of its community living arrangements (CLA). These funds were used to fund the first month of operations of the home. Should the Agency stop providing CLA services in this home or no longer contract with the State (see Note 16), the amount advanced for the home would be applied to the final month's reimbursement for the home. As of June 30, 2019 and 2018, the value of these advances was $-0- and $82,086, respectively.

The Arc of Quinebaug Valley, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions and changes therein was as follows:

	Balance June 30, 2018	Additions / Gain (Loss)	Releases	Balance June 30, 2019
Purpose restricted:				
Capital campaign	$ 4,763	(950)	(3,813)	$ -
Sensory garden	$ 29,806	-	(29,806)	$ -
Group home residents	$ -	3,125	-	$ 3,125
Time restricted:				
DOT vehicle grants	$ 45,663	-	(21,078)	$ 24,585
Endowment funds:				
Subject to spending policy and appropriation:				
General use	$ 10	2	-	$ 12
Not subject to appropriation	$ 4,300	-	-	$ 4,300
Total	$ 84,542	$ 2,177	$ (54,697)	$ 32,022

	(As Restated)			
	Balance June 30, 2017	Additions / Gain (Loss)	Releases	Balance June 30, 2018
Purpose restricted:				
Capital campaign	$ 4,763	-	-	$ 4,763
Sensory garden	$ 5,000	24,806	-	$ 29,806
Other grants	$ 2,100	-	(2,100)	$ -
Time restricted:				
DOT vehicle grants	$ 66,741	-	(21,078)	$ 45,663
Endowment funds:				
Subject to spending policy and appropriation:				
General use	$ 8	2	-	$ 10
Not subject to appropriation	$ 4,900	(600)	-	$ 4,300
Total	$ 83,512	$ 24,208	$ (23,178)	$ 84,542

Releases of net assets are the result of satisfying the restriction by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors.

Note 12 – In-Kind Donations

For the year ended June 30, 2019, the Agency received $11,315 in donated prizes for its fundraising events. The amount is reflected as part of "fundraising, donations, and grants (net)" revenue and fundraising and development expenses on the statement of activities.

Also, starting in May 2019, the Agency began operating a group home (CLA) formerly run by the State of CT. The State still owns the property and charges the $1 a year in rent. In accordance with generally accepted accounting principles, the economic benefit of the use of these properties has been recorded on the financial statements as both a contribution and an offsetting "rent" expense. The value recognized for the use of this property, based on estimated market values, was $2,107 for the year ending June 30, 2019.

Note 13 – Retirement Plan and Other Benefits

The Agency has established a 401(k) retirement plan for the benefit of its employees. The plan is a voluntary salary reduction agreement that allows employees to set aside a portion of their salaries for retirement savings. Under terms of the plan, the Agency matches 50% of employee contributions on up to four percent of the participant's wages after one year of employment. The total pension expense incurred by the Agency's for the years ending June 30, 2019 and 2018 was $20,785 and $18,578, respectively.

The Agency has also established a Section 125 Cafeteria Plan which allows employees to pay for a portion of their medical insurance premiums on a pre-tax basis by way of voluntary salary reductions.

Note 14 – Operating Leases

The Agency leases various equipment for use in its operations and programs under both monthly leases and non-cancelable leases expiring in various years through 2023. These leases are treated as operating leases for financial reporting purposes. Expense under these lease agreements was $27,117 and $26,281 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments under non-cancelable operating leases that have remaining terms in excess of one year as of June 30, 2019 are as follows:

2020	$	24,416
2021		16,416
2022		5,965
2023		541
2024		135
Total	$	47,473

Note 15 – Commitments and Contingencies

The Agency has received government grants for specific purposes that are subject to review, audit and adjustment by grantor agencies. Such audits could lead to requests for reimbursement to such agencies for any expenditures or claims disallowed under the terms of the agreements. Management believes such disallowances, if any, will not be material to the financial statements.

