

**THE ARC OF IROQUOIS COUNTY
Watseka, Illinois**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



TABLE OF CONTENTS

| | PAGE |
|--|--------------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses - Current Unrestricted Fund | 5 |
| Statement of Functional Expenses - Capital Fund | 6 |
| Statement of Cash Flows..... | 7 |
| Notes to Financial Statements | 8 |
| SUPPLEMENTARY INFORMATION | |
| 15 | |
| Schedule of Revenues by Source and Program - All Funds | 16 |
| Schedule of Expenses by Program - All Funds | 17 |
| Schedule of Revenues and Expenses by Program - All Funds | 18 |
| Schedule of Program Costs..... | 19 |
| Schedule of Program Revenues..... | 20 |
| Program Personnel (Hours Unaudited) | 21 |
| Program Consultant and Contractual (Hours Unaudited) | 22 |
| Report of Service Units/Days/Nights (Unaudited)..... | 23 |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 24 |



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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Arc of Iroquois County
Danville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of The Arc of Iroquois County, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc of Iroquois County as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Arc of Iroquois County's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was 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.

The accompanying 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, except for the nonfinancial information presented on pages 21-23 for which no work has been performed, has been subjected to the auditing procedures applied in the audit 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, except for the nonfinancial information presented on pages 21-23, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2017, on our consideration of The Arc of Iroquois County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of the effectiveness of the ARC of Iroquois County's internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Arc of Iroquois County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Danville, Illinois
October 3, 2017

THE ARC OF IROQUOIS COUNTY
STATEMENT OF FINANCIAL POSITION
June 30, 2017
With Comparative Totals for June 30, 2016

| | Current Fund | Trust Fund | Capital Fund | Endowment Fund | Total | |
|---|---------------------|-----------------|---------------------|-------------------|---------------------|---------------------|
| | | | | | 2017 | 2016 |
| ASSETS | | | | | | |
| Cash | \$ 803,663 | \$ 14,339 | \$ 296,980 | \$ - | \$ 1,114,982 | \$ 1,386,839 |
| Investments - perpetual trust | - | - | - | 597,151 | 597,151 | 579,444 |
| Grants and other receivables | 241,336 | - | - | - | 241,336 | 198,292 |
| Prepaid expense | 56,364 | - | - | - | 56,364 | 32,679 |
| Due (to)/from other funds | 1,615 | (5,276) | 3,661 | - | - | - |
| Property and equipment, net | - | - | 1,610,996 | - | 1,610,996 | 1,697,838 |
| TOTAL ASSETS | \$ 1,102,978 | \$ 9,063 | \$ 1,911,637 | \$ 597,151 | \$ 3,620,829 | \$ 3,895,092 |
| LIABILITIES | | | | | | |
| Accounts payable and other liabilities | \$ 11,613 | \$ - | \$ - | \$ - | \$ 11,613 | \$ 8,127 |
| Accrued payroll expense | 217,336 | - | - | - | 217,336 | 310,628 |
| Accrued paid time off | 183,959 | - | - | - | 183,959 | 154,668 |
| Liability for custodial fund | - | 9,063 | - | - | 9,063 | 6,918 |
| Total liabilities | 412,908 | 9,063 | - | - | 421,971 | 480,341 |
| NET ASSETS | | | | | | |
| Unrestricted: | | | | | | |
| Current | 685,689 | - | - | - | 685,689 | 794,275 |
| Designated: | | | | | | |
| Property and equipment | - | - | 1,911,637 | - | 1,911,637 | 2,003,627 |
| Total unrestricted net assets | 685,689 | - | 1,911,637 | - | 2,597,326 | 2,797,902 |
| Temporarily restricted | 4,381 | - | - | - | 4,381 | 4,381 |
| Permanently restricted | - | - | - | 597,151 | 597,151 | 612,468 |
| Total net assets | 690,070 | - | 1,911,637 | 597,151 | 3,198,858 | 3,414,751 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,102,978 | \$ 9,063 | \$ 1,911,637 | \$ 597,151 | \$ 3,620,829 | \$ 3,895,092 |

The accompanying notes are an integral part of the financial statements.

