



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B46178

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

April 19, 2016

Board of Directors  
Arc Opportunities, Inc.  
d/b/a The Arc of LaGrange County  
0235 W. 300 N.  
Howe, IN 46746

We have reviewed the audit report prepared by McGladrey LLP, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Arc Opportunities, Inc. d/b/a The Arc of LaGrange County, as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**Arc Opportunities, Inc  
d/b/a The Arc of LaGrange County**

Financial Report  
06.30.2015

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## Independent Auditor's Report

To the Board of Directors  
**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**  
Howe, Indiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Arc Opportunities, Inc. d/b/a The Arc of LaGrange County which comprise the balance sheets as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arc Opportunities, Inc. d/b/a The Arc of LaGrange County as of June 30, 2015 and 2014, 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.

To the Board of Directors  
**Arc Opportunities, Inc.**  
**d/b/a The Arc of LaGrange County**

**Other Matter – Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McGladrey LLP*

Elkhart, Indiana  
September 15, 2015

**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**

**Balance Sheets  
June 30, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 270,969	\$ 356,389
Receivables:		
Trade and other	155,831	134,375
Insurance claim	140,867	175,099
Contributions receivable	60,000	60,000
Other current assets	53,203	44,858
<b>Total current assets</b>	<b>680,870</b>	<b>770,721</b>
Property and Equipment		
Land	50,948	43,860
Buildings	2,118,201	1,801,639
Equipment	388,227	378,773
Vehicles	385,482	350,499
Leasehold improvements	4,616	4,616
<b>Total property and equipment</b>	<b>2,947,474</b>	<b>2,579,387</b>
Less accumulated depreciation	1,744,331	1,657,308
<b>Net property and equipment</b>	<b>1,203,143</b>	<b>922,079</b>
Other Assets		
Certificates of deposit restricted for building projects	-	92,307
Certificates of deposit designated for future capital acquisitions	129,155	380,574
Certificates of deposit - long-term	235,210	98,940
<b>Total other assets</b>	<b>364,365</b>	<b>571,821</b>
<b>Total assets</b>	<b>\$ 2,248,378</b>	<b>\$ 2,264,621</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 33,092	\$ 44,380
Medicaid payable	18,097	18,097
Accrued expenses	129,351	119,526
<b>Total current liabilities</b>	<b>180,540</b>	<b>182,003</b>
Net Assets		
Unrestricted		
General operations	466,026	402,979
Net investment in property and equipment	1,203,143	922,079
Board designated	324,317	587,592
<b>Total unrestricted net assets</b>	<b>1,993,486</b>	<b>1,912,650</b>
Temporarily restricted	74,352	169,968
<b>Total net assets</b>	<b>2,067,838</b>	<b>2,082,618</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,248,378</b>	<b>\$ 2,264,621</b>

See Notes to Financial Statements.

**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**  
**Statements Of Activities**  
**Years Ended June 30, 2015 and 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public Support</b>						
LaGrange County Contributions	\$ 60,000	\$ 60,000	\$ 120,000	\$ 60,000	\$ 60,000	\$ 120,000
Grants	18,368	8,455	26,823	226,096	12,867	238,963
Donated materials	27,986	-	27,986	-	-	-
United Way fund	11,869	-	11,869	8,930	-	8,930
	1,026	-	1,026	2,427	-	2,427
<b>Total public support</b>	<b>119,249</b>	<b>68,455</b>	<b>187,704</b>	<b>297,453</b>	<b>72,867</b>	<b>370,320</b>
<b>Service Revenue</b>						
Social services block grant/state line item	5,808	-	5,808	2,937	-	2,937
Medicaid day service	128,985	-	128,985	119,015	-	119,015
Medicaid waiver	578,801	-	578,801	548,700	-	548,700
Vocational rehabilitation	18,902	-	18,902	26,104	-	26,104
Private pay	15,672	-	15,672	15,190	-	15,190
State use contracts	188,514	-	188,514	194,328	-	194,328
Medicaid residential	374,076	-	374,076	335,668	-	335,668
Industrial contract income	156,653	-	156,653	105,455	-	105,455
Community thrift store activities	139,915	-	139,915	138,880	-	138,880
<b>Total service revenue</b>	<b>1,607,326</b>	<b>-</b>	<b>1,607,326</b>	<b>1,486,277</b>	<b>-</b>	<b>1,486,277</b>
<b>Other Revenue</b>						
Interest income	1,226	-	1,226	2,081	-	2,081
Membership fees	1,696	-	1,696	2,254	-	2,254
Miscellaneous	3,145	-	3,145	5,057	-	5,057
<b>Total other revenue</b>	<b>6,067</b>	<b>-</b>	<b>6,067</b>	<b>9,392</b>	<b>-</b>	<b>9,392</b>
Net assets released from time and purpose restrictions	164,071	(164,071)	-	63,442	(63,442)	-
<b>Total public support and revenue</b>	<b>1,896,713</b>	<b>(95,616)</b>	<b>1,801,097</b>	<b>1,856,564</b>	<b>9,425</b>	<b>1,865,989</b>
<b>Expenses</b>						
<b>Program services</b>						
Residential program	294,074	-	294,074	287,742	-	287,742
Adult day service program	839,255	-	839,255	801,179	-	801,179
Advocacy services	12,560	-	12,560	16,362	-	16,362
Janitorial services program	127,739	-	127,739	130,461	-	130,461
Supported employment program	22,154	-	22,154	29,112	-	29,112
Respite program	39,210	-	39,210	25,710	-	25,710
Community based thrift store program	186,795	-	186,795	188,935	-	188,935
<b>Total program services</b>	<b>1,521,787</b>	<b>-</b>	<b>1,521,787</b>	<b>1,479,501</b>	<b>-</b>	<b>1,479,501</b>
<b>Supporting Services</b>						
Management and general	306,567	-	306,567	305,904	-	305,904
<b>Total expenses</b>	<b>1,828,354</b>	<b>-</b>	<b>1,828,354</b>	<b>1,785,405</b>	<b>-</b>	<b>1,785,405</b>
<b>Change in net assets before nonoperating activities</b>	<b>68,359</b>	<b>(95,616)</b>	<b>(27,257)</b>	<b>71,159</b>	<b>9,425</b>	<b>80,584</b>
<b>Nonoperating activities:</b>						
Gain on involuntary conversion of property and equipment	12,477	-	12,477	101,676	-	101,676
Insurance proceeds for fire restoration	-	-	-	40,635	-	40,635
Fire restoration expenses	-	-	-	(40,635)	-	(40,635)
	12,477	-	12,477	101,676	-	101,676
<b>Change in net assets</b>	<b>80,836</b>	<b>(95,616)</b>	<b>(14,780)</b>	<b>172,835</b>	<b>9,425</b>	<b>182,260</b>
Net assets, beginning of year	1,912,650	169,968	2,082,618	1,739,815	160,543	1,900,358
Net assets, end of year	\$ 1,993,486	\$ 74,352	\$ 2,067,838	\$ 1,912,650	\$ 169,968	\$ 2,082,618

See Notes to Financial Statements.

Arc Opportunities, Inc. d/b/a The Arc of LaGrange County

Statement Of Functional Expenses  
Year Ended June 30, 2015

	Residential Program	Adult Day Service Program	Children's Program	Janitorial Services	Supported Employment	Respite	Thrift Store	Total Program	Management and General	Total
Salaries and wages	\$ 176,197	\$ 490,973	\$ 9,257	\$ 85,082	\$ 16,635	\$ 23,737	\$ 105,221	\$ 907,102	\$ 156,308	\$ 1,063,410
Client wages	-	52,320	-	-	-	-	-	52,320	-	52,320
Fringe benefits	27,921	103,630	1,835	15,464	1,694	3,461	19,049	173,054	34,220	207,274
Staff training and development	466	4,249	12	829	602	472	19	6,649	11,029	17,678
Contract services	2,077	335	-	460	-	240	-	3,112	-	3,112
Professional fees	4,164	1,304	-	-	217	-	-	5,685	22,250	27,935
Supplies	4,451	10,822	17	7,585	235	421	5,184	28,715	5,670	34,385
Donated materials	-	10,541	-	-	-	53	-	10,594	2,523	13,117
Small equipment	5,843	4,500	17	2,559	33	85	1,106	14,143	5,028	19,171
Food and beverage	17,287	2,460	234	71	67	29	424	20,572	3,044	23,616
Utilities	4,968	27,368	-	53	284	1,535	10,134	44,342	5,649	49,991
Insurance	2,324	9,358	91	1,876	564	829	749	15,791	9,796	25,587
Repairs and maintenance	2,928	32,619	156	1,364	657	368	3,121	41,213	12,096	53,309
Transportation	6,713	28,170	87	462	258	289	534	36,513	961	37,474
Telephone	1,088	1,745	213	600	213	94	1,685	5,638	4,125	9,763
Assessment fees	23,166	-	-	9,033	-	-	-	32,199	-	32,199
Building lease	-	-	-	-	-	-	33,600	33,600	-	33,600
Other	1,347	4,203	97	44	128	571	4,239	10,629	23,133	33,762
<b>Total before depreciation</b>	<b>280,940</b>	<b>784,597</b>	<b>12,016</b>	<b>125,482</b>	<b>21,587</b>	<b>32,184</b>	<b>185,065</b>	<b>1,441,871</b>	<b>295,832</b>	<b>1,737,703</b>
Depreciation	13,134	54,658	544	2,257	567	7,026	1,730	79,916	10,735	90,651
<b>Total</b>	<b>\$ 294,074</b>	<b>\$ 839,255</b>	<b>\$ 12,560</b>	<b>\$ 127,739</b>	<b>\$ 22,154</b>	<b>\$ 39,210</b>	<b>\$ 186,795</b>	<b>\$ 1,521,787</b>	<b>\$ 306,567</b>	<b>\$ 1,828,354</b>

See Notes to Financial Statements.

Arc Opportunities, Inc. d/b/a The Arc of LaGrange County

Statement Of Functional Expenses  
Year Ended June 30, 2014

	Residential Program	Adult Day Service Program	Children's Program	Janitorial Services	Supported Employment	Respite	Thrift Store	Total Program	Management and General	Total
Salaries and wages	\$ 173,814	\$ 458,676	\$ 11,972	\$ 88,111	\$ 19,558	\$ 15,713	\$ 103,044	\$ 870,888	\$ 165,023	\$ 1,035,911
Client wages	-	41,779	-	-	-	-	-	41,779	2	41,781
Fringe benefits	28,315	109,225	2,470	13,237	3,210	2,574	18,957	177,988	39,011	216,999
Staff training and development	939	3,537	-	634	621	346	67	6,144	8,400	14,544
Contract services	1,431	10	-	59	-	-	-	1,500	-	1,500
Professional fees	4,937	3,740	-	-	624	-	185	9,486	17,170	26,656
Supplies	4,481	9,405	11	7,940	309	409	4,954	27,509	3,068	30,577
Donated materials	421	7,395	-	134	-	28	23	8,001	2,102	10,103
Small equipment	1,995	4,759	17	2,755	86	64	1,507	11,183	6,180	17,363
Food and beverage	15,356	2,025	442	112	72	87	283	18,377	1,971	20,348
Utilities	8,014	26,492	-	35	287	417	9,748	44,993	5,850	50,843
Insurance	2,309	8,373	85	2,007	552	514	232	14,072	9,065	23,137
Repairs and maintenance	3,147	19,670	252	1,747	1,319	225	4,081	30,441	13,676	44,117
Transportation	6,993	33,507	210	1,044	376	260	692	43,082	1,310	44,392
Telephone	597	1,696	286	750	215	73	1,526	5,143	4,080	9,223
Assessment fees	22,521	-	-	9,256	-	-	-	31,777	-	31,777
Building lease	-	-	-	-	-	-	33,400	33,400	-	33,400
Other	1,517	6,972	57	159	1,212	652	5,942	16,511	18,624	35,135
<b>Total before depreciation</b>	<b>276,787</b>	<b>737,261</b>	<b>15,802</b>	<b>127,980</b>	<b>28,441</b>	<b>21,362</b>	<b>184,641</b>	<b>1,392,274</b>	<b>295,532</b>	<b>1,687,806</b>
Depreciation	10,955	63,918	560	2,481	671	4,348	4,294	87,227	10,372	97,599
<b>Total</b>	<b>\$ 287,742</b>	<b>\$ 801,179</b>	<b>\$ 16,362</b>	<b>\$ 130,461</b>	<b>\$ 29,112</b>	<b>\$ 25,710</b>	<b>\$ 188,935</b>	<b>\$ 1,479,501</b>	<b>\$ 305,904</b>	<b>\$ 1,785,405</b>

See Notes to Financial Statements.

**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**

**Statements Of Cash Flows  
Years Ended June 30, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Cash received from clients, government agencies and other third parties	\$ 1,590,714	\$ 1,494,209
Cash received from public support	187,704	370,320
Cash received from fire insurance proceeds	46,709	11,329
Cash paid to suppliers and employees	(1,747,630)	(1,694,962)
Cash paid for fire restoration expenses	-	(18,296)
Interest received	1,343	2,078
<b>Net cash provided by operating activities</b>	<b>78,840</b>	<b>164,678</b>
Cash flows from investing activities:		
Purchase of property and equipment	(371,716)	(8,601)
Proceeds from maturity of certificates of deposit	571,821	569,755
Purchase of certificates of deposit	(364,365)	(571,821)
<b>Net cash used in investing activities</b>	<b>(164,260)</b>	<b>(10,667)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(85,420)</b>	<b>154,011</b>
Cash and cash equivalents, beginning	356,389	202,378
Cash and cash equivalents, ending	<b>\$ 270,969</b>	<b>\$ 356,389</b>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ (14,780)	\$ 182,260
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	90,652	97,599
Loss on sale of property and equipment	-	83
Gain on involuntary conversion of property and equipment	(12,477)	(101,676)
(Increase) decrease in:		
Trade and other receivables	(21,456)	536
Restoration insurance claim receivable	46,709	(29,306)
Other current assets	(8,345)	(12,528)
Increase (decrease) in:		
Accounts payable	(11,288)	25,042
Accrued expenses	9,825	2,668
<b>Net cash provided by operating activities</b>	<b>\$ 78,840</b>	<b>\$ 164,678</b>

See Notes to Financial Statements.

**Note 1. Nature of Organization and Significant Accounting Policies**

**Nature of the Organization:**

Arc Opportunities, Inc. d/b/a The Arc of LaGrange County (“the Organization”) was incorporated in December 1965. The mission of the Organization is to protect and support individuals with disabilities and to develop their potential within our unique community. The Organization serves approximately 350 individuals providing early intervention, vocational training, community based employment services, transportation, individual and group habilitation, advocacy, evaluation and assessment, respite care and residential services. Located in Howe, Indiana, the Organization serves the LaGrange County area.

**Significant accounting policies:**

**Use of estimates:**

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

**Basis of reporting:**

The Organization prepares its financial statements on the accrual basis of accounting wherein revenue and expenses are recognized in the period earned or incurred.

**Classification and reporting of net assets:**

The Organization’s financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization. Net assets shown as “Board designated” are those set aside by the board of directors for future capital acquisitions and program purposes.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At June 30, 2015 and 2014, the Organization had no permanently restricted net assets.

**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**

**Notes To Financial Statements**

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**Cash and cash equivalents:**

For the purpose of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Trade and other receivables:**

The Organization's trade and other receivables consist primarily of amounts due from government agencies. Management periodically reviews the trade and other receivables aging and records an allowance for specific circumstances where collectability is less than certain. There was no allowance for doubtful accounts at June 30, 2015 and 2014.

**Donated goods, services and inventory:**

Donated goods which can be sold by the Organization are recorded initially at its estimated fair value. The costs associated with processing donated goods are charged to operations as incurred. New goods are valued at the lower of cost (first-in, first-out) or market. The Organization considers fair value of the donated goods to be the amount by which the retail sales price of the donated goods exceeds the cost of preparing the donated goods for sale.

Donated supplies are recorded as contributions in the accompanying statements at fair value at date of receipt. No amounts have been reflected in the financial statements for donated services. The Organization pays for services requiring specific expertise.

**Leasehold improvements, property, equipment and depreciation:**

Leasehold improvements, property and equipment are stated at cost, or for donations, at fair market value at the date of donation, and include expenditures for new additions and repairs, which substantially increase the useful lives of existing property and equipment. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited to or charged against operations for the period.

Depreciation is computed using the straight-line method over the following estimated useful lives, or the remaining life of the lease, whichever is shorter, in the case of leasehold improvements:

	<u>Years</u>
Building and improvements	7-40
Leasehold improvements	2-5
Equipment and vehicles	3-10

**Investments:**

Investments consist of certificates of deposit acquired through a financial institution. The Organization records certificates of deposit at cost.

**Revenue and support:**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions and included in income in the period the gifts are pledged or received.

## Arc Opportunities, Inc. d/b/a The Arc of LaGrange County

### Notes To Financial Statements

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All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### **Service revenue:**

The Organization contracts with various state and federal agencies to provide a wide variety of rehabilitation services to persons with disabilities. The Organization vouchers the governmental agencies monthly based on current activity and the original amount of the grant. Revenue is recognized as services are performed; however, final determination of service revenue may vary because of regulations pertaining to reimbursement. Differences in estimated amounts and actual settlements are reflected as charges and credits upon settlement or payment.

Contract revenue is recorded at established charges when the service is rendered.

#### **Contributions receivable:**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give at June 30, 2015 are due in less than one year.

#### **Functional allocation of expenses:**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Fundraising expenses were not significant for the years ended June 30, 2015 and 2014.

#### **Income taxes:**

The Organization is incorporated as a not-for-profit under the laws of the State of Indiana and is exempt from federal and state income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except for taxes pertaining to unrelated business income, if any, and is not considered a private foundation. Contributions by the public are deductible for income tax purposes.

The Organization follows the accounting guidance for uncertainty in income taxes. The standard clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The guidance also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management believes the Organization has no material uncertainties in income taxes.

The Organization files Form 990 in the U.S. federal jurisdiction and the related form in the state of Indiana. With few exceptions, the Organization is no longer subject to examination for years before 2012.

#### **Reclassification:**

Certain balances in the financial statements for the year ended June 30, 2014 have been reclassified with no effect on the change in net assets, to conform to the classification used for the year ended June 30, 2015.

**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**

**Notes To Financial Statements**

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**Subsequent events:**

The Organization has evaluated subsequent events for potential recognition and/or disclosure through September 15, 2015, the date the financial statements were available to be issued.

**Note 2. Trade and Other Receivables**

Trade and other receivables consisted of the following balances at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Industrial contract	\$ 21,308	\$ 9,435
Federal and state fee for service	5,136	4,898
Indiana Department of Transportation	28,601	31,935
Medicaid	88,756	78,402
Related party	6,300	6,335
Other	5,730	3,370
	<u>\$ 155,831</u>	<u>\$ 134,375</u>

**Note 3. Related Party Transactions**

The Chief Executive Officer of the Organization is a stockholder in Alternative Lifestyles, Inc.

The Organization reimbursed Alternative Lifestyles, Inc. for various expenses comprised mostly of shared employee payroll expenses. Disbursements to Alternative Lifestyles, Inc. from the Organization for the years ended June 30, 2015 and 2014 were approximately \$30,800 and \$27,200 respectively. As of June 30, 2015 and 2014, the Organization had accounts payable associated with these services of approximately \$3,600 and \$7,100 respectively.

In addition, Alternative Lifestyles, Inc. paid the Organization for Medicaid Day Services and reimbursed them for employee benefit premiums. Total receipts for these services and reimbursements in fiscal years 2015 and 2014 were approximately \$76,200 and \$70,900 respectively. For both years ended June 30, 2015 and 2014, the Organization had accounts receivable associated with these services of approximately \$6,300.

**Note 4. Concentrations Of Credit Risks**

The Organization provides services to individuals and companies which are billed in arrears at least monthly. The majority of individual services are provided under grant contracts or provider agreements with state agencies. Companies are provided credit in the normal course of business without collateral.

The Organization maintains deposits in insured financial institutions. At various times throughout the year, these deposits exceeded insured limits; however, management monitors the soundness of these financial institutions and feels the Organization's risk is negligible.

## Arc Opportunities, Inc. d/b/a The Arc of LaGrange County

### Notes To Financial Statements

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#### Note 5. Restrictions On Net Assets

Temporarily restricted net assets due to time and purpose as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
LaGrange County commitment ("pledge")	\$ 60,000	\$ 60,000
Building projects	-	92,307
Respite care	3,948	10,822
Other	10,404	6,839
	<u>\$ 74,352</u>	<u>\$ 169,968</u>

#### Note 6. Employee Benefits

The Organization has adopted a partially self-insured health plan for its employees under which it is responsible for eligible claims up to \$20,000 per participant per year and an aggregate based upon total participants. The total annual aggregate was approximately \$177,000 based on the number of individuals insured as of June 30, 2015. The excess loss portion of the employees' coverage has been insured with a commercial carrier. The total group health expense under this plan for the years ended June 30, 2015 and 2014 was approximately \$53,500 and \$62,900 respectively.

The Organization offers a 401(k) retirement plan through Mutual of America, which allows employees to accumulate savings for retirement with pretax dollars. Employees who are at least age 21 and who have completed at least one year of service and 1,000 hours of service in that year are eligible to participate. The Organization makes a contribution equal to 3% of each eligible employee's compensation whether or not salary reduction contributions are made. Additionally, the Organization matches each eligible employee's salary reduction contribution up to 6% of their gross pay. The Organization's contributions totaled approximately \$49,600 and \$52,800 for the years ended June 30, 2015 and 2014 respectively.

#### Note 7. Lease Commitment

The Organization leases a van under a non-cancelable operating lease requiring rent of \$468 monthly, which will expire December 2015. This lease requires the Organization to pay all maintenance costs and insurance on the leased property.

The Organization leases two copiers under non-cancelable operating leases requiring monthly rent currently totaling \$389. The leases expire at dates ranging from December 2015 through March 2017.

The Organization leases a facility for the community based thrift store activities under a non-cancelable operating lease requiring rent of \$2,800 monthly, which will expire in April 2016.

In addition, the Organization leases a credit card machine for the thrift store under a non-cancelable operating lease requiring rent of \$57 monthly, which will expire in June 2017.

Total rental expenses amounted to approximately \$46,000 and \$45,000 for the years ended June 30, 2015 and 2014 respectively.

**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**

**Notes To Financial Statements**

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Future minimum payments under the operating leases are as follows:

For the years ended June 30,	
2016	\$ 32,501
2017	2,211
	<u>\$ 34,712</u>

**Note 8. Insurance Claim**

The Organization had a fire occur at their small group home, Love Acres, during the fall of 2013. The property was covered under insurance. Total insurance reimbursements related to the fire are estimated to be approximately \$199,000. As of June 30, 2015, the Organization had received approximately \$58,000 from insurance.

## **Supplementary Information**

**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**

**Schedule of Federal, State and Local Grant Awards**

**Year Ended June 30, 2015**

**See Independent Auditor's Report on the Supplementary Information**

	CFDA #	Agreement Number(s)	Revenues	Expenses
U.S. Department of Education, Office of Special Education and Rehabilitation Services				
Indiana Family and Social Services Administration, Division of Disability and Rehabilitation Services: Vocational Rehabilitation Services	84.126A	VR1-9-44-09-OX-2626	\$ 18,902	* \$ 18,902
U.S. Department of Health and Human Services, Administration For Children and Families				
Indiana Family and Social Services Administration: Division of Disabilities and Rehabilitation Services Adult Day Services	93.667	N/A	5,808	* 5,808
Indiana Department of Transportation:				
Pigeon Creek Welcome Center Janitorial Contract	N/A	P.O. #0014805959 P.O. #0012803761	171,847	117,103
Indiana Bureau of Motor Vehicles Commission				
Goshen License Branch Janitorial Contract		P.O. #0012572496	16,667	10,636
LaGrange County:				
Commissioner's Budget Allocation	N/A	N/A	120,000	120,000

\* Amounts include both Federal and State dollars.

**Arc Opportunities, Inc. d/b/a The Arc of LaGrange County**

**Statements of Activities Information**

**Schedule of Support and Revenue**

**Years Ended June 30, 2015 and 2014**

**See Independent Auditor's Report on the Supplementary Information**

	2015		2014	
	Amount	Percent To Total Public Support and Revenue	Amount	Percent To Total Public Support and Revenue
LaGrange County	\$ 120,000	6.7 %	\$ 120,000	6.4 %
Contributions, excluding Arc Hope Fund	38,692	2.1	38,044	2.0
Grant revenue	27,986	1.6	-	-
Arc Hope Fund contributions	-	-	209,849	11.2
Family and Social Services Administration				
Social services block grant/state line item	5,808	0.3	2,937	0.2
Medicaid day service	128,985	7.2	119,015	6.4
Medicaid waiver	578,801	32.1	548,700	29.4
Vocational rehabilitation	18,902	1.0	26,104	1.4
State use contracts	188,514	10.4	194,328	10.6
Medicaid residential	374,076	20.8	335,668	18.0
Industrial contract income	156,653	8.7	105,455	5.7
Community thrift store activities	139,915	7.8	138,880	7.4
United Way	1,026	0.1	2,427	0.1
Rent	291	-	2,626	0.1
Interest income	1,226	0.1	2,081	0.1
Membership fees	1,696	0.1	2,254	0.1
Miscellaneous	18,526	1.0	17,621	0.9
<b>Total support and revenue</b>	<b>\$ 1,801,097</b>	<b>100.0 %</b>	<b>\$ 1,865,989</b>	<b>100.0 %</b>