

**THE ARC OF EAST CENTRAL IOWA
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**



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**THE ARC OF EAST CENTRAL IOWA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Arc of East Central Iowa
Cedar Rapids, Iowa

We have audited the accompanying financial statements of The Arc of East Central Iowa (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Auditors' 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 auditors' 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.

Board of Directors
The Arc of East Central Iowa

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc of East Central Iowa as of June 30, 2021 and 2020, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
September 28, 2021

**THE ARC OF EAST CENTRAL IOWA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,815,294	\$ 1,351,850
Certificates of Deposit	86,321	85,448
Accounts Receivable, Net	273,712	274,804
Unconditional Promises to Give:		
Contributions Receivable, United Way	80,000	100,000
Grants Receivable	46,000	2,500
Prepaid Expenses	47,186	35,442
Total Current Assets	2,348,513	1,850,044
PROPERTY AND EQUIPMENT		
Land	360,000	360,000
Building and Improvements	1,897,533	1,903,158
Leasehold Improvements	7,417	7,417
Furniture, Fixtures, and Equipment	275,574	449,805
Vehicles	137,771	137,771
Total	2,678,295	2,858,151
Less: Accumulated Depreciation	(1,142,711)	(1,233,853)
Net Property and Equipment	1,535,584	1,624,298
OTHER ASSETS		
Beneficial Interest in Net Assets of Perpetual Trust	50,000	50,000
Beneficial Interest in Assets Held by Community Foundation - Operating	1,594,756	1,283,006
Beneficial Interest in Assets Held by Community Foundation - Endowment	2,061,857	1,578,520
Total Other Assets	3,706,613	2,911,526
 Total Assets	 \$ 7,590,710	 \$ 6,385,868

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020**

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 6,597	\$ 8,431
Accrued Expenses	165,220	164,068
Current Maturities of Obligations Under Capital Lease	2,828	2,684
Unearned Income	-	32,060
Note Payable	731,877	726,800
Total Current Liabilities	906,522	934,043
 LONG-TERM LIABILITIES		
Obligations Under Capital Lease, Less Current Maturities Above	5,587	8,415
Total Liabilities	912,109	942,458
 NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,948,165	1,130,178
Board Designated	4,497,287	4,119,523
Total Without Donor Restrictions	6,445,452	5,249,701
With Donor Restrictions	233,149	193,709
Total Net Assets	6,678,601	5,443,410
Total Liabilities and Net Assets	\$ 7,590,710	\$ 6,385,868

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 368,489	\$ 11,000	\$ 379,489
United Way	-	80,000	80,000
Other Grants	303,932	40,000	343,932
Program Fees	2,301,897	-	2,301,897
Memberships	19,456	-	19,456
Fundraisers, Net of Special Event Expenses of \$26,123 in 2021 and \$11,752 in 2020	12,846	-	12,846
Investment Income	4,045	-	4,045
Miscellaneous	8,138	-	8,138
Note Payable Forgiveness	726,800	-	726,800
Net Assets Released from Restrictions:			
Satisfaction of Purpose and Time Restrictions	100,000	(100,000)	-
Total Support and Revenue	<u>3,845,603</u>	<u>31,000</u>	<u>3,876,603</u>
EXPENSES			
Program Services:			
Family Support and Community Education	40,784	-	40,784
Citizen Advocacy	4,882	-	4,882
Day Habilitation	517,605	-	517,605
Project SEARCH	128,815	-	128,815
Supported Employment	120,234	-	120,234
Day Care	348,670	-	348,670
Service Center	145,888	-	145,888
Summer Day	61,914	-	61,914
In-Home and Community	1,079,114	-	1,079,114
Total Program Services	<u>2,447,906</u>	<u>-</u>	<u>2,447,906</u>
Supporting Activities:			
Management and General	821,442	-	821,442
Fundraising	75,013	-	75,013
Total Supporting Activities	<u>896,455</u>	<u>-</u>	<u>896,455</u>
Total Expenses	<u>3,344,361</u>	<u>-</u>	<u>3,344,361</u>
CHANGE IN NET ASSETS FROM OPERATIONS	501,242	31,000	532,242
NONOPERATING ACTIVITIES			
Change in Beneficial Interest in Assets Held by Community Foundation	694,509	8,440	702,949
CHANGE IN NET ASSETS	1,195,751	39,440	1,235,191
Net Assets - Beginning of Year	<u>5,249,701</u>	<u>193,709</u>	<u>5,443,410</u>
NET ASSETS - END OF YEAR	<u>\$ 6,445,452</u>	<u>\$ 233,149</u>	<u>\$ 6,678,601</u>