THE ARC OF IROQUOIS COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017
With Comparative Totals for Year Ended June 30, 2016

| | <u>Unrestricted</u> | | | <u>Temporarily</u> | <u>Permanently</u> | <u>Total</u> | |
|---|---------------------|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| | <u>Current</u> | <u>Capital</u> | <u>Total</u> | <u>Restricted</u> | <u>Restricted</u> | <u>2017</u> | <u>2016</u> |
| | | | | <u>Current</u> | <u>Endowment</u> | | |
| REVENUES, GAINS, AND OTHER SUPPORT | | | | | | | |
| Department of Human Services | \$ 5,121,256 | \$ - | \$ 5,121,256 | \$ - | \$ - | \$ 5,121,256 | \$ 5,260,345 |
| Department of Human Services/Medicaid | 67,166 | - | 67,166 | - | - | 67,166 | 82,119 |
| United Way | 18,000 | - | 18,000 | - | - | 18,000 | 18,000 |
| Board for the Developmentally Disabled | 477,885 | - | 477,885 | - | - | 477,885 | 460,265 |
| Department of Rehabilitation Services | 19,657 | - | 19,657 | - | - | 19,657 | 17,358 |
| Contributions | 50,989 | 30,300 | 81,289 | - | - | 81,289 | 124,290 |
| Individual fees | 22,778 | - | 22,778 | - | - | 22,778 | 25,489 |
| Third party payments | 493,279 | - | 493,279 | - | - | 493,279 | 525,726 |
| Interest on investments | 6,909 | 40,091 | 47,000 | - | - | 47,000 | 14,393 |
| Change in perpetual trust | - | - | - | - | (15,317) | (15,317) | (7,762) |
| Sale of goods and services | 22,472 | - | 22,472 | - | - | 22,472 | 37,254 |
| Miscellaneous | 7,667 | - | 7,667 | - | - | 7,667 | 1,327 |
| Total revenues, gains, and other support | <u>6,308,058</u> | <u>70,391</u> | <u>6,378,449</u> | <u>-</u> | <u>(15,317)</u> | <u>6,363,132</u> | <u>6,558,804</u> |
| EXPENSES | | | | | | | |
| Program services | 5,831,086 | 162,324 | 5,993,410 | - | - | 5,993,410 | 6,017,032 |
| Management and general | 585,558 | 57 | 585,615 | - | - | 585,615 | 556,021 |
| Fundraising | - | - | - | - | - | - | 281 |
| Total expenses | <u>6,416,644</u> | <u>162,381</u> | <u>6,579,025</u> | <u>-</u> | <u>-</u> | <u>6,579,025</u> | <u>6,573,334</u> |
| Excess of revenues, gains, and other support over expenses | <u>(108,586)</u> | <u>(91,990)</u> | <u>(200,576)</u> | <u>-</u> | <u>(15,317)</u> | <u>(215,893)</u> | <u>(14,530)</u> |
| CHANGE IN NET ASSETS | (108,586) | (91,990) | (200,576) | - | (15,317) | (215,893) | (14,530) |
| NET ASSETS, BEGINNING OF YEAR | <u>794,275</u> | <u>2,003,627</u> | <u>2,797,902</u> | <u>4,381</u> | <u>612,468</u> | <u>3,414,751</u> | <u>3,429,281</u> |
| NET ASSETS, END OF YEAR | <u>\$ 685,689</u> | <u>\$ 1,911,637</u> | <u>\$ 2,597,326</u> | <u>\$ 4,381</u> | <u>\$ 597,151</u> | <u>\$ 3,198,858</u> | <u>\$ 3,414,751</u> |

The accompanying notes are an integral part of the financial statements.

THE ARC OF IROQUOIS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES - CURRENT UNRESTRICTED FUND
Year Ended June 30, 2017
With Comparative Totals for Year Ended June 30, 2016

