

**THE ARC OF EAST CENTRAL IOWA
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Arc of East Central Iowa and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Arc of East Central Iowa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Arc of East Central Iowa's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
September 26, 2022

**THE ARC OF EAST CENTRAL IOWA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,665,560	\$ 1,815,294
Certificates of Deposit	107,207	86,321
Accounts Receivable, Net	294,640	273,712
Unconditional Promises to Give:		
Contributions Receivable, United Way	77,143	80,000
Grants Receivable	48,445	46,000
Prepaid Expenses	23,571	47,186
Total Current Assets	2,216,566	2,348,513
PROPERTY AND EQUIPMENT		
Land	360,000	360,000
Building and Improvements	1,910,808	1,897,533
Construction in Progress	926	-
Leasehold Improvements	7,417	7,417
Furniture, Fixtures, and Equipment	336,624	275,574
Vehicles	183,845	137,771
Total	2,799,620	2,678,295
Less: Accumulated Depreciation	(1,205,209)	(1,142,711)
Net Property and Equipment	1,594,411	1,535,584
OTHER ASSETS		
Beneficial Interest in Net Assets of Perpetual Trust	50,000	50,000
Beneficial Interest in Assets Held by Community Foundation - Operating	1,537,949	1,594,756
Beneficial Interest in Assets Held by Community Foundation - Endowment	1,934,092	2,061,857
Total Other Assets	3,522,041	3,706,613
Total Assets	\$ 7,333,018	\$ 7,590,710

See accompanying Notes to Financial Statements.

THE ARC OF EAST CENTRAL IOWA
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 14,240	\$ 6,597
Accrued Expenses	180,845	165,220
Current Maturities of Obligations Under Capital Lease	2,981	2,828
Note Payable	-	731,877
Total Current Liabilities	198,066	906,522
 LONG-TERM LIABILITIES		
Obligations Under Capital Lease, Less Current Maturities Above	2,605	5,587
Total Liabilities	200,671	912,109
 NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,316,899	1,948,165
Board Designated	4,365,924	4,497,287
Total Without Donor Restrictions	6,682,823	6,445,452
With Donor Restrictions	449,524	233,149
Total Net Assets	7,132,347	6,678,601
Total Liabilities and Net Assets	\$ 7,333,018	\$ 7,590,710

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 339,900	\$ 13,015	\$ 352,915
In-Kind Contributions	14,182	-	14,182
United Way	-	77,143	77,143
Other Grants	583,672	213,306	796,978
Program Fees	2,398,368	-	2,398,368
Memberships	18,880	-	18,880
Fundraisers, Net of Special Event Expenses	30,590	-	30,590
Investment Income	4,252	-	4,252
Miscellaneous	4,806	-	4,806
Note Payable Forgiveness	731,877	-	731,877
Gain on Disposal of Property and Equipment	1,500	-	1,500
Net Assets Released from Restrictions:			
Satisfaction of Purpose and Time Restrictions	87,089	(87,089)	-
Total Support and Revenue	<u>4,215,116</u>	<u>216,375</u>	<u>4,431,491</u>
EXPENSES			
Program Services:			
Advocacy	93,990	-	93,990
Day Habilitation	605,402	-	605,402
Project SEARCH	146,736	-	146,736
Supported Employment	187,917	-	187,917
Day Care and Ability Center	547,598	-	547,598
Service Center	250,899	-	250,899
Summer Day	48,118	-	48,118
In-Home and Community	1,164,496	-	1,164,496
Total Program Services	<u>3,045,156</u>	<u>-</u>	<u>3,045,156</u>
Supporting Activities:			
Management and General	562,073	-	562,073
Fundraising	124,813	-	124,813
Total Supporting Activities	<u>686,886</u>	<u>-</u>	<u>686,886</u>
Total Expenses	<u>3,732,042</u>	<u>-</u>	<u>3,732,042</u>
CHANGE IN NET ASSETS FROM OPERATIONS	483,074	216,375	699,449
NONOPERATING ACTIVITIES			
Change in Beneficial Interest in Assets Held by Community Foundation	(245,703)	-	(245,703)
CHANGE IN NET ASSETS	237,371	216,375	453,746
Net Assets - Beginning of Year	<u>6,445,452</u>	<u>233,149</u>	<u>6,678,601</u>
NET ASSETS - END OF YEAR	<u>\$ 6,682,823</u>	<u>\$ 449,524</u>	<u>\$ 7,132,347</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 350,775	\$ 11,000	\$ 361,775
In-Kind Contributions	17,714	-	17,714
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	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	3,845,603	31,000	3,876,603
EXPENSES			
Program Services:			
Advocacy	45,666	-	45,666
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	2,447,906	-	2,447,906
Supporting Activities:			
Management and General	821,442	-	821,442
Fundraising	75,013	-	75,013
Total Supporting Activities	896,455	-	896,455
Total Expenses	3,344,361	-	3,344,361
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	5,249,701	193,709	5,443,410
NET ASSETS - END OF YEAR	\$ 6,445,452	\$ 233,149	\$ 6,678,601

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

EXPENSES	Program Services					
	Advocacy	Day Habilitation	Project SEARCH	Supported Employment	Day Care and Ability Center	Service Center
Salaries	\$ 57,576	\$ 452,525	\$ 123,201	\$ 152,207	\$ 388,100	\$ 175,607
Fringe Benefits	1,162	26,891	4,767	10,467	13,531	8,157
Payroll Taxes	4,496	31,814	9,111	10,604	29,229	13,024
Total Salaries and Related Expenses	63,234	511,230	137,079	173,278	430,860	196,788
Professional Fees	935	7,334	2,062	2,568	6,518	3,110
Supplies	6,799	6,543	2,013	960	15,606	10,536
Telephone and Communication	446	3,335	668	1,722	2,042	1,374
Postage and Shipping	235	1,706	31	36	139	400
Occupancy	979	48,538	62	770	12,938	5,507
Insurance	719	3,027	789	1,553	7,657	3,371
Equipment Rental, Maintenance, and Repair	1,737	1,660	665	2,018	15,800	6,747
Outside Printing and Artwork	1,996	-	-	-	-	-
Special Event Expenses	-	-	-	-	-	-
Transportation and Travel	241	6,476	-	809	1,622	3,234
Conferences, Conventions, and Meetings	-	-	2,069	109	-	-
Organization Dues	15,820	68	368	148	-	-
Miscellaneous	437	7,232	657	2,031	20,293	1,499
Total Expenses Before Depreciation and Amortization	93,578	597,149	146,463	186,002	513,475	232,566
Depreciation and Amortization	412	8,253	273	1,915	34,123	18,333
Total Expenses	93,990	605,402	146,736	187,917	547,598	250,899
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	\$ 93,990	\$ 605,402	\$ 146,736	\$ 187,917	\$ 547,598	\$ 250,899

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

EXPENSES	Program Services (Continued)			Supporting Activities			Total Expenses
	Summer Day	In-Home and Community	Total	Management and General	Fundraising	Total	
Salaries	\$ 35,947	\$ 976,903	\$ 2,362,066	\$ 441,331	\$ 95,923	\$ 537,254	\$ 2,899,320
Fringe Benefits	1,186	33,963	100,124	15,853	1,717	17,570	117,694
Payroll Taxes	2,721	73,184	174,183	31,163	7,310	38,473	212,656
Total Salaries and Related Expenses	39,854	1,084,050	2,636,373	488,347	104,950	593,297	3,229,670
Professional Fees	474	17,124	40,125	6,536	4,753	11,289	51,414
Supplies	1,938	3,208	47,603	3,510	3,079	6,589	54,192
Telephone and Communication	249	6,790	16,626	2,582	670	3,252	19,878
Postage and Shipping	80	1,192	3,819	1,434	720	2,154	5,973
Occupancy	210	2,730	71,734	5,982	-	5,982	77,716
Insurance	80	8,220	25,416	6,893	364	7,257	32,673
Equipment Rental, Maintenance, and Repair	472	6,372	35,471	7,935	2,251	10,186	45,657
Outside Printing and Artwork	-	-	1,996	-	477	477	2,473
Special Event Expenses	-	-	-	-	20,108	20,108	20,108
Transportation and Travel	1,045	15,598	29,025	-	-	-	29,025
Conferences, Conventions, and Meetings	-	-	2,178	1,469	-	1,469	3,647
Organization Dues	-	-	16,404	5,998	653	6,651	23,055
Miscellaneous	1,143	10,393	43,685	22,842	5,008	27,850	71,535
Total Expenses Before Depreciation and Amortization	45,545	1,155,677	2,970,455	553,528	143,033	696,561	3,667,016
Depreciation and Amortization	2,573	8,819	74,701	8,545	1,888	10,433	85,134
Total Expenses	48,118	1,164,496	3,045,156	562,073	144,921	706,994	3,752,150
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	20,108	20,108	20,108
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 48,118	\$ 1,164,496	\$ 3,045,156	\$ 562,073	\$ 124,813	\$ 686,886	\$ 3,732,042

See accompanying Notes to Financial Statements.

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

EXPENSES	Program Services					
	Advocacy	Day Habilitation	Project SEARCH	Supported Employment	Day Care	Service Center
Salaries	\$ 20,867	\$ 413,383	\$ 114,779	\$ 105,580	\$ 279,875	\$ 118,327
Fringe Benefits	435	15,000	2,833	2,427	8,911	2,567
Payroll Taxes	1,666	27,208	8,121	7,559	20,774	8,419
Total Salaries and Related Expenses	22,968	455,591	125,733	115,566	309,560	129,313
Professional Fees	130	2,657	714	721	1,718	777
Supplies	5,344	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	45,666	512,134	127,904	117,499	318,581	135,858
Depreciation and Amortization	-	5,471	911	2,735	30,089	10,030
Total Expenses	45,666	517,605	128,815	120,234	348,670	145,888
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	\$ 45,666	\$ 517,605	\$ 128,815	\$ 120,234	\$ 348,670	\$ 145,888

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	9	15,360	15,661	7,815	-	7,815	23,476
Conferences, Conventions, and Meetings	-	-	10	1,025	-	1,025	1,035
Organization Dues	-	-	15,175	6,979	-	6,979	22,154
Miscellaneous	630	9,861	21,814	14,816	5,484	20,300	42,114
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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 453,746	\$ 1,235,191
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Note Payable Forgiveness	(731,877)	(726,800)
Change in Beneficial Interest in Assets Held by Community Foundation	245,703	(702,949)
Depreciation and Amortization	85,134	91,179
Certificate of Deposit Interest Reinvested	(886)	(873)
Provision for Bad Debts	9,108	2,708
Gain on Disposal of Property and Equipment	(1,500)	-
Effects of Changes in Operating Assets and Liabilities:		
Receivables	(29,624)	(25,116)
Prepaid Expenses	23,615	(11,744)
Accounts Payable	7,643	(1,834)
Accrued Expenses	15,625	1,152
Unearned Income	-	(32,060)
Net Cash Provided (Used) by Operating Activities	76,687	(171,146)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(143,961)	(2,465)
Proceeds from Sale of Property and Equipment	1,500	-
Proceeds from Maturity of Certificate of Deposit	86,875	-
Purchase of Certificate of Deposit	(106,875)	-
Transfer to Community Foundation	(61,131)	(92,138)
Net Cash Used by Investing Activities	(223,592)	(94,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	-	731,877
Payments on Obligations under Capital Lease	(2,829)	(2,684)
Net Cash Provided (Used) by Financing Activities	(2,829)	729,193
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(149,734)	463,444
Cash and Cash Equivalents - Beginning of Year	1,815,294	1,351,850
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,665,560	\$ 1,815,294

See accompanying Notes to Financial Statements.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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 individuals with disabilities and their families to engage in lifelong opportunities to live, learn, work, play, and advocate with full dignity and 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.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs

The Organization operates the following programs:

Advocacy – 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. 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 and Ability Center – Center-based inclusive services that provide 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, Interim Medical Monitoring and Treatment, 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, 2022 AND 2021**

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 in the month after services are performed. Revenue is recognized at a point in time as performance obligations are satisfied.

The Organization's program receivables are the following as of June 30:

	2022	2021	2020
Accounts Receivable	\$ 294,640	\$ 273,712	\$ 274,804

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 \$9,000 and \$5,000 as of June 30, 2022 and 2021, respectively.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

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.

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	5 to 15 Years
Furniture, Fixtures, and Equipment	3 to 7 Years
Vehicles	5 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.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 as of June 30, 2022 and 2021.

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 and February 7, 2022, the SBA processed the Organization's PPP Loan forgiveness applications 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 these dates.

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 years ended June 30, 2022 and 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 reviews 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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets by category along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

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.

As of June 30, 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.

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.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,481,568	\$ 1,612,689
Beneficial Interest in Assets Held by Community		
Foundation	3,406,966	3,597,464
Receivables	424,903	358,712
Total	<u>\$ 5,313,437</u>	<u>\$ 5,568,865</u>

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022 and 2021 totaled \$1,667 and \$1,600, respectively. The trust's assets at June 30, 2022 and 2021 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, 2022 and 2021, \$1,981 and \$2,409, 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, 2022 and 2021, \$48,116 and \$83,395 was distributed to the Organization.

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, 2022 AND 2021**

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, 2022 AND 2021**

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, 2022:

	<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	-	-	3,472,041	3,472,041
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,522,041</u>	<u>\$ 3,522,041</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, 2022:

Balance - July 1, 2021	\$ 3,706,613
Additions	61,131
Change in Beneficial Interest in Assets Held by Community Foundation	<u>(245,703)</u>
Balance - June 30, 2022	<u>\$ 3,522,041</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, 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	<u>702,949</u>
Balance - June 30, 2021	<u>\$ 3,706,613</u>

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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>2022</u>	<u>2021</u>		
Beneficial Interest in Assets Held by Community Foundation	\$ 3,472,041	\$ 3,656,613	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 NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Endowment	\$ 2,155,340	\$ 2,286,703
Operating Reserve	400,000	400,000
Capital Investments	200,000	200,000
Property and Equipment	1,535,584	1,535,584
New Programs	75,000	75,000
Total	<u>\$ 4,365,924</u>	<u>\$ 4,497,287</u>

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

	<u>2022</u>	<u>2021</u>
United Way - for Following Fiscal Year	\$ 77,143	\$ 80,000
Bathroom Remodel	40,000	40,000
Staff Retention and Recruitment	213,306	-
Endowment Earnings	3,114	10,203
Permanently Restricted	115,961	102,946
Total	<u>\$ 449,524</u>	<u>\$ 233,149</u>

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 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 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.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 ENDOWMENTS (CONTINUED)

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, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 69,076	\$ 69,076
Board-Designated Endowment Funds	2,155,340	-	2,155,340
Total Endowment Assets	<u>\$ 2,155,340</u>	<u>\$ 69,076</u>	<u>\$ 2,224,416</u>

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 2,286,703	\$ 63,149	\$ 2,349,852
Contributions	48,031	11,035	59,066
Transfers	(48,031)	-	(48,031)
Investment Income	2,328	-	2,328
Change in Beneficial Interest	(133,691)	(5,108)	(138,799)
Net Assets - End of Year	<u>\$ 2,155,340</u>	<u>\$ 69,076</u>	<u>\$ 2,224,416</u>

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, 2022 AND 2021**

NOTE 7 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives (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>

NOTE 8 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, 2022, the Organization has cash in the ICS account of \$1,435,203.

Concentration of Credit

The Organization has certain concentrations of support and revenue. For the years ended June 30, 2022 and 2021, the Organization received \$2,090,467 and \$2,032,812, 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, 2022 and 2021 includes \$245,692 and \$222,957, respectively, from these funding agencies.

NOTE 9 LEASE COMMITMENT

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, 2022 and 2021, monthly payments for maintenance and service were \$195 and \$155, respectively. The Organization is also leasing space on a month to month basis.

Total lease expense for the years ended June 30, 2022 and 2021 was \$51,134 and \$40,029, respectively.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 LEASE COMMITMENT (CONTINUED)

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>
2023	\$ 2,340
2024	1,550
Total	<u>\$ 3,890</u>

NOTE 10 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, 2022 and 2021. Accumulated depreciation at June 30, 2022 and 2021 is \$8,942 and \$6,118, respectively. Amortization of the capital lease totals \$2,824 for each of the years ended June 30, 2022 and 2021, 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>
2023	\$ 3,203
2024	2,669
Total Minimum Lease Payments	5,872
Less: Amount Representing Interest	(286)
Present Value of Minimum Lease Payments	<u>\$ 5,586</u>

NOTE 11 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, 2022 and 2021.

**THE ARC OF EAST CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of supplies and services that are reported in the statements of activities as follows:

	Program	Management and General	Fundraising	Total
June 30, 2022				
Supplies	\$ 1,114	\$ -	\$ 10,198	\$ 11,312
Services	-	2,870	-	2,870
Total	<u>\$ 1,114</u>	<u>\$ 2,870</u>	<u>\$ 10,198</u>	<u>\$ 14,182</u>
	Program	Management and General	Fundraising	Total
June 30, 2021				
Supplies	\$ 100	\$ -	\$ 5,700	\$ 5,800
Services	-	914	11,000	11,914
Total	<u>\$ 100</u>	<u>\$ 914</u>	<u>\$ 16,700</u>	<u>\$ 17,714</u>

The Organization estimates the fair value of in-kind supplies on the basis of estimates of purchasing similar supplies in the Organization's market. Services are valued and reported at the estimated fair value based on current rates for similar services.

NOTE 13 RECLASSIFICATION OF AMOUNTS

Certain reclassifications have been made to the 2021 financial statement presentation to correspond to the current year format. Total assets, net assets, and change in net assets were unchanged due to these reclassifications.

NOTE 14 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 26, 2022, the date the financial statements were available to be issued. Events or transactions occurring after September 26, 2022, but prior to September 26, 2022, that provided additional evidence about conditions that existed at June 30, 2022, have been recognized in the financial statements for the year ended June 30, 2022. Events or transactions that provided evidence about conditions that did not exist at June 30, 2022, 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, 2022.



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