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 253,697	\$ 12,326	\$ 266,023
-	100,000	100,000
44,090	-	44,090
2,960,831	-	2,960,831
18,258	-	18,258
40,292	-	40,292
4,867	-	4,867
12,785	-	12,785
-	-	-
215,000	(215,000)	-
3,549,820	(102,674)	3,447,146
54,472	-	54,472
14,120	-	14,120
628,188	-	628,188
129,288	-	129,288
89,209	-	89,209
425,939	-	425,939
320,646	-	320,646
61,443	-	61,443
1,308,594	-	1,308,594
3,031,899	-	3,031,899
822,576	-	822,576
49,669	-	49,669
872,245	-	872,245
3,904,144	-	3,904,144
(354,324)	(102,674)	(456,998)
(61,443)	(2,108)	(63,551)
(415,767)	(104,782)	(520,549)
5,665,468	298,491	5,963,959
\$ 5,249,701	\$ 193,709	\$ 5,443,410

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

EXPENSES	Program Services						
	Family Support and Comm. Educ.	Citizen Advocacy	Day Habilitation	Project SEARCH	Supported Employment	Day Care	Service Center
Salaries	\$ 16,694	\$ 4,173	\$ 413,383	\$ 114,779	\$ 105,580	\$ 279,875	\$ 118,327
Fringe Benefits	307	128	15,000	2,833	2,427	8,911	2,567
Payroll Taxes	1,286	380	27,208	8,121	7,559	20,774	8,419
Total Salaries and Related Expenses	<u>18,287</u>	<u>4,681</u>	<u>455,591</u>	<u>125,733</u>	<u>115,566</u>	<u>309,560</u>	<u>129,313</u>
Professional Fees	98	32	2,657	714	721	1,718	777
Supplies	5,194	150	7,542	482	-	3,341	3,183
Telephone and Communication	-	-	1,911	-	173	233	306
Postage and Shipping	339	-	2,608	-	38	145	396
Occupancy	-	-	37,293	-	-	-	-
Insurance	-	-	-	-	-	-	-
Equipment Rental, Maintenance, and Repair	-	-	-	-	-	36	33
Outside Printing and Artwork	1,991	-	-	-	-	-	-
Special Event Expenses	-	-	-	-	-	-	-
Transportation and Travel	-	-	-	-	68	-	224
Conferences, Conventions, and Meetings	-	-	10	-	-	-	-
Organization Dues	14,875	-	-	300	-	-	-
Miscellaneous	-	19	4,522	675	933	3,548	1,626
Total Expenses Before Depreciation and Amortization	<u>40,784</u>	<u>4,882</u>	<u>512,134</u>	<u>127,904</u>	<u>117,499</u>	<u>318,581</u>	<u>135,858</u>
Depreciation and Amortization	-	-	5,471	911	2,735	30,089	10,030
Total Expenses	<u>40,784</u>	<u>4,882</u>	<u>517,605</u>	<u>128,815</u>	<u>120,234</u>	<u>348,670</u>	<u>145,888</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 40,784</u>	<u>\$ 4,882</u>	<u>\$ 517,605</u>	<u>\$ 128,815</u>	<u>\$ 120,234</u>	<u>\$ 348,670</u>	<u>\$ 145,888</u>