| | Individual and Family Support Unit <u>16</u> | Develop- mental Training <u>31</u> | Supported Employment Program <u>39</u> | Community Integrated Living Arrangement <u>60</u> | Respite <u>91</u> | Total Program Services | Management and General | Fundraising | <u>Total</u> 2017 | <u>Total</u> 2016 |
|---|---|---|---|--|------------------------------|---------------------------------------|-----------------------------------|--------------------|------------------------------|------------------------------|
| Salaries and wages | \$ 123,556 | \$ 738,541 | \$ 190,315 | \$ 2,908,475 | \$ 5,994 | \$ 3,966,881 | \$ 339,589 | \$ - | \$ 4,306,470 | \$ 4,444,131 |
| Employee health and other benefits | 20,604 | 269,490 | 75,816 | 644,847 | 72 | 1,010,829 | 94,075 | - | 1,104,904 | 930,344 |
| Payroll taxes | 9,126 | 52,841 | 13,211 | 213,505 | 444 | 289,127 | 22,541 | - | 311,668 | 345,485 |
| Worker's compensation insurance | 3,982 | 18,603 | 9,762 | 80,987 | 444 | 113,778 | - | - | 113,778 | 134,689 |
| Consultants/contractual | 1,726 | 687 | 50 | 25,958 | - | 28,421 | 44,354 | - | 72,775 | 57,387 |
| Individuals wages and fringe | - | 3,860 | 36,138 | - | - | 39,998 | - | - | 39,998 | 43,827 |
| Consumable supplies | 2,028 | 36,843 | 2,105 | 21,172 | 252 | 62,400 | 18,252 | - | 80,652 | 94,857 |
| Occupancy | 11,836 | 52,169 | 9,799 | 38,766 | 1,628 | 114,198 | 8,670 | - | 122,868 | 120,278 |
| Local transportation | 14,909 | 34,846 | 40,697 | 51,562 | 3,776 | 145,790 | 293 | - | 146,083 | 131,442 |
| Equipment purchased | - | 1,803 | - | 255 | - | 2,058 | - | - | 2,058 | 7,453 |
| Lease/rent | 319 | 9,468 | 362 | 5,972 | - | 16,121 | - | - | 16,121 | 13,533 |
| Miscellaneous | 2,949 | 14,350 | 1,611 | 22,007 | 568 | 41,485 | 57,784 | - | 99,269 | 95,404 |
| TOTAL CURRENT UNRESTRICTED FUND EXPENSES | \$ 191,035 | \$ 1,233,501 | \$ 379,866 | \$ 4,013,506 | \$ 13,178 | \$ 5,831,086 | \$ 585,558 | \$ - | \$ 6,416,644 | \$ 6,418,830 |

The accompanying notes are an integral part of the financial statements.

THE ARC OF IROQUOIS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES - CAPITAL FUND
Year Ended June 30, 2017
With Comparative Totals for Year Ended June 30, 2016

| | Individual and Family Support Unit <u>16</u> | Developmental Training <u>31</u> | Supported Employment Program <u>39</u> | Community Integrated Living Arrangement <u>60</u> | Respite <u>91</u> | Total Program Services | Management and General | Total <u>2017</u> | Total <u>2016</u> |
|--|--|--|---|---|----------------------|------------------------------|---------------------------|----------------------|----------------------|
| Depreciation | \$ 13,621 | \$ 53,241 | \$ 33,934 | \$ 59,949 | \$ 1,579 | \$ 162,324 | \$ - | \$ 162,324 | \$ 154,504 |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>57</u> | <u>57</u> | <u>-</u> |
| TOTAL CAPITAL FUND EXPENSES | <u>\$ 13,621</u> | <u>\$ 53,241</u> | <u>\$ 33,934</u> | <u>\$ 59,949</u> | <u>\$ 1,579</u> | <u>\$ 162,324</u> | <u>\$ 57</u> | <u>\$ 162,381</u> | <u>\$ 154,504</u> |

The accompanying notes are an integral part of the financial statements.

THE ARC OF IROQUOIS COUNTY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2017
With Comparative Totals for June 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (215,893) | \$ (14,530) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 162,324 | 154,504 |
| Change in perpetual trust | (17,707) | 7,762 |
| Effects of changes in operating assets and liabilities: | | |
| Grants and other receivables | (43,044) | (1,676) |
| Prepaid expense | (23,685) | 9,307 |
| Accounts payable and other liabilities | 3,486 | (3,467) |
| Accrued payroll expense | (93,292) | 42,344 |
| Accrued paid time off | 29,291 | 65,525 |
| Liability for custodial fund | <u>2,145</u> | <u>(499)</u> |
| Net cash provided (used) by operating activities | <u>(196,375)</u> | <u>259,270</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | <u>(75,482)</u> | <u>(180,153)</u> |
| Net cash used by investing activities | <u>(75,482)</u> | <u>(180,153)</u> |
| NET INCREASE (DECREASE) IN CASH | (271,857) | 79,117 |
| CASH, BEGINNING OF YEAR | <u>1,386,839</u> | <u>1,307,722</u> |
| CASH, END OF YEAR | <u>\$ 1,114,982</u> | <u>\$ 1,386,839</u> |

The accompanying notes are an integral part of the financial statements.