The Agency has received several grant awards from the State of Connecticut Office of Policy and Management for facility improvements and equipment and vehicle purchases. As a condition of the grants, the Agency is required to continue to use equipment and vehicle purchases for a period of five years from the receipt of the funds and an improved facility for a period of ten years. If it fails to do so, it would be obligated to return the funds to the grantor on a pro-rata basis that declines at twenty percent per year for equipment and vehicle purchases and ten percent per year for facility improvements. The Agency has received the following grant funds subject to these provisions: $47,856 for facility improvements (paving) and $52,675 for equipment purchases during the year ending June 30, 2019 and $312,533 for vehicle purchases made during the fiscal year ending June 30, 2017. The Agency has not recorded a contingency related to these provisions, since it considered it likely that that they will be satisfied.

Note 16 – Other Matters

In December 2018, the Board of Directors of the Agency voted to accept a merger agreement with The Arc New London County, Inc. (now The Arc Eastern Connecticut, Inc.), another non-profit organization. Effective July 1, 2019, the Agency merged into The Arc ECT. During the year ending June 30, 2019, the Boards began operating jointly and the Agency paid $136,535 in management fees to Arc ECT for administrative services. As of June 30, 2019, the Agency owed $70,824 to the Arc ECT for management fees and other reimbursable expenses incurred by The Arc ECT on the Agency's behalf, which is included with "accounts payable and accrued expenses" on the statement of financial position.

Note 17 – Restatement of Prior Year for Adoption of Accounting Standard

As noted in Note 2, FASB ASU 2016-14 took effect during the Agency's fiscal year. It requires a retrospective adoption approach, which has resulted in a restatement of prior year's financial statements. The ASU eliminated the accounting policy option for implying a time restriction to gifts of long-lived assets and gifts of cash or other assets to be used to acquire long-lived assets that would allow for the restricted amounts to be released ratably over the useful life of the related asset, thus allowing for a match between the expense and revenue. The Agency had previously used this approach. It is now required to use the placed-in-service approach, which requires such amounts to be released from restriction when the asset is placed in service. As a result of applying this principle retroactively, the following captions on the 2018 financial statements have been restated as follows:

	Originally Reported	Restatement	As Restated
Net assets released from restrictions	$ 110,931	$ (87,753)	$ 23,178
Net assets without donor restrictions	$ 1,166,696	$ 467,133	$ 1,633,829
Net assets with donor restrictions	$ 551,675	$ (467,133)	$ 84,542

Independence.
Personal Growth.
Self-Advocacy.

20

Annual Appeal

21

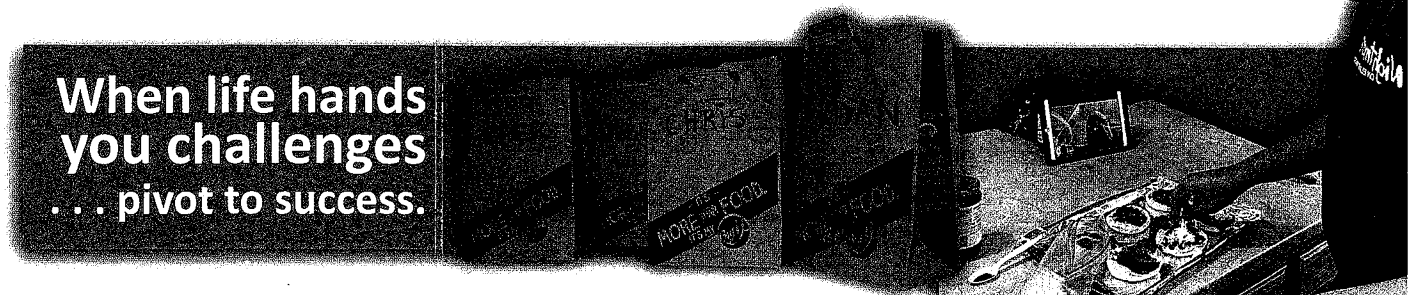
The Arc.
Eastern Connecticut

TheArcECT.org

When Life Hands You Lemons . . . Make Pizza!

There's nothing like a pandemic to remind us of what's important—**community, mutual respect, and creating great experiences out of adversity.** That's what our Daytime Support Team did for people with intellectual and developmental disabilities. During a Zoom chat one day, everybody decided a **pizza party** would lift their spirits.