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

EXPENSES	Program Services (Continued)			Supporting Activities			Total Expenses
	Summer Day	In-Home and Community	Total	Management and General	Fundraising	Total	
Salaries	\$ 52,004	\$ 947,041	\$ 2,051,856	\$ 554,608	\$ 57,729	\$ 612,337	\$ 2,664,193
Fringe Benefits	900	20,730	53,803	9,216	574	9,790	63,593
Payroll Taxes	3,737	67,752	145,236	50,516	4,227	54,743	199,979
Total Salaries and Related Expenses	56,641	1,035,523	2,250,895	614,340	62,530	676,870	2,927,765
Professional Fees	188	6,059	12,964	31,025	393	31,418	44,382
Supplies	3,415	361	23,668	12,615	83	12,698	36,366
Telephone and Communication	43	1,884	4,550	11,942	2,135	14,077	18,627
Postage and Shipping	76	2,772	6,374	2,484	564	3,048	9,422
Occupancy	-	-	37,293	29,608	-	29,608	66,901
Insurance	-	-	-	22,288	-	22,288	22,288
Equipment Rental, Maintenance, and Repair	-	-	69	34,325	1,377	35,702	35,771
Outside Printing and Artwork	-	-	1,991	267	623	890	2,881
Special Event Expenses	-	-	-	-	26,123	26,123	26,123
Transportation and Travel	-	15,360	15,652	7,815	-	7,815	23,467
Conferences, Conventions, and Meetings	-	-	10	1,025	-	1,025	1,035
Organization Dues	-	-	15,175	6,979	-	6,979	22,154
Miscellaneous	639	9,861	21,823	14,816	5,484	20,300	42,123
Total Expenses Before Depreciation and Amortization	61,002	1,071,820	2,390,464	789,529	99,312	888,841	3,279,305
Depreciation and Amortization	912	7,294	57,442	31,913	1,824	33,737	91,179
Total Expenses	61,914	1,079,114	2,447,906	821,442	101,136	922,578	3,370,484
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	26,123	26,123	26,123
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 61,914	\$ 1,079,114	\$ 2,447,906	\$ 821,442	\$ 75,013	\$ 896,455	\$ 3,344,361

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

EXPENSES	Program Services						
	Family Support and Comm. Educ.	Citizen Advocacy	Day Habilitation	Project Search	Supported Employment	Day Care	Service Center
Salaries	\$ 29,876	\$ 12,652	\$ 501,428	\$ 111,035	\$ 74,291	\$ 356,376	\$ 260,985
Fringe Benefits	346	149	16,257	3,632	2,315	7,293	4,459
Payroll Taxes	2,274	963	34,602	7,866	5,384	26,450	18,828
Total Salaries and Related Expenses	32,496	13,764	552,287	122,533	81,990	390,119	284,272
Professional Fees	202	86	3,460	779	524	2,209	1,752
Supplies	4,079	259	2,312	231	22	5,894	12,359
Telephone and Communication	348	-	1,599	-	-	-	209
Postage and Shipping	432	1	20	2	14	344	340
Occupancy	-	-	44,151	-	-	-	-
Insurance	-	-	-	-	-	-	-
Equipment Rental, Maintenance, and Repair	-	-	-	-	-	204	67
Outside Printing and Artwork	1,335	-	-	-	15	-	-
Special Event Expenses	-	-	-	-	-	-	-
Transportation and Travel	109	10	7,877	169	1	50	2,127
Conferences, Conventions, and Meetings	-	-	-	632	480	-	-
Organization Dues	14,875	-	3,852	4,152	3,852	-	-
Miscellaneous	596	-	5,436	790	1,412	4,639	2,435
Total Expenses Before Depreciation and Amortization	54,472	14,120	620,994	129,288	88,310	403,459	303,561
Depreciation and Amortization	-	-	7,194	-	899	22,480	17,085
Total Expenses	54,472	14,120	628,188	129,288	89,209	425,939	320,646
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 54,472	\$ 14,120	\$ 628,188	\$ 129,288	\$ 89,209	\$ 425,939	\$ 320,646

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

EXPENSES	Program Services (Continued)			Supporting Activities			Total Expenses
	Summer Day	In-Home and Community	Total	Management and General	Fundraising	Total	
Salaries	\$ 52,197	\$ 1,146,769	\$ 2,545,609	\$ 527,653	\$ 38,773	\$ 566,426	\$ 3,112,035
Fringe Benefits	1,054	24,649	60,154	6,219	448	6,667	66,821
Payroll Taxes	3,859	85,573	185,799	37,053	2,871	39,924	225,723
Total Salaries and Related Expenses	<u>57,110</u>	<u>1,256,991</u>	<u>2,791,562</u>	<u>570,925</u>	<u>42,092</u>	<u>613,017</u>	<u>3,404,579</u>
Professional Fees	235	7,961	17,208	32,621	265	32,886	50,094
Supplies	3,389	467	29,012	14,692	72	14,764	43,776
Telephone and Communication	16	626	2,798	9,371	1,728	11,099	13,897
Postage and Shipping	182	1,453	2,788	1,845	501	2,346	5,134
Occupancy	-	-	44,151	35,377	-	35,377	79,528
Insurance	-	-	-	23,945	-	23,945	23,945
Equipment Rental, Maintenance, and Repair	19	-	290	34,952	-	34,952	35,242
Outside Printing and Artwork	-	-	1,350	330	140	470	1,820
Special Event Expenses	-	-	-	-	11,752	11,752	11,752
Transportation and Travel	-	26,516	36,859	13,909	7	13,916	50,775
Conferences, Conventions, and Meetings	-	-	1,112	1,088	-	1,088	2,200
Organization Dues	-	-	26,731	7,680	-	7,680	34,411
Miscellaneous	492	11,882	27,682	38,074	3,066	41,140	68,822
Total Expenses Before Depreciation and Amortization	<u>61,443</u>	<u>1,305,896</u>	<u>2,981,543</u>	<u>784,809</u>	<u>59,623</u>	<u>844,432</u>	<u>3,825,975</u>
Depreciation and Amortization	-	2,698	50,356	37,767	1,798	39,565	89,921
Total Expenses	<u>61,443</u>	<u>1,308,594</u>	<u>3,031,899</u>	<u>822,576</u>	<u>61,421</u>	<u>883,997</u>	<u>3,915,896</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	11,752	11,752	11,752
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 61,443</u>	<u>\$ 1,308,594</u>	<u>\$ 3,031,899</u>	<u>\$ 822,576</u>	<u>\$ 49,669</u>	<u>\$ 872,245</u>	<u>\$ 3,904,144</u>

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,235,191	\$ (520,549)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Note Payable Forgiveness	(726,800)	-
Change in Beneficial Interest in Assets Held by Community Foundation	(702,949)	63,551
Depreciation and Amortization	91,179	89,921
Certificate of Deposit Interest Reinvested	(873)	(1,546)
Provision for Bad Debts	2,708	20,880
Effects of Changes in Operating Assets and Liabilities:		
Receivables	(25,116)	217,899
Prepaid Expenses	(11,744)	1,479
Accounts Payable	(1,834)	(13,300)
Accrued Expenses	1,152	(72,228)
Unearned Income	(32,060)	286
Net Cash Used by Operating Activities	(171,146)	(213,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(2,465)	(28,145)
Transfer to Community Foundation	(92,138)	(74,459)
Net Cash Used by Investing Activities	(94,603)	(102,604)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	731,877	726,800
Payments on Obligations under Capital Lease	(2,684)	(2,547)
Net Cash Provided by Financing Activities	729,193	724,253
NET INCREASE IN CASH AND CASH EQUIVALENTS	463,444	408,042
Cash and Cash Equivalents - Beginning of Year	1,351,850	943,808
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,815,294	\$ 1,351,850

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

The Arc of East Central Iowa (the Organization) was incorporated on May 1, 1953 in the state of Iowa as a nonprofit corporation. The mission of the Organization is to empower people with intellectual and related disabilities to engage in lifelong opportunities to live, learn, work, and play with dignity, freedom, and full inclusion in their communities. The Organization's fiscal year-end is June 30. Significant accounting policies followed by the Organization are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Certificates of Deposit

Certificates of deposit consist of nonbrokered certificates with original maturities of more than three months and are recorded at cost.

Net Assets

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

Net Assets Without Donor Restrictions – Resources over which the board of directors has discretionary control. Designated amounts represent amounts which the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Description of Programs

The Organization operates the following programs:

Family Support and Community Education – To promote awareness and the understanding of people who have intellectual and developmental disabilities. Through education and support, the Organization encourages individuals with disabilities to exercise their rights.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Citizen Advocacy – Includes a self-advocacy group where participants learn decision-making skills and increase awareness of rights and responsibilities. This program also organizes special social outings in which adults with intellectual disabilities can participate.

Day Habilitation – Services are provided in a community-based setting that focuses on improving life skills, and participating meaningfully in the community.

Project SEARCH – Program identifies strong candidates to participate in a community-based business with the intent that the individual will gain the attributes necessary to be hired and maintain employment in the community.

Supported Employment – Program provides person-directed services and support to individuals to choose and maintain employment in integrated community employment settings that are responsive to their choices and preferences.

Day Care – A center-based inclusive service that provides a safe, structured environment for individuals who have intellectual and physical disabilities through supervised activities emphasizing social skill, recreational, and community inclusion activities.

Service Center – Evening, weekend and overnight programming that provides a safe, structured environment for individuals who have intellectual and physical disabilities to participate in supervised recreational activities within the community and at our center.

Summer Day – Daylong program during summer months that provides a safe, structured environment for individuals who have intellectual and physical disabilities to participate in supervised recreational activities within the community and at our center.

In-Home and Community – Provides a variety of services in participant's homes or within the community. Respite care gives parents or guardians temporary time away from the everyday responsibilities of caring for a child with intellectual or developmental disability. Supported Community Living assists in designing a skill-based training program intended to assist the participant in becoming more independent in their home and community. Habilitation assists participants in acquiring, retaining, and improving the self-help, socialization, and adaptive skills necessary to reside successfully in home and community-based settings. IMMT provides care for individuals with significant medical need that includes comprehensive developmental care, medical assessment, and intervention as needed on a regular or emergency basis.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

Contributions and Grants

Contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier. They are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Program Fees

Program Fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. These amounts are due from participants, third-party payors (including health insurers and government programs), and others and includes variable consideration for retrospective revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the participants and third-party payors several days after the services are performed. Revenue is recognized at a point in time as performance obligations are satisfied.

In-Kind Contributions

Contribution of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Accounts Receivable

Substantially all of the Organization's accounts receivable are third-party reimbursements due from governmental units and managed care organizations. In addition, there are other customer obligations which generally require payment within 30 days from the invoice date. Accounts receivable are stated at the invoice amount. Account balances with invoices over 90 days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customers remittance advice or, if unspecified, to the earliest unpaid invoices. Accounts receivable are reported net of the allowance for doubtful accounts. The Organization has recorded an allowance for doubtful accounts of \$5,000 and \$8,616 as of June 30, 2021 and 2020, respectively.

Management reviews individual accounts receivable balances that exceed 90 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give

Unconditional promises to give are recognized in the period the promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. The Organization has not recorded any conditional promises to give.

Property and Equipment

Property and equipment which are purchased are stated at their original cost and donated equipment is recorded at fair value at the date of receipt. Depreciable assets which have an estimated useful life of two years or more and a cost of \$500 or more are capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Building	40 Years
Building Improvements	7 to 15 Years
Furniture, Fixtures, and Equipment	3 to 7 Years
Vehicles	7 Years
Leasehold Improvements	3 to 5 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Beneficial Interest in Assets Held by Community Foundation

Board-designated quasi-endowed and Organization operating funds are held by The Greater Cedar Rapids Community Foundation (the Foundation). The transactions with the Foundation are deemed to be reciprocal and, therefore, the value of the funds held by the Foundation is recognized as an asset (beneficial interest in assets held by community foundation) by the Organization.

Beneficial Interest in Net Assets of Perpetual Trust

The beneficial interest in the net assets of a perpetual trust held by a third party is measured at the value of the underlying assets in the trust. Annual distributions from the trust are reported as investment income. The beneficial interest is measured annually and the adjustment is reported as with donor restrictions gain or loss.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonoperating Activities

The Organization recognizes the change in value of the beneficial interest in assets held by the Foundation as nonoperating activities.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on the basis of estimates of square footage and time and effort.

Tax Exempt Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides income tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Internal Revenue Service has not determined that the Organization is classified as a private foundation.