THE ARC OF IROQUOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Arc of Iroquois County (the Association) was incorporated September 21, 1953 under the *General Not For Profit Corporation Act* of Illinois. The Association has been ruled exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Association was organized to educate the public as to the meaning and implication of developmental disabilities, as well as organize and maintain a school for the training and education of people with developmental disabilities in Iroquois County. The Association's fiscal year ends on June 30. The Association's primary sources of revenue are state government grants and fees, with 82% of their revenue coming from the Department of Human Services. The Association's primary programs consist of community living arrangements (70%) and developmental training (20%). Significant accounting policies followed by the Association are presented below.

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates in Preparing Financial Statements

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

Fund Accounting and Net Assets

The accompanying financial statements reflect the fund accounting approach to financial reporting. The accompanying financial statements segregate the Association resources into separate and distinct funds based upon the uses and the disposition of the resources. Generally accepted accounting principles require these funds to be presented into net asset categories that distinguish between the restrictions imposed upon the funds.

Current unrestricted net assets include the current unrestricted and capital funds which include resources which bear no externally imposed restrictions concerning use or purpose. The Board of Directors has discretionary control over the use of these funds in operating the organization in accordance with the limitations of its charter and by-laws. Within unrestricted net assets the Board may designate portions of these resources for specific purposes, projects, or investments. It should be recognized that the Board of Directors has the authority to change or reverse its own action. Accordingly, amounts designated by the board for specific purposes are not included with donor-restricted funds and the term "restricted" is not used in connection with them.

Restricted net assets include the current temporarily restricted fund accounts which include all resources for which donor-imposed time and purpose restrictions have not yet been met and the ultimate purpose of the contribution is not permanently restricted. Such restricted funds do not include grant revenue subject to program restrictions, as these funds are considered unrestricted funds subject to grant requirements.

THE ARC OF IROQUOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting and Net Assets (Continued)

The Trust Fund accounts for all assets received by the Association which are held and disbursed only on specified instructions based on the purposes for which they were received.

Permanently restricted net assets include the Endowment Fund, which accounts for the principal amount of a bequest accepted by the Association with the stipulation by the donor that the principal be maintained intact in perpetuity. Income from this fund is not restricted and is, therefore, recorded as current unrestricted fund income.

Investments – Perpetual Trust

Contributions received under perpetual trust agreements are recorded at their fair value when received as permanently restricted contributions. The change in fair value is recorded as change in permanently restricted activity. Income received from the trust will be recorded as unrestricted interest on investments.

Grant Receivables and Other Receivables

The Association receives support from various agencies in the form of grants and fee for service arrangements. Receivables related to fee for service arrangements are carried at the original invoiced or billed amounts and primarily represent amounts due from the State of Illinois, but also includes amounts due from various other third party payers. Such receivables are written off when determined uncollectible. These receivables are not collateralized or secured but are considered fully collectible.

Property and Equipment

All property and equipment additions greater than \$500 are capitalized at cost when acquired by purchase or at its fair market value if donated to the Association, are accumulated in the Capital Fund, and are depreciated over their estimated useful lives using the straight-line method. The following breaks down the categories of property and equipment and the range of their useful lives:

| | |
|-------------------------|---------------|
| Land improvements | 3 – 33 years |
| Buildings | 20 – 34 years |
| Building improvements | 5 – 20 years |
| Furniture and equipment | 3 – 25 years |
| Vehicles | 5 years |

THE ARC OF IROQUOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

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

Functional Expenses

The Association allocates its expenses among its various programs on a functional basis. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to each program using a systematic and rational method.

Revenue Recognition

Income from funding sources is recognized as grant revenue over the period of the grant and as services is provided over the grant period. Client fees are recognized as revenue when services are provided.

Advertising

Advertising costs are expensed as incurred.

Restricted Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes would be reported as temporarily restricted or permanently restricted support in those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, The ARC of Iroquois County reports the support as unrestricted.

NOTE 2 - COMPARATIVE TOTALS

The financial statements include certain summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2016 from which the summarized information was derived.

THE ARC OF IROQUOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 – INVESTMENTS – PERPETUAL TRUST

In determining fair value, the Association uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The fair value measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value measurement framework defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant input or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The preceding method 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 Association believes its valuation methods are appropriate and consistent with other marