The Arc

Advocacy and Services for People with Disabilities
Oneida-Lewis Chapter NYSARC

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATING SCHEDULES

For the Year Ended
December 31, 2018

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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Independent Auditor's Report

Board of Directors
The Arc, Oneida-Lewis Chapter NYSARC & Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Arc, Oneida-Lewis Chapter NYSARC & Affiliates (not-for-profit corporations) (together, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Arc, Oneida-Lewis Chapter NYSARC & Affiliates as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – New Accounting Standard

As discussed in Note 1 to the financial statements, the Organization adopted FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the December 31, 2017 presentation. Our report is not modified with respect to this matter.

Report on Supplementary Information

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

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May 10, 2019

Rome, New York

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The Arc, Oneida-Lewis Chapter NYSARC & Affiliates (the Organization) was incorporated in 1954. The Organization is a not-for-profit corporation exempt from Federal and New York State income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization exists to protect the rights of individuals with intellectual and developmental disabilities, to provide those individuals and their families with a wide range of services designed to build skill levels and understanding, to advocate for the fullest possible integration of these citizens into community life, and to enhance the image of those being served. In fulfilling this purpose, the Organization provides residential, vocational, day habilitation, children, community and family, employment, and transportation services. The accompanying consolidated financial statements also reflect the revenue, expenses, assets, and liabilities of its affiliates (together, the Organization).

Principles of Consolidation

The accompanying consolidated financial statements include the financial position, operating activities, and cash flows of The Arc, Oneida-Lewis Chapter NYSARC and its two affiliates: Fourteen Arnold Avenue Corporation and Lawrence and Lamphear Corporation. All significant intercompany accounts and transactions have been eliminated in consolidation. The individual entities have interrelated directors/trustees and share common facilities and personnel.

> **Fourteen Arnold Avenue Corporation** is an affiliated holding company incorporated in 1981 for the sole purpose of acquiring real estate to lease to The Arc, Oneida-Lewis Chapter NYSARC, a related party. This affiliate is a not-for-profit corporation exempt from Federal and New York State income taxes under Section 501(c)(2) (Title-Holding Corporations) of the Internal Revenue Code.
>
> **Lawrence and Lamphear Corporation** is an affiliated holding company incorporated in 1981 for the sole purpose of acquiring real estate to lease to The Arc, Oneida-Lewis Chapter NYSARC, a related party. This affiliate is a not-for-profit corporation exempt from Federal and New York State income taxes under Section 501(c)(3) of the Internal Revenue Code.

Unrelated Business Income Tax - Federal

The Organization provides parking to its employees which the federal Internal Revenue Tax Code considers a disallowed fringe benefit beginning January 1, 2018. At and for the year ended December 31, 2018, the tax expense and payable was $8,006.

Basis of Presentation

The Organization prepares financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASC 958-205 and subsections). During 2018, the Organization adopted the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the consolidated financial statements and notes about the Organization's liquidity, financial performance, and cash flows.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents generally consist of repurchase agreements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Interest in Partnership

The Organization records its investment in the Care Partners LLC, a partnership, at cost adjusted for the Organization's share of the Partnership's undistributed earnings or losses. The sole interest of the Partnership is to own a noncontrolling interest in LIFEPlan CCO NY, LLC, a for-profit corporation. LIFEPlan CCO NY, LLC is designated by the State as a Care Coordination Organization for home and community-based services furnished to people with intellectual and developmental disabilities participating in the New York State Medicaid health home program as a health home designated by the New York State Department of Health.

Contributions and Donations

Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities as net assets released from restrictions. For 2018 and 2017, there were no restricted donations.

Donations other than cash are recorded at fair market value at the date of the gift.

Accounts Receivable

The Organization considers its receivables to be fully collectible at year-end; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to bad debt expense when that determination is made.

Investment Valuation and Income Recognition

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Net investment income in the Statements of Net Activities include interest, dividends, gains and losses on investments bought and sold as well as those held during the year.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Inventory

Inventory is stated at lower of cost or market. Cost is determined on a first-in, first-out basis.

Property and Equipment

Property and equipment is recorded by the Organization at historical cost or at fair value, (on the date of donation) if donated. All property and equipment are depreciated over estimated useful lives based on the straight-line method. Management is required to utilize prescribed service lives as defined in the NYS Department of Mental Hygiene Consolidated Fiscal Reporting Manual as a guide.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The service lives by type of asset are as follows:

Depreciable Assets	Years
Buildings & Improvements	5-40
Furniture & Equipment	3-20
Vehicles	4-10

The Organization utilizes a $1,000 threshold as its capitalization policy.

Intangible Assets and Goodwill

Intangible Assets include organizational expenses, software development costs, pre-operation costs, mortgage closing costs and bond issue costs. These assets are amortized utilizing the straight-line method over periods ranging from 5 to 25 years. Amortization expense for intangible assets for the years ended December 31, 2018 and 2017 was $10,265 and $13,392, respectively.

Goodwill represents the excess of the purchase price of an acquired entity over the amounts assigned to the assets acquired and liabilities assumed in a business acquisition. The Organization is required to test goodwill for impairment at least annually and whenever events or circumstances indicate that it is more likely than not that goodwill may be impaired. The Organization performs its annual goodwill impairment test as of December 31 of each year.

Compensated Absences

The Organization's employees are granted vacation in varying amounts, based primarily on length of service. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated vacation leave. The compensated absences liability is calculated based on the pay rates in effect at year end.

Deferred Revenue

Deferred revenue represents funds advanced to the Organization by Medicaid and New York State that have not been earned by the Organization at the current financial statement date. These advances will be recognized as revenue when the services are provided.

Funding and Revenue Recognition

Funding from government agencies is based on approved rates and is recognized as revenue when services are performed. The rates are primarily cost based and determined by allowable expenditures in rate setting periods. Costs are subject to audit by third-party payers and changes, if any, are recognized in the year they become known. These fees are regulated by Federal and State law. All other funding and revenue is recognized in the period in which the funding and revenue is earned and measurable.

Net Assets

Financial statement presentation follows the requirements of the Financial Accounting Standards Board. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. For 2018 and 2017, none of the net assets were restricted.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Other expenses have been allocated as follows:

Expense	Method of Allocation
Salaries and Benefits	Time and effort
Occupancy Costs	Square Footage
Depreciation	Square Footage and Time and Effort

Donated Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs. No amounts have been reflected in the financial statements for donated services since the volunteer services do not meet the criteria of the accounting principles generally accepted in the United States of America.

Advertising

The Organization expenses the cost of advertising as it is incurred. Advertising expense for the years ended December 31, 2018 and 2017 was $93,762 and $128,186, respectively.

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the December 31, 2017 presentation.

Future Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which changed the effective dates of ASU 2014-09. For the Organization, the provisions of ASU 2014-09 are now effective for annual reporting periods beginning after December 31, 2018. Transition to the new guidance may be done using either a full or modified retrospective method. The Organization is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2018	2017
Cash—Operating	$ 6,479,645	$ 7,942,137
Accounts Receivable		
Funding	3,730,090	3,855,246
Subcontract	318,651	315,096
Miscellaneous	503,252	316,209
Short-Term Investments	2,973,680	0
Total financial assets available to meet general expenditures within the next 12 months	$ 14,005,318	$ 12,428,688

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. The short-term investments consist of US Treasury Bills laddered with maturities in two month increments at approximately $500,000 each. Additionally, the Organization has long-term investments in the amount of $3,365,870 and $3,521,595 at December 31, 2018 and 2017, respectively. Although the Organization does not intend to spend from its long-term investments, amounts could be made available if necessary. (see Note 6 for disclosures about investments).

NOTE 3 RELATED ORGANIZATIONS

The Organization is affiliated with two holding companies: Fourteen Arnold Avenue Corporation and Lawrence and Lamphear Corporation. Related party transactions are subject to occur among the three entities. When these transactions occur, they are recorded in their respective financial records. All significant intercompany accounts and transactions have been eliminated in consolidation. The individual entities have interrelated directors/trustees and share common facilities and personnel.

NOTE 3 RELATED ORGANIZATIONS (Continued)

The Arc rents several properties from the two related affiliates. Rental payments to its affiliates total $214,496 and $301,811 for the years ended December 31, 2018 and 2017, respectively. These payments are not included in the schedule of minimum operating lease payments since there are no formal lease agreements with the affiliates.

Lawrence and Lamphear Corporation owed $12,083 and Fourteen Arnold Avenue Corporation owed $28,126 to the Arc at December 31, 2018.

Lawrence and Lamphear Corporation owed $8,094 to the Arc, and the Arc owed $8,271 to the Fourteen Arnold Avenue Corporation, at December 31, 2017.

NOTE 4 CASH EQUIVALENTS

During 2018, the Organization began utilizing short-term repurchase agreements as part of an automatic investment sweep account agreement with a financial institution. The funds from the sweep accounts are used to make the base checking account whole as checks are cleared. The investments are in U.S. Government securities and agency transactions which are not FDIC insured. If the financial institution were to fail, the Organization would be considered a secured creditor with respect to those funds. As part of the sweep agreement, the Organization is required to maintain a minimum balance of $250,000. At December 31, 2018, the Organization had $1,334,512 in outstanding repurchase agreements.

NOTE 5 FAIR VALUE MEASUREMENTS - INVESTMENTS

The Financial Accounting Standards Board authoritative guidance on fair value measurements 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 that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include the following:

- 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: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

NOTE 5 FAIR VALUE MEASUREMENTS – INVESTMENTS (Continued)

There have been no changes in the methodologies used at December 31, 2018 and 2017. The following is a description of the valuation methodologies used for assets measured at fair value:

Short-Term Investments: Valued at amortized cost which approximates fair value.

U.S. Government, Agency, and Other Government Securities: Fair values of securities traded on a national securities exchange are based on the last reported sales price on the last business day of the year; bonds, notes, and government securities for which no sale was reported on that date are valued at the last reported bid price.

Corporate Debt Securities: Certain corporate debt securities are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds and listed securities for which no sale was reported on that date are valued at the last reported bid price.

Equity Securities: Fair values of securities traded on a national securities exchange are based on the last reported sales price on the last business day of the year.

Other Assets: Other assets consist of various types of indexed funds such as exchange-traded funds. These investments are valued at the daily closing price as reported by the fund.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

All assets have been valued using a market approach.

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 following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of December 31, 2018 and 2017:

For the Year Ended December 31, 2018

		Fair Value Measurements at Reporting Date Using the Above Criteria		
Investments	Total	(Level 1)	(Level 2)	(Level 3)
Cash and Cash Equivalents	$ 72,017	$ 72,017	$ 0	$ 0
Government and Agency Bonds	3,415,119	0	3,415,119	0
Corporate Bonds	887,785	0	887,785	0
Equities	1,025,784	1,025,784	0	0
Mutual Funds	103,311	103,311	0	0
Equity - International	40,475	40,475	0	0
Other Assets	795,059	795,059	0	0
Totals	$ 6,339,550	$ 2,036,646	$ 4,302,904	$ 0

NOTE 5 FAIR VALUE MEASUREMENTS – INVESTMENTS (Continued)

For the Year Ended December 31, 2017

Investments	Total	Fair Value Measurements at Reporting Date Using the Above Criteria (Level 1)	(Level 2)	(Level 3)
Cash and Cash Equivalents	$ 145,950	$ 145,950	$ 0	$ 0
Government and Agency Bonds	460,038	0	460,038	0
Corporate Bonds	858,889	0	858,889	0
Equities	1,137,452	1,137,452	0	0
Mutual Funds	841,310	841,310	0	0
Other Assets	77,956	77,956	0	0
Totals	$ 3,521,595	$ 2,202,668	$ 1,318,927	$ 0

NOTE 6 INVESTMENTS

The Organization's investments are held by a national investment and financial services company and managed by a financial investment group in accordance with investment authorization and approval from the Organization's Board of Directors. Investments include Bonds and Equities. These investments are valued at market value; market values with approximated costs at December 31, 2018 and 2017, are summarized as follows:

For the Year Ended December 31, 2018

Investments	Market Value	Cost	Unrealized Gain(Loss)
Cash and Cash Equivalents	$ 72,017	$ 72,017	$ 0
Government and Agency Bonds	3,415,119	3,403,673	11,446
Corporate Bonds	887,785	895,047	(7,262)
Equities	1,025,784	738,310	287,474
Mutual Funds	103,311	105,818	(2,507)
Equity - International	40,475	42,929	(2,454)
Other Assets	795,059	837,697	(42,638)
Totals	$ 6,339,550	$ 6,095,491	$ 244,059

For the Year Ended December 31, 2017

Investments	Market Value	Cost	Unrealized Gain(Loss)
Cash and Cash Equivalents	$ 145,950	$ 145,950	$ 0
Government and Agency Bonds	460,038	443,773	16,265
Corporate Bonds	858,889	855,434	3,455
Equities	1,137,452	754,731	382,721
Mutual Funds	841,310	706,153	135,157
Other Assets	77,956	79,051	(1,095)
Totals	$ 3,521,595	$ 2,985,092	$ 536,503

NOTE 6 INVESTMENTS (Continued)

For the years ended December 31, 2018 and 2017, the components of the Organization's investment return are as follows:

	2018	2017
Interest, Dividends, and Distributions of Capital Gains and Losses	$ 86,054	$ 70,604
Realized Capital Gains	(96,124)	12,620
Net Unrealized Gain (Loss)	(99,322)	308,200
Total	$ (109,392)	$ 391,424

NOTE 7 PREPAID EXPENSES

As of December 31, 2018 and 2017, prepaid expenses were composed of:

	2018	2017
Prepaid Insurance	$ 20,495	$ 16,657
Security Deposits	4,020	4,020
Deposit on Debt	45,685	45,685
HRA Security Deposit	8,600	8,600
Workers' Compensation	166,181	193,131
Other Prepaid Items	142,315	158,691
Total	$ 387,296	$ 426,784

NOTE 8 DEFERRED REVENUE

The changes in the Organization's deferred revenue account for the years ended December 31, 2018 and 2017, are comprised of the following:

	2018	2017
Balance, Beginning of the year	$ 646,957	$ 806,106
Additions	978,269	683,562
Reductions	1,014,846	842,711
Balance, End of the year	$ 610,380	$ 646,957

NOTE 9 LONG-TERM DEBT

Long-Term Debt consists of mortgages and financing agreements with various financial institutions for equipment and vehicles. These obligations are being reduced by monthly installments that range from $152 to $10,870. Interest rates range from 1.35% to 4.74% per annum and maturities due through 2030. Total interest expense for the years ended December 31, 2018 and 2017 was $118,406 and $120,335, respectively. The debt is collateralized by various assets of the Organization.

At the current financial statement date, long-term debt matures as follows:

Year	Amount
2019	$ 513,132
2020	459,482
2021	400,588
2022	380,261
2023	291,038
Thereafter	217,018
Total	$ 2,261,519

NOTE 10 CAPITAL LEASES PAYABLE

The Organization has entered into several capital lease agreements for computer equipment and vehicles. The Organization will make 48-60 monthly payments, including interest ranging from 1.35% to 1.704% per annum through 2022.

The following is an analysis of the leased assets included in Property and Equipment:

	2018	2017
Furniture and Fixtures	$ 406,368	$ 448,396
Vehicles	644,300	522,602
Total Property	1,050,668	970,998
Accumulated Depreciation	585,614	730,137
Net Property	$ 465,054	$ 240,861

At the current financial statement date, long-term debt for the capital leases payable matures as follows:

Year	Amount
2019	$ 318,031
2020	243,816
2021	111,665
2022	100,748
2023	0
Total Minimum Lease Payments	774,260
Less Amount Representing Interest	31,481
Present Value of Minimum Lease Payments	$ 742,779

Amortization of assets held under capital leases is included in depreciation expense.

NOTE 11 OPERATING LEASE OBLIGATIONS

The Organization has entered into vehicle operating leases and operating lease obligations with various landlords for the purpose of providing housing, administrative headquarters and training sites for program consumers and Organization employees. The following is a schedule of future minimum lease payments due under operating lease agreements:

Year	Amount
2019	$ 363,365
2020	313,461
2021	123,759
2022	40,908
2023	20,700
Total	$ 862,193

Total lease and rent expense (including rental payments from affiliates paid on a month-to-month basis where there is no formal lease agreement) for the years ended December 31, 2018 and 2017 was $695,584 and $746,423, respectively.

NOTE 12 EMPLOYEE BENEFITS

Health Insurance and Other Benefits

The Organization provides health care cost assistance and life insurance to all of its eligible employees. Eligible employees may elect to participate in the Organization's group plan, a health maintenance organization, and life insurance plan.

NOTE 12 EMPLOYEE BENEFITS (Continued)

In conjunction with health insurance benefits, the Organization offers a cafeteria plan in accordance with Internal Revenue Code, Section 125 Plan, which allows eligible full and part time employees to take a salary reduction and an income tax-free reimbursement of certain health care and dependent care expenses.

The Organization also offers a Health Reimbursement Arrangement to all eligible employees. This benefit is funded completely by New York State and the Organization. The Plan allows for reimbursement of certain health care expenses.