The Organization files information returns in the U.S. federal jurisdiction and has adopted the Financial Accounting Standards Board's requirements for uncertain tax positions. The Organization has determined that it was not required to record a liability related to uncertain tax positions at June 30, 2021 and 2020.

Paycheck Protection Program

The Organization is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On April 26, 2021, the SBA processed the Organization's PPP Loan forgiveness application and notified Cedar Rapids Bank and Trust Company the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date.

Therefore, the Organization was legally released from the debt and loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in note payable forgiveness income during the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13 Fair Value Measurement (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for non-public entities. The ASU is effective for fiscal years beginning after December 15, 2019. Management has adopted the ASU.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures.

As of June 30, 2021 and 2020, the following table shows the financial assets held by the Organization, that is, without donor restrictions limiting their use, within one year of the statement of financial position date to meet general expenditures and future needs of the Organization:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,612,689	\$ 1,151,688
Accounts Receivable	353,712	274,804
Beneficial Interest in Assets Held by Community Foundation - Operating	<u>1,594,756</u>	<u>1,283,006</u>
Total	<u>\$ 3,561,157</u>	<u>\$ 2,709,498</u>

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 BENEFICIAL INTEREST IN NET ASSETS OF PERPETUAL TRUST

The Organization has been named as a beneficiary of a perpetual trust held by a third party. Annual distributions from the trust for the years ended June 30, 2021 and 2020 totaled \$1,600 and \$1,667, respectively. The trust's assets at June 30, 2021 and 2020 was \$50,000.

NOTE 4 BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Organization has funds held by the Foundation. The beneficial interest in assets held by community foundation-endowment consists of donor- and board-designated endowment funds. The balance is made up of two funds held by the Foundation, the Endowed Agency Fund, and the Quasi-Endowed Designated Fund. The funds are administered by the Foundation for the benefit of the Organization. Control over the investment or reinvestment of these funds is exercised exclusively by the Foundation. A portion of the fund's earnings is made available for distribution to the Organization periodically. For the years ended June 30, 2021 and 2020, \$2,409 and \$804, was distributed to the Organization, respectively. These amounts were transferred into the Quasi-Endowed Designated Fund.

Other designated funds for the benefit of the Organization have been established by donors with the Foundation. These funds consist of the Named Endowed Designated Funds, which have been established with the Foundation by various donors, the Endowment Challenge Grant Fund and the Agency Friends Fund. In establishing a designated fund, donors select a specific nonprofit institution as the recipient as long as the named institution remains in existence and continues to fulfill its intended purpose. Those funds are not recognized as an asset by the Organization. The distributions received from the Foundation from these funds are recognized as revenue by the Organization upon receipt. For the years ended June 30, 2021 and 2020, \$83,395 and \$41,541 was distributed to the Organization, respectively.

The beneficial interest in assets held by community foundation-operating represents operating funds held in an account at the Foundation for the benefit of the Organization. Control over the investment or reinvestment of these funds is exercised exclusively by the Foundation, but the Organization has the ability to withdraw any portion of the fund as it so desires.

NOTE 5 FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets;

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at net asset value.

Beneficial Interest in Assets Held by Community Foundation: The unobservable inputs are the underlying assets at the Foundation and follow their investment policy.

Beneficial Interest in Net Assets of Perpetual Trust: The unobservable inputs are the underlying assets controlled by the trustee. The underlying assets consist of marketable securities that are either classified as Level 1 or Level 2 assets and the Organization's net asset value is determined by taking the trust's total value multiplied by their interest in the trust, as stated in the trust document.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents assets measured at net asset value by classification within the fair value hierarchy as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial Interest in Net Assets of Perpetual Trust	\$ -	\$ -	\$ 50,000	\$ 50,000
Beneficial Interest in Assets Held by Community Foundation	-	-	3,656,613	3,656,613
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,706,613</u>	<u>\$ 3,706,613</u>

The table below sets forth a summary of changes in the net asset value of the Organization's Level 3 assets for the year ended June 30, 2021:

Balance - July 1, 2020	\$ 2,911,526
Additions	92,138
Change in Beneficial Interest in Assets Held by Community Foundation	702,949
Balance - June 30, 2021	<u>\$ 3,706,613</u>

The following table sets forth by level, within the net asset value hierarchy, the Organization's assets at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial Interest in Net Assets of Perpetual Trust	\$ -	\$ -	\$ 50,000	\$ 50,000
Beneficial Interest in Assets Held by Community Foundation	-	-	2,861,526	2,861,526
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,911,526</u>	<u>\$ 2,911,526</u>

The table below sets forth a summary of changes in the net asset value of the Organization's Level 3 assets for the year ended June 30, 2020:

Balance - July 1, 2019	\$ 2,900,618
Additions	74,459
Change in Beneficial Interest in Assets Held by Community Foundation	(63,551)
Balance - June 30, 2020	<u>\$ 2,911,526</u>

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table details Level 3 holdings as of June 30:

<u>Instrument</u>	<u>Fair Value</u>		<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
	<u>2021</u>	<u>2020</u>		
Beneficial Interest in Assets Held by Community Foundation	\$ 3,656,613	\$ 2,861,526	Net Asset Value	Value of Underlying Assets
Beneficial Interest in Assets Held by Perpetual Trust	\$ 50,000	\$ 50,000	Net Asset Value	Value of Underlying Assets

NOTE 6 NOTE PAYABLE

The Organization received loans from Cedar Rapids Bank and Trust Company (CRBT) to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organizations fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

On April 17, 2020, the Organization received their first PPP Loan from CRBT in the amount of \$726,800. The covered period April 21, 2020 to August 3, 2020 is the time that a business has to spend their PPP Loan. On April 26, 2021, the SBA processed the Organization’s PPP Loan forgiveness application and notified CRBT the PPP Loan qualified for full forgiveness.

On April 20, 2021, the Organization received a second PPP Loan from CRBT in the amount of \$731,877. The covered period began April 20, 2021.

The Organization has classified the loan as current in accordance with the terms of the law.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 NET ASSETS

Board-designated net assets are available for the following purposes as of June 30:

	2021	2020
Endowment	\$ 2,286,703	\$ 1,820,225
Operating Reserve	400,000	400,000
Capital Investments	200,000	200,000
Property and Equipment	1,535,584	1,624,298
New Programs	75,000	75,000
Total	\$ 4,497,287	\$ 4,119,523

Net assets with donor restrictions are available for the following purposes or time periods as of June 30:

	2021	2020
United Way - for Following Fiscal Year	\$ 80,000	\$ 100,000
Bathroom Remodel	40,000	-
Endowment Earnings	10,203	1,764
Permanently Restricted	102,946	91,945
Total	\$ 233,149	\$ 193,709

NOTE 8 ENDOWMENTS

The Organization's endowments consist of various donor-restricted endowment funds and funds designated as endowment by the Organization's board of directors (the board). The endowment funds were established to support the general operating needs of the Organization. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of the Organization has interpreted the Iowa Uniform Act - Institutional Funds Management Act (IUA-IFMA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Consequently, the Organization classifies endowments with donor restrictions as:

- The original value of gifts donated to the endowment, and
- The original value of subsequent gifts to the endowment.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 ENDOWMENTS (CONTINUED)

The earnings portion of the donor-restricted endowment fund is classified with donor restrictions until those amounts are appropriated for expenditure by the Organization's board. In accordance with IUA-IFMA, 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 fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide current income to fund the operations of the Organization as well as to enhance the future resources available to the Organization through long-term appreciation of assets. The endowment assets are invested in a manner that is intended to provide growth of principal and income. Currently, a majority of the endowment assets are being held and managed by The Greater Cedar Rapids Community Foundation.

Spending Policy

Distributions, if any, are determined annually by committee and director review and approvals.