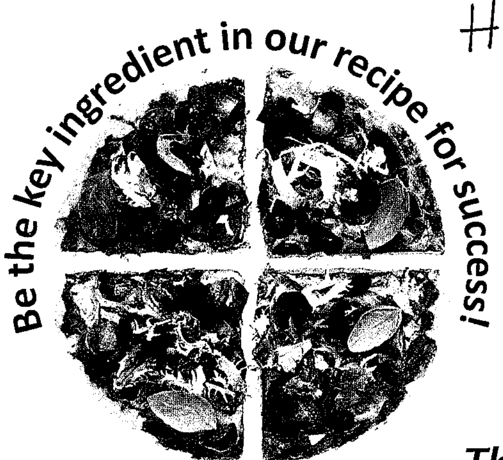
So 17 delivery bags, ingredients, and a recipe were packed into The Arc's vans and **delivered to each home.** Team members provided virtual support while everyone made pizza. The best part? Eating it!



Connection is at the core of what we do at The Arc Eastern Connecticut, and YOU are key to our success. During this tough year, knowing that we are all in this together gets us through. Not even a pandemic can stop us from **learning, growing, and helping each other.**

Give to your community—It's never been easier!

Help people with IDD stay connected—to their communitie
to the supports they nee
. . . and to each othe



Become a monthly subscriber!

*TheArc*ECT.org/donate

Better than Netflix, cheaper than Amazon—and the rewards are heartwarming!

Chances are, you know someone we support.

People with IDD are employed in our communi thanks to programs like ours. Folks volunteer road races, fairs, and town cleanups. They adv cate at the State Capitol and testify before legis tors on issues affecting people with disabiliti Your partnership maintains these vital commun connections for the nearly 1,000 people

REMOVE TO EXPOSE ADHESIVE REMOVE TO EXPOSE ADHESIVE REMOVE TO EXPOSE ADHESIVE

The Arc Eastern Connecticut is a 501 (c)(3) charitable organization. Your donation is tax-deductible to the fullest extent of the law.

Name ____________________

Address ____________________

City ____________________

State ________ Zip ________

Email ____________________

Please accept my gift of:

- ☐ **$500**
- ☐ **$250**
- ☐ **$100**
- ☐ **$50**
- ☐ **$35**
- ☐ I would like to become a monthly subscriber.

Other $__________

Online: TheArcECT.org/donate

Checks made payable to:
The Arc Eastern Connecticut

Please charge my:

- ☐ Visa
- ☐ Mastercard
- ☐ American Express
- ☐ Discovery

Card Number

- - - - - - - - - - - - - - - -

Expiration __/__

CVV ___

- ☐ My gift is anonymous
- ☐ This gift is in honor of:
- ☐ This gift is in memory of:

____
(name)

OUR MISSION

To partner with people living with intellectual and developmental disability for equal participation and inclusion in eastern Connecticut.

***TheArc*ECT.org**

YOUR GIFT MATTERS

Give online at TheArcECT.org

Place Stamp Here

The Arc Eastern Connecticut
125 Sachem Street
Norwich, CT 06360

Achieve with us.®

IN PARTNERSHIP FOR FULL EQUALITY

since 1952

Who We Are

The Arc Eastern Connecticut—formerly The Arc Quinebaug Valley and The Arc New London County—has served the communities of northeastern and south-eastern Connecticut since 1952.

Two groups of parents, concerned that their children with intellectual and developmental disabilities were being denied educational opportunities, met in their homes to plan a strategy, sparking a **social and civil rights movement in the state.**

Today, The Arc Eastern Connecticut supports **more than 900 people with IDD and their families yearly.** We help people find homes, prepare for competitive employment with area businesses, and independently and actively engage in their communities.

Our dedicated Board of Directors and our caring and professional staff have provided us with the ability to build programming and employee training modules in ways that greatly reinforce the mission and vision of our founding families who established both The Arc NLC and The Arc QV over six decades ago.

Find Out More
Call 860.889.4435
*TheArc*ECT.org

The Arc.
Eastern Connecticut

Did you know . . .

There are an estimated **2.5 million people** in the United states with an intellectual or developmental disability.

The Arc Eastern Connecticut supports over 175 people in its employment programs who work an average of 15 hours per week at minimum wage or higher.

Our micro-enterprises include a redemption center, consignment stores, a farm stand, landscaping and cleaning services, and a bakery with cookies in over 16 stores region-wide.

The Arc ECT operates 74 vehicles that drive over 1,400,000 miles per year, providing door-to-door transportation for people participating in day programs and community activities.

IN **PARTNERSHIP FOR FULL EQUALITY** The Arc Eastern Connecticut

125 Sachem Street
Norwich, CT 06360
T: 860.889.4435
E: info@thearcect.org

*TheArc*ECT.org

The Arc.
Eastern Connecticut

MY SCHOOL.
MY HOME.
MY JOB.
MY CHOICE.

A multi-service family agency in partnership for full equality

Achieve with us.®

What We Can Do

Employment Training
Six thriving micro-enterprises provide training and preparation for competitive employment with area businesses.

Day Programs
Our day programs in Norwich, Groton and Danielson offer a variety of volunteer opportunities, health/fitness activities, and community and life-enrichment programs for adults including Seniors.

School-to-Work Transition
This program helps young adults navigate the often confusing path to life and work after graduation.

Supported Housing
Creative living options throughout eastern Connecticut support personal choice and maximum independence.

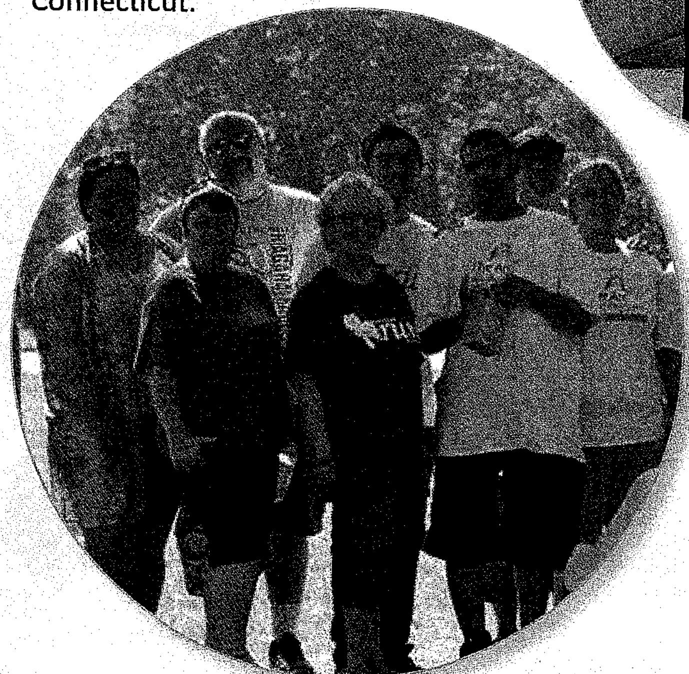
Community Life & Advocacy
This unique program offers empowerment and self-advocacy groups, Special Olympics, social networking, and civic participation activities.

In-Home Supports
Personal, family-centered services are offered in both the home and the community.

Community Companion Homes
The CCH program helps people with IDD live as independently as possible with families in their communities.

Our Mission

To partner with people living with intellectual and developmental disabilities for **EQUAL participation and inclusion** in the communities of eastern Connecticut.



Contacts

Norwich Offices
125 Sachem St., Norwich, CT 06360
(860) 889-4435

Employment Transition Center, Groton
52 Sacred Heart Drive, Groton, CT 06340
(860) 449-1529

Danielson Offices
687 Cook Hill Rd., Danielson, CT 06239
(860) 774-2827

The Arc Encourages

- ✓ Choice
- ✓ Volunteerism
- ✓ Independence
- ✓ Self-Expression
- ✓ Community Involvement

Achieve with us.®

SPECIAL THANKS TO OUR COMMUNITY PARTNERS

Although we had to cancel important fundraisers this year due to safety concerns, many organizations and businesses generously allowed us to retain their committed sponsorships to help offset costs of working through the pandemic. We owe them an incredible debt of gratitude.

2019/2020
AGENCY HIGHLIGHTS

The Arc.
Eastern Connecticut

Prepared for the Virtual Annual Meeting
June 09, 2020

IN **PARTNERSHIP FOR FULL EQUALITY**

TheArcECT.org

CENTRAL OFFICES
125 Sachem Street, Norwich, CT 06360
T: 860.889.4435

NORTHEAST MAIN OFFICES
687 Cook Hill Road, Danielson, CT 06239
T: 860.774.2827

Our First Full Year as *The Arc Eastern Connecticut!*

Dear Friends, Colleagues, and Community Partners,

So far, 2020 has challenged us to surmount innumerable firsts. **Here at The Arc ECT, we've pivoted from traditional, location-based to virtual supports** in all but our residential service platform. The COVID-19 pandemic means developing new and creative programming and supports to people with IDD and their families. It requires keeping abreast of policies and protocols that change daily, making sure our **team members have the tools to perform their jobs safely,** and preparing for the return to the normal face-to-face world that we all miss very much.

This has been our first full year as The Arc Eastern Connecticut! **The dedication and commitment of Board and team members** who have cooperated to seamlessly combine programming and services to ensure the stability of our mission during the pandemic is heart-warming and inspiring. **We couldn't have succeeded without our families and caregivers.** Following are a few of the year's highlights . . . with many more to be listed in our 2020 Annual Report.

Yours In Partnership for Full Equality,

Kathleen Stauffer
Chief Executive Officer

Working as a unified team, we were able to

- ★ **Strengthen our Service Models:** residential, day, employment, community involvement.
- ★ **Expand Residential Services:** We now oversee 22 residences throughout eastern CT.
- ★ **Plan for Program Expansion** in the northeast and southeast.

Our response to the COVID-19 pandemic

- ★ **PIVOT.** We retooled **programming for all our participants.**
- ★ **TECH SUPPORTS.** The Arc ECT connected families, team members and program supports **through innovative technologies.**
- ★ **HEALTH & SAFETY. Sufficient agency PPE** was acquired through exhaustive global searches.
- ★ **RISK MITIGATION.** Food and supplies were delivered to each residence, greatly reducing risks to team members and residents.
- ★ **COMMUNICATION.** The Arc ECT created **podcasts, weekly COVID-19 updates, community resource lists, and Activities 4 U — virtual adventures activity links and prompts for the eastern Connecticut community.**

Outreach Highlights

- ★ **ADVOCACY.** We worked with legislators to **advance recycling legislation and safeguard our human services safety net.**
- ★ **OUTREACH.** The Arc CEO gave **presentations on mergers** nationally and on local media.
- ★ **MICRO-ENTERPRISES.** Through increased cookie sales, we expanded our cookie micro-enterprise.
- ★ **MEDIA.** The Arc ECT CEO wrote **monthly columns for *The Bulletin* on disability-related topics,** highlighting the people we support, staff, and community partners.

Planning for the Future

- ★ **THE ARC ECT.** We celebrated the January 2019 announcement of our merger with an **agency-wide Anniversary Party in January 2020.**
- ★ **TEAM BUILDING.** Combined Board and Staff retreats and plenary sessions earlier in the fiscal year resulted in a **comprehensive Strategic Planning document** that emphasized **Person-Centered Supports.**

The Arc Eastern Connecticut

125 Sachem Street
TheArcECT.org

Achieve with us.

Discover The Arc Eastern Connecticut . . .
In Partnership for Full Equality

Discover the Empowerment/Enrichment Component

Part of CL&A's activities include six Empowerment/Enrichment groups, which introduce participants to the concept of viewing themselves as part of a broader community in which they have a voice, an interest, and a right of inclusion.

VOICES is a group for women at-risk of sexual, physical and/or emotional abuse and exploitation. Participants focus on their own healing in order to move forward, realize their goals, and lead independent lives.

ELEMENTS OF ELLEN is a series of workshops designed to advance self-presentation skills and enhance self-esteem.

SELF-ADVOCACY GROUPS in both Norwich and Danielson are chapters of the statewide organization People First. Members identify challenges, organize activities, and advocate for themselves at the local and state level.

SPARCS (Student Peer Advocates Raising Community Support), a youth advocacy project for those age 16-23, addresses the often difficult transition to life away from a school setting. It focuses on employment, housing, social engagement and civic responsibility.

In the **VOLUNTEER CORPS,** participants are exposed to the importance of civic responsibility and increased social interaction Last year the Corps completed 16 projects, totaling 528 hours of service to the community.

CULTURE QUEST broadens participants' awareness of history, art and culture in the region and beyond.

Discover Community Life & Advocacy

The Community Life & Advocacy (CL&A) program is unique in eastern Connecticut. We offer a wide range of activities that include outings, dances, leisure activities, and our own Special Olympics contingent!

Choose from our many **social, fitness, or support/enrichment activities,** held at The Arc ECT's Norwich location or offsite at various locations.

- Computer classes
- Training for a 5k race
- Films at local libraries
- Bingo
- Bowling
- Concerts
- Holiday parties
- Snow tubing
- Parades and musters
- Picnics at Camp Harkness
- Outdoor festivals and fairs
- Scrapbooking
- Museum trips
- Dining out
- Volunteer activities

Transportation: CL&A is one of the only programs that provides door to door transportation for a small fee to its participants. Transportation fees are just $4.00 each way.

All activities are supported by our caring and well-trained staff and drivers.

Signing up is easy!

Contact CL&A at **(860) 889-4435, x 108.** All participants fill out an Intake form so we can find out the activities that interest you and determine how best to support you during our activities.

Participants receive a monthly calendar of events and a signup sheet and can sign up for as many activities as they wish.

The goal of CL&A is to provide **fun and safe activities for everyone who attends;** we always maintain an appropriate participant-to-staff ratio.

Program Costs: Program fees are $2.00 per program hour for each activity. These fees are reduced to $1 per program hour for anyone who attends with their own staff supports. Participants also pay the cost of admission to events and activities, as well as the cost of their meals.

Welcome!

The Community Life & Advocacy program at The Arc Eastern Connecticut provides opportunities for people with intellectual and developmental disabilities to independently and actively engage in the community in ways that serve personal choices and goals and demonstrate the measurable contributions to the community that each one of us is capable of making.

- Learn teamwork
- Learn about local culture
- Practice your new social skills
- Get lots of exercise
- Order in restaurants
- Improve your budgeting skills
- Support events that are raising money for causes
- Find out what's going on in YOUR community!

info@thearcect.org

*TheArc*ECT.org

The Arc Eastern Connecticut's mission is to partner with people living with intellectual and developmental disability for **EQUAL participation and inclusion** in the communities of Southeastern Connecticut. We offer a variety of residential, employment training, personal enrichment, and health/fitness programs, and **serve over 800 people and their families yearly.**

IN PARTNERSHIP FOR FULL EQUALITY

Did you know . . .

There are an estimated **6.5 million people** in the United States with an intellectual or developmental disability.

The Arc Eastern Connecticut supports 108 adults in its employment program who **work an average of 15 hours per week** at an average pay of $11.00 per hour. The Arc ECT **always** pays minimum wage or higher.

The Arc ECT's **Community Life & Advocacy program offers over 250 life-enhancing activities** throughout Southeastern Connecticut each year.

The Arc ECT operates 80 vehicles which drive over 1 million miles per year, **providing door-to-door transportation** for people participating in day programs and community activities.

Main Offices:
125 Sachem Street
Norwich, CT 06360
860.889.4435

Northeast Offices:
687 Cook Hill Rd.
Danielson, CT 06285
860.774.2827

The Arc.
Eastern Connecticut

COMMUNITY LIFE & ADVOCACY

Health & Fitness
Community Involvement
Social and Personal Enrichment

Achieve with us.®