Retirement Plan

The Organization maintains a single employer non-contributory employee defined contribution retirement plan administered and managed by Lincoln Retirement Plan Services. The securities held in the retirement plan consist of stock funds and a money market fund. The retirement plan participants may elect specific allocations of their contributions among the various investment options available.

The amount of the employer contribution each year is discretionary and determined by the Board of Directors of the Arc. After one year of employment and 1,000 hours of service, all qualifying employees are eligible to enroll in the plan. After enrollment, each employee must work 1,000 hours in the calendar year before the Organization contribution is earned.

Vesting in the plan is on a graduated basis. One hundred percent vesting is achieved after six years of active service. Prior to 1988, one hundred percent vesting was achieved upon completion of 1,000 hours. The accrued retirement plan contribution for the years ended December 31, 2018 and 2017 was $536,449 and $511,781, respectively. For a more detailed description of this plan, refer to the Summary Plan Description maintained by the Organization at its current business location.

Workers' Compensation – Self-Insured

The NYSARC Workers' Compensation Trust (the Trust) was organized to create a vehicle for NYSARC, Inc. Chapters within the State of New York to fund their cost of Workers' Compensation Insurance coverage through a group self-insurance program. NYSARC, Inc. is the parent organization of 49 Chapters, which provide services to the developmentally disabled throughout New York State; Chapter participation in the Trust is at their discretion. The Trust commenced operations on May 1, 1999 and is defined in and authorized by Section 50, subdivision 3-a of the New York State Workers' Compensation Law. The Trust is administered by a third-party administrator (Administrator) who is paid fees in accordance with a fixed fee agreement. In December 2010, the Board of Trustees of the Trust made the decision to cease providing self-insurance commencing January 1, 2011. Effective October 1, 2012, the Trust changed its Administrator.

The Trust will oversee the payment of claims and settlement of claims for the near future. Pursuant to New York State's Workers' Compensation Law and members participate on agreements; all former members remain jointly and severally liable for the obligations of the Trust. The Trustees purchased a transfer of liability policy on November 6, 2017. This transaction was completed in 2018.

The Chapter's estimate of the potential liability to transfer the claims to a third party was $612,358 in long term liabilities at December 31, 2016. The final amount due at December 31, 2017 was $204,359 in the current liability - account payable-other was fully paid during 2018.

For 2017, the Organization fully insured for its workers' compensation insurance with coverage from the NYSARC Partners Group with Travelers, which was a loss sensitive program. In 2018, the Organization were with State Insurance Fund, which is a fully guaranteed program. Premiums paid for insurance totaled $804,702 and $681,176, respectively for the years ended December 31, 2018 and 2017.

NOTE 13 CONTINGENCIES

The majority of the Organization's funding is regulated by the New York Mental Health Code. The nature of the New York State funding mechanism, along with other organizational funding, requires that adjustments made for funds received relating to prior years be included in the current year financial statements. To be in accordance with these requirements, the Organization has separated revenue and funding from current year operations and prior contract years for financial statement purposes.

Amounts received or receivable from grantor agencies are subject to audit and adjustment principally by the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

NOTE 14 CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash in financial institutions. From time to time throughout the year, cash balances can exceed the Federal Deposit Insurance Corporations (FDIC) coverage. At December 31, 2018 and 2017, the bank deposits were uninsured and uncollateralized in the amount of $2,995,538 and $4,443,068, respectively.

The investments are not insured by FDIC. Management believes that it is not exposed to any significant risk with respect to these amounts.

Refundable deposits, which consist of investments held by a custodian, are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities can occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

NOTE 15 GOODWILL

On November 30, 2015, the Organization acquired 100% of the Nickelback Redemption Center operations for a total price of $75,000. The acquisition was accounted for using the acquisition method and the results of operations of the Nickelback Redemption Center have been included in the Organization's consolidated financial statements as of the acquisition date. Assets acquired were recorded at their estimated fair values of $2,080 as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach based on estimates provided by management. The excess of the purchase price over the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill in the amount of $57,920 and a covenant not to compete for $15,000. Goodwill is not subject to amortization: rather, it will be assessed for impairment at least annually.

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2019, the date on which the financial statements were available to be issued.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and Cash Equivalents	$ 6,479,645	$ 7,942,137
Accounts Receivable		
Funding	3,730,090	3,855,246
Subcontract	318,650	315,096
Miscellaneous	503,252	316,209
Prepaid Expenses	387,296	426,784
Inventory	246,971	278,044
Investments	6,339,550	3,521,595
Total Current Assets	18,005,454	16,655,111
Property and Equipment		
Land	797,851	797,851
Buildings and Improvements	11,121,086	12,339,961
Furniture and Equipment	2,112,568	1,135,150
Vehicles	1,747,128	1,612,957
Total Property and Equipment	15,778,633	15,885,919
Accumulated Depreciation	9,548,541	10,222,474
Net Property and Equipment	6,230,092	5,663,445
Other Assets		
Intangible Assets	126,359	203,843
Accumulated Amortization	98,374	165,820
Net Intangible Assets	27,985	38,023
Equity Interest in Partnership	51,111	0
Goodwill	72,920	72,920
Total Other Assets	152,016	110,943
Total Assets	$ 24,387,562	$ 22,429,499

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	2018	2017
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable		
Trade	$ 781,240	$ 908,700
Other	76,280	495,290
Accrued Liabilities	3,232,160	3,148,976
Deferred Revenue	610,380	646,957
Current Portion of Long-Term Debt	513,132	571,982
Current Portion of Capital Leases	302,920	283,899
Total Current Liabilities	5,516,112	6,055,804
Long-Term Liabilities		
Accounts Payable-Other	76,563	76,563
Long-Term Debt	1,748,387	2,256,195
Capital Leases	439,859	366,544
Total Long-Term Liabilities	2,264,809	2,699,302
Total Liabilities	7,780,921	8,755,106
Net Assets		
Without Donor Restriction	16,606,641	13,674,393
Total Net Assets	16,606,641	13,674,393
Total Liabilities and Net Assets	$ 24,387,562	$ 22,429,499

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues and Gains		
OPWDD	$ 1,238,973	$ 1,130,477
Consumer Fees	1,754,091	1,693,775
County	50,000	50,001
Food Stamps Revenue	279,946	263,215
New York State Department of Education	461,368	389,138
New York State Department of Transportation	300,134	0
Child Development Program	143,646	147,320
OMH	340,781	325,875
Medicaid	25,697,230	24,530,762
Medicaid - Care Coordination	1,449,109	0
Subcontract	2,633,122	2,534,948
New York State NICIP Grant (Telemedicine)	900,182	59,574
Redemption Center Income	469,694	442,771
Contributions	120,137	105,258
Rent	25,941	20,600
Investment Return, Net	(109,392)	391,424
Other Supported Employment	681,996	711,468
Camp Fees	4,873	2,379
Interest Income	37,194	14,573
Gain on Disposition of Assets	50,113	32,297
Miscellaneous	378,527	218,178
Prior Years' Adjustments	170,583	232,745
Total Revenues and Gains	37,078,248	33,296,778
Expenses		
Program Services		
Residential	10,408,294	10,006,583
Community and Family	5,643,965	4,982,210
Children Services	184,306	183,082
Employment Solutions	7,565,005	7,207,729
Day Services	5,334,561	5,230,399
Transportation	1,740,868	1,693,086
Total Program Services	30,876,999	29,303,089
Supporting Services		
Holding Companies	231,400	282,175
Management and General	3,037,601	2,677,823
Total Supporting Services	3,269,001	2,959,998
Total Expenses	34,146,000	32,263,087
Changes in Net Assets	2,932,248	1,033,691
Net Assets, Beginning of Year	13,674,393	12,640,702
Net Assets, End of Year	$ 16,606,641	$ 13,674,393

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows From (Used by) Operating Activities		
Change in Net Assets	$ 2,932,248	$ 1,033,691
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities		
Depreciation	1,474,353	1,291,082
Amortization and Closing Costs	10,265	13,392
Realized and Unrealized Loss (Gain) on Investments	195,446	(320,820)
(Gain) on the Disposition of Property	(50,113)	(32,297)
Changes in Assets and Liabilities		
(Increase) Decrease in Assets		
Accounts Receivable	(65,441)	(1,529,542)
Prepaid Expenses	39,488	(169,687)
Inventory	31,073	1,182
Increase (Decrease) in Liabilities		
Accounts Payable	(546,470)	364,914
Accrued Liabilities	83,184	22,376
Workers' Compensation Liability	0	(612,358)
Deferred Revenue	(36,577)	(159,149)
Net Cash Flows From (Used By) Operating Activities	4,067,456	(97,216)
Cash Flows From (Used by) Investing Activities		
Purchase of Investments	(5,727,780)	(569,747)
Sale of Investments	2,714,379	523,408
Investment in Equity Interest in Partnership	(51,111)	
Acquisition of Property and Equipment	(2,060,797)	(684,977)
Miscellaneous	6,274	(1)
Proceeds from Disposition of Property and Equipment	63,409	38,846
Net Cash Flows (Used by) Investing Activities	(5,055,626)	(692,471)
Cash Flows From (Used by) Financing Activities		
Proceeds from Debt	376,580	0
Debt Reduction	(850,902)	(977,449)
Net Cash Flows (Used by) Financing Activities	(474,322)	(977,449)
Net (Decrease) in Cash and Cash Equivalents	(1,462,492)	(1,767,136)
Cash and Cash Equivalents, Beginning of Year	7,942,137	9,709,273
Cash and Cash Equivalents, End of Year	$ 6,479,645	$ 7,942,137

Supplemental Cash Flow Disclosures

	2018	2017
Cash Paid During the Year For		
Interest	$ 118,406	$ 120,335

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Program Services						Supporting Services			
	Residential	Community & Family	Children Services	Employment Solutions	Day Services	Transportation	Management and General	Holding Companies	2018 Total	2017 Total
Salaries and Wages	$ 6,792,577	$ 3,636,733	$ 130,215	$ 3,670,859	$ 3,292,254	$ 6,337	$ 1,596,137	$ 11,948	$ 19,137,060	$ 18,394,435
Fringe Benefits	1,611,554	916,478	29,219	997,098	907,176	1,037	394,016	3,556	4,860,134	4,279,001
Direct Labor	1,558	8,331	0	882,610	11,934	0	2,680	0	907,113	856,252
Professional fees	13,673	29,156	6,836	83,178	7,445	0	133,897	4,500	278,685	265,009
Program Supplies	236,112	85,938	3,160	29,354	55,840	593	44,641	0	455,638	408,065
Voucher System	0	319,500	0	0	0	0	0	0	319,500	302,501
Data Processing	12,357	6,057	215	14,485	6,831	10	2,797	0	42,752	47,804
Office Supplies	2,585	1,652	45	2,294	1,087	0	7,012	0	14,675	15,448
Food Costs	455,752	23,693	0	1,130	37,337	0	0	0	517,912	498,393
Postage	1,782	14,849	760	4,075	1,218	22	11,774	0	34,480	36,253
Printing	104	85	0	917	841	0	9,733	0	11,680	13,553
Training	5,651	2,275	35	8,535	2,963	0	9,593	0	29,052	33,786
Travel	25,720	112,659	7,386	49,133	8,164	1,713,559	4,934	0	1,921,555	1,871,905
Liability Insurance	11,671	4,660	134	18,474	21,262	0	25,696	1,830	83,727	84,953
Telephone	48,112	34,424	351	21,384	23,924	0	7,889	0	136,084	130,220
Internet Service	27,526	20,716	179	16,258	15,858	0	1,832	0	82,369	68,908
Shipping/Freight	0	0	0	39,194	0	0	0	0	39,194	32,768
Advertising	4,417	1,446	0	32,758	6,049	0	49,092	0	93,762	128,186
Dues and Subscriptions	4,539	68	3	5,054	244	0	6,037	0	15,945	21,770
Equipment	27,357	6,327	50	10,521	12,601	0	6,445	0	63,301	72,825
Repairs and Maintenance	219,220	101,420	2,004	140,378	149,406	0	104,153	22,975	739,556	669,620
Depreciation	366,901	99,971	764	72,151	328,680	19,310	430,998	155,578	1,474,353	1,291,082
Raw Materials	0	0	0	934,093	0	0	0	0	934,093	785,744
Vehicles Expense	186,561	70,153	242	87,343	100,336	0	18,366	0	463,001	435,834
Occupancy Cost	298,401	123,042	2,692	272,102	256,338	0	33,314	5,987	991,876	906,449
Temporary Services	7,958	8,651	0	164,803	3,521	0	29,362	0	214,295	325,086
Drug Testing	0	0	0	0	0	0	10,317	0	10,317	12,336
Infection Control	0	0	0	0	0	0	3,987	0	3,987	3,878
Service Charges and Filing Fees	0	0	0	457	0	0	3,522	275	4,254	2,905
Interest	32,672	4,530	16	794	61,921	0	441	18,032	118,406	120,335
Amortization & Closing Costs	2,694	432	0	1,619	3,230	0	0	2,290	10,265	13,392
Management Fee	0	0	0	0	0	0	0	4,367	4,367	4,350
Miscellaneous	10,840	10,719	0	3,954	18,101	0	88,936	62	132,612	130,041
Total	$ 10,408,294	$ 5,643,965	$ 184,306	$ 7,565,005	$ 5,334,561	$ 1,740,868	$ 3,037,601	$ 231,400	$ 34,146,000	$ 32,263,087
Total for 2017	$ 10,006,583	$ 4,982,210	$ 183,082	$ 7,207,729	$ 5,230,399	$ 1,693,086	$ 2,677,823	$ 282,175	$ 32,263,087	

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	Program Services						Supporting Services		
	Residential	Community & Family	Children Services	Employment Solutions	Day Services	Transportation	Management and General	Holding Companies	Total
Salaries and Wages	$ 6,602,126	$ 3,243,534	$ 131,296	$ 3,575,180	$ 3,258,569	$ 7,220	$ 1,564,762	$ 11,748	$ 18,394,435
Fringe Benefits	1,443,103	764,217	25,314	896,808	838,793	1,326	305,931	3,509	4,279,001
Direct Labor	1,721	8,158	0	835,079	10,134	0	1,160	0	856,252
Professional fees	7,517	23,955	7,350	69,608	22,991	0	129,088	4,500	265,009
Program Supplies	221,992	56,253	3,600	25,203	55,960	318	44,739	0	408,065
Voucher System	0	302,501	0	0	0	0	0	0	302,501
Data Processing	13,714	6,525	269	16,398	8,123	10	2,765	0	47,804
Office Supplies	3,129	2,374	(40)	2,532	1,024	0	6,429	0	15,448
Food Costs	442,578	21,150	0	818	33,847	0	0	0	498,393
Postage	1,763	13,870	816	4,632	1,722	0	13,450	0	36,253
Printing	45	231	0	735	800	0	11,742	0	13,553
Training	2,994	5,868	574	11,863	4,799	0	7,688	0	33,786
Travel	31,149	100,857	7,526	53,731	6,468	1,666,867	5,307	0	1,871,905
Liability Insurance	10,525	4,609	139	18,274	21,681	0	28,117	1,608	84,953
Telephone	48,951	28,884	344	20,174	24,834	0	7,033	0	130,220
Internet Service	27,970	13,361	176	11,108	14,687	0	1,606	0	68,908
Shipping/Freight	0	0	0	32,768	0	0	0	0	32,768
Advertising	16,797	6,131	2	41,668	10,626	0	52,962	0	128,186
Dues and Subscriptions	5,750	72	2	3,052	357	0	12,537	0	21,770
Equipment	40,643	2,360	17	9,934	14,266	0	5,605	0	72,825
Repairs and Maintenance	208,667	88,808	2,007	128,843	136,829	0	87,011	17,455	669,620
Depreciation	365,038	84,688	791	66,841	329,556	17,134	217,732	209,302	1,291,082
Raw Materials	0	0	0	785,744	0	0	0	0	785,744
Vehicles Expense	161,005	82,248	248	81,982	92,645	211	17,495	0	435,834
Occupancy Cost	289,918	98,131	2,629	238,854	244,560	0	26,787	5,570	906,449
Temporary Services	5,521	4,346	0	271,292	16,707	0	27,220	0	325,086
Drug Testing	0	0	0	0	0	0	12,336	0	12,336
Infection Control	0	0	0	0	0	0	3,878	0	3,878
Service Charges and Filing Fees	0	0	0	0	0	0	2,630	275	2,905
Interest	34,873	5,346	25	1,271	58,709	0	652	19,459	120,335
Amortization & Closing Costs	3,835	475	0	2,003	3,230	0	0	3,849	13,392
Management Fee	0	0	0	0	0	0	0	4,350	4,350
Miscellaneous	15,259	13,258	(3)	1,334	18,482	0	81,161	550	130,041
Total	$ 10,006,583	$ 4,982,210	$ 183,082	$ 7,207,729	$ 5,230,399	$ 1,693,086	$ 2,677,823	$ 282,175	$ 32,263,087

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2018

	Assets				
	ARC	14AA	L&L	Eliminating Entry	Consolidated
Current Assets					
Cash and Cash Equivalents	$ 5,996,169	$ 436,230	$ 47,246	$ 0	$ 6,479,645
Accounts Receivable					
Funding	3,730,090	0	0	0	3,730,090
Subcontract	318,650	0	0	0	318,650
Miscellaneous	503,252	0	0	0	503,252
Due from Affiliates	40,209	0	0	(40,209)	0
Prepaid Expenses	338,718	45,686	2,892	0	387,296
Inventory	246,971	0	0	0	246,971
Investments	6,339,550	0	0	0	6,339,550
Total Current Assets	17,513,609	481,916	50,138	(40,209)	18,005,454
Property and Equipment					
Land	515,075	281,776	1,000	0	797,851
Buildings and Improvements	7,626,408	3,193,193	301,485	0	11,121,086
Furniture and Equipment	2,110,340	0	2,228	0	2,112,568
Vehicles	1,747,128	0	0	0	1,747,128
Total Property and Equipment	11,998,951	3,474,969	304,713	0	15,778,633
Accumulated Depreciation	6,956,548	2,302,402	289,591	0	9,548,541
Net Property and Equipment	5,042,403	1,172,567	15,122	0	6,230,092
Other Assets					
Intangible Assets	103,415	22,944	0	0	126,359
Accumulated Amortization	77,847	20,527	0	0	98,374
Net Intangible Assets	25,568	2,417	0	0	27,985
Equity Interest in Partnership	51,111				51,111
Goodwill	72,920	0	0	0	72,920
Total Other Assets	149,599	2,417	0	0	152,016
Total Assets	$ 22,705,611	$ 1,656,900	$ 65,260	$ (40,209)	$ 24,387,562

(Continued)

See Independent Auditor's Report.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2018

(Continued)

	Liabilities and Net Assets				
	ARC	14AA	L&L	Eliminating Entry	Consolidated
Current Liabilities					
Accounts Payable-Trade	$ 776,199	$ 2,501	$ 2,540	$ 0	$ 781,240
Accounts Payable - Other	76,280	0	0	0	76,280
Due to Affiliates	0	28,126	12,083	(40,209)	0
Accrued Liabilities	3,229,917	2,243	0	0	3,232,160
Deferred Revenue	610,380	0	0	0	610,380
Current Portion of Long-Term Debt	425,028	81,104	7,000	0	513,132
Current Portion of Capital Leases	302,920	0	0	0	302,920
Total Current Liabilities	5,420,724	113,974	21,623	(40,209)	5,516,112
Long-Term Liabilities					
Accounts Payable-Other	76,563	0	0	0	76,563
Long-Term Debt Less Current Portion	1,453,470	294,917	0	0	1,748,387
Capital Leases Less Current Portion	439,859	0	0	0	439,859
Total Long-Term Liabilities	1,969,892	294,917	0	0	2,264,809
Total Liabilities	7,390,616	408,891	21,623	(40,209)	7,780,921
Net Assets					
Without Donor Restriction	15,314,995	1,248,009	43,637	0	16,606,641
Total Net Assets	15,314,995	1,248,009	43,637	0	16,606,641
Total Liabilities and Net Assets	$ 22,705,611	$ 1,656,900	$ 65,260	$ (40,209)	$ 24,387,562

See Independent Auditor's Report.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITY

For the Year Ended December 31, 2018

	ARC	14AA	L&L	Eliminating Entry	Consolidated
Revenues and Gains					
OPWDD	$ 1,238,973	$ 0	$ 0	$ 0	$ 1,238,973
Consumer Fees	1,754,091	0	0	0	1,754,091
County	50,000	0	0	0	50,000
Food Stamps Revenue	279,946	0	0	0	279,946
New York State Department of Education	461,368	0	0	0	461,368
New York State Department of Transportation	300,134	0	0	0	300,134
Child Development Program	143,646	0	0	0	143,646
OMH	340,781	0	0	0	340,781
Medicaid	25,697,230	0	0	0	25,697,230
Medicaid - Care Coordination	1,449,109	0	0	0	1,449,109
Subcontract	2,633,122	0	0	0	2,633,122
New York State NICIP Grant (Telemedicine)	900,182	0	0	0	900,182
Redemption Center Income	469,694	0	0	0	469,694
Contributions	120,137	0	0	0	120,137
Rent	0	175,967	64,470	(214,496)	25,941
Investment Return, Net	(109,392)	0	0	0	(109,392)
Other Supported Employment	681,996	0	0	0	681,996
Camp Fees	4,873	0	0	0	4,873
Interest Income	34,840	2,234	120	0	37,194
Gain on Disposition of Assets	50,113	0	0	0	50,113
Miscellaneous	356,027	22,500	0	0	378,527
Prior Year's Adjustments	170,583	0	0	0	170,583
Total Revenues and Gains	37,027,453	200,701	64,590	(214,496)	37,078,248
Expenses					
Program Services					
Residential	10,451,630	0	0	(43,336)	10,408,294
Community and Family	5,665,569	0	0	(21,604)	5,643,965
Children Services	184,306	0	0	0	184,306
Employment Solutions	7,618,159	0	0	(53,154)	7,565,005
Day Services	5,388,838	0	0	(54,277)	5,334,561
Transportation	1,740,868	0	0	0	1,740,868
Total Program Services	31,049,370	0	0	(172,371)	30,876,999
Supporting Services					
Holding Companies	0	182,378	49,022	0	231,400
Management and General	3,079,726	0	0	(42,125)	3,037,601
Total Expenses	34,129,096	182,378	49,022	(214,496)	34,146,000
Change in Net Assets	2,898,357	18,323	15,568	0	2,932,248
Net Assets, Beginning of Year	12,416,638	1,229,686	28,069	0	13,674,393
Net Assets, End of Year	$ 15,314,995	$ 1,248,009	$ 43,637	$ 0	$ 16,606,641

See Independent Auditor's Report.

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2017

	Assets				
	ARC	14AA	L&L	Eliminating Entry	Consolidated
Current Assets					
Cash and Cash Equivalents	$ 7,487,099	$ 422,074	$ 32,964	$ 0	$ 7,942,137
Accounts Receivable					
Funding	3,855,246	0	0	0	3,855,246
Subcontract	315,096	0	0	0	315,096
Miscellaneous	316,209	0	0	0	316,209
Due from Affiliates	8,094	8,271	0	(16,365)	0
Prepaid Expenses	378,237	45,684	2,863	0	426,784
Inventory	278,044	0	0	0	278,044
Investments	3,521,595	0	0	0	3,521,595
Total Current Assets	16,159,620	476,029	35,827	(16,365)	16,655,111
Property and Equipment					
Land	515,075	281,776	1,000	0	797,851
Buildings and Improvements	7,787,570	4,250,906	301,485	0	12,339,961
Furniture and Equipment	1,132,922	0	2,228	0	1,135,150
Vehicles	1,612,957	0	0	0	1,612,957
Total Property and Equipment	11,048,524	4,532,682	304,713	0	15,885,919
Accumulated Depreciation	6,657,888	3,278,381	286,205	0	10,222,474
Net Property and Equipment	4,390,636	1,254,301	18,508	0	5,663,445
Other Assets					
Intangible Assets	174,066	29,777	0	0	203,843
Accumulated Amortization	140,523	25,297	0	0	165,820
Net Intangible Assets	33,543	4,480	0	0	38,023
Goodwill	72,920	0	0	0	72,920
Total Other Assets	106,463	4,480	0	0	110,943
Total Assets	$ 20,656,719	$ 1,734,810	$ 54,335	$ (16,365)	$ 22,429,499

(Continued)

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2017

(Continued)

	Liabilities and Net Assets				
	ARC	14AA	L&L	Eliminating Entry	Consolidated
Current Liabilities					
Accounts Payable-Trade	$ 902,344	$ 2,500	$ 3,856	$ 0	$ 908,700
Accounts Payable - Other	495,290	0	0	0	495,290
Due to Affiliates	8,271	0	8,094	(16,365)	0
Accrued Liabilities	3,142,529	6,447	0	0	3,148,976
Deferred Revenue	646,957	0	0	0	646,957
Current Portion of Long-Term Debt	436,799	125,587	9,596	0	571,982
Current Portion of Capital Leases	283,899	0	0	0	283,899
Total Current Liabilities	5,916,089	134,534	21,546	(16,365)	6,055,804
Long-Term Liabilities					
Accounts Payable-Other	76,563	0	0	0	76,563
Workers' Compensation Liability	0	0	0	0	0
Long-Term Debt Less Current Portion	1,880,885	370,590	4,720	0	2,256,195
Capital Leases Less Current Portion	366,544	0	0	0	366,544
Total Long-Term Liabilities	2,323,992	370,590	4,720	0	2,699,302
Total Liabilities	8,240,081	505,124	26,266	(16,365)	8,755,106
Net Assets					
Without Donor Restriction	12,416,638	1,229,686	28,069	0	13,674,393
Total Net Assets	12,416,638	1,229,686	28,069	0	13,674,393
Total Liabilities and Net Assets	$ 20,656,719	$ 1,734,810	$ 54,335	$ (16,365)	$ 22,429,499

THE ARC, ONEIDA-LEWIS CHAPTER NYSARC & AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITY

For the Year Ended December 31, 2017

	ARC	14AA	L&L	Eliminating Entry	Consolidated
Revenues and Gains					
OPWDD	$ 1,130,477	$ 0	$ 0	$ 0	$ 1,130,477
Consumer Fees	1,693,775	0	0	0	1,693,775
County	50,001	0	0	0	50,001
Food Stamps Revenue	263,215	0	0	0	263,215
New York State Department of Education	389,138	0	0	0	389,138
Child Development Program	147,320	0	0	0	147,320
OMH	325,875	0	0	0	325,875
Medicaid	24,530,762	0	0	0	24,530,762
Subcontract	2,534,948	0	0	0	2,534,948
New York State NICIP Grant (Telemedicine)	59,574	0	0	0	59,574
Redemption Center Income	442,771	0	0	0	442,771
Contributions	105,258	0	0	0	105,258
Rent	0	257,631	64,780	(301,811)	20,600
Investment Return, Net	391,424	0	0	0	391,424
Other Supported Employment	711,468	0	0	0	711,468
Camp Fees	2,379	0	0	0	2,379
Interest Income	13,158	1,348	67	0	14,573
Gain on Disposition of Assets	32,297	0	0	0	32,297
Miscellaneous	218,178	0	0	0	218,178
Prior Year's Adjustments	232,745	0	0	0	232,745
Total Revenues and Gains	33,274,763	258,979	64,847	(301,811)	33,296,778
Expenses					
Program Services					
Residential	10,061,527	0	0	(54,944)	10,006,583
Community and Family	5,010,546	0	0	(28,336)	4,982,210
Children Services	183,082	0	0	0	183,082
Employment Solutions	7,305,635	0	0	(97,906)	7,207,729
Day Services	5,286,719	0	0	(56,320)	5,230,399
Transportation	1,693,086	0	0	0	1,693,086
Total Program Services	29,540,595	0	0	(237,506)	29,303,089
Supporting Services					
Holding Companies	0	231,862	50,313	0	282,175
Management and General	2,742,128	0	0	(64,305)	2,677,823
Total Expenses	32,282,723	231,862	50,313	(301,811)	32,263,087
Change in Net Assets	992,040	27,117	14,534	0	1,033,691
Net Assets, Beginning of Year	11,424,598	1,202,569	13,535	0	12,640,702
Net Assets, End of Year	$ 12,416,638	$ 1,229,686	$ 28,069	$ 0	$ 13,674,393

See Independent Auditor's Report.