In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

Strategies Employed for Achieving Objectives

The Organization primarily follows the investment strategy of The Greater Cedar Rapids Community Foundation which relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). This strategy targets a diversified asset allocation that emphasizes growth instruments and equity securities to achieve its long-term objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 63,149	\$ 63,149
Board-Designated Endowment Funds	2,286,703	-	2,286,703
Total Endowment Assets	<u>\$ 2,286,703</u>	<u>\$ 63,149</u>	<u>\$ 2,349,852</u>

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 1,820,224	\$ 43,709	\$ 1,863,933
Contributions	81,138	11,000	92,138
Transfers	2,409	(2,409)	-
Investment Income	2,580	-	2,580
Change in Beneficial Interest	380,352	10,849	391,201
Net Assets - End of Year	<u>\$ 2,286,703</u>	<u>\$ 63,149</u>	<u>\$ 2,349,852</u>

Strategies Employed for Achieving Objectives (Continued)

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 43,709	\$ 43,709
Board-Designated Endowment Funds	1,820,224	-	1,820,224
Total Endowment Assets	<u>\$ 1,820,224</u>	<u>\$ 43,709</u>	<u>\$ 1,863,933</u>

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 1,814,244	\$ 33,491	\$ 1,847,735
Contributions	36,089	12,326	48,415
Transfers	804	(804)	-
Investment Income	3,796	-	3,796
Change in Beneficial Interest	(34,709)	(1,304)	(36,013)
Net Assets - End of Year	<u>\$ 1,820,224</u>	<u>\$ 43,709</u>	<u>\$ 1,863,933</u>

NOTE 9 DISCLOSURES ABOUT CERTAIN CONCENTRATIONS

Cash Balances

The Organization is part of an Insured Cash Sweep (ICS) Deposit Placement Agreement with its bank. The bank will transfer funds from accounts at its bank to be placed in deposit accounts at other depository institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021, the Organization has cash in the ICS account of \$1,559,644.

Concentration of Credit

The Organization has certain concentrations of support and revenue. For the years ended June 30, 2021 and 2020, the Organization received \$2,032,812 and \$2,591,902, respectively, of Medicaid funding from the Iowa Department of Human Services and managed care organizations. In addition, the Organization's accounts receivable at June 30, 2021 and 2020 includes \$222,957 and \$247,672, respectively, from these funding agencies.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 LEASE COMMITMENTS

Total lease expense for the years ended June 30, 2021 and 2020 was \$40,029 and \$54,246, respectively.

The Organization is leasing office equipment under an operating lease expiring in October 2023 with quarterly payments of \$211. The Organization has also entered into an agreement for copier maintenance and service as part of a capital lease expiring in April 2024. For the years ended June 30, 2021 and 2020, monthly payments for maintenance and service were \$155 and \$137, respectively.

Future minimum lease payments under these leases are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 2,702
2023	3,182
2024	2,180
Total	<u>\$ 8,064</u>

NOTE 11 OBLIGATIONS UNDER CAPITAL LEASES

The Organization is leasing office equipment under a capital lease which expires in April 2024. The lease requires monthly payments of \$267. The total cost of the leased equipment is \$14,119 as of June 30, 2021 and 2020. Accumulated depreciation at June 30, 2021 and 2020 is \$6,118 and \$3,294, respectively. Amortization of the capital lease totals \$2,824 for each of the years ended June 30, 2021 and 2020, and is included in depreciation and amortization expense.

Future minimum payments under this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 3,203
2023	3,203
2024	2,669
Total Minimum Lease Payments	9,075
Less: Amount Representing Interest	(660)
Present Value of Minimum Lease Payments	<u>\$ 8,415</u>

NOTE 12 EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution 401(k) plan covering all employees who are age 21 or older and have completed 1,000 hours of service in a 12-month period. The plan allows employees to defer their income on a pretax basis through contributions to the plan. The Organization may, in its sole discretion, make a contribution on the employees' behalf if the employee makes a contribution during the plan year. The Organization made no matching contribution in the years ended June 30, 2021 and 2020.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 13 RISKS AND UNCERTAINTIES

In March 2020, the COVID-19 virus was declared a global pandemic. The Organization cannot predict the length or severity of this pandemic, or the extent to which the disruption may interrupt operations. Management is closely monitoring the situation and has taken action to mitigate known vulnerabilities. No adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 14 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 28, 2021, the date the financial statements were available to be issued. Events or transactions occurring after September 28, 2021, but prior to September 28, 2021, that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2021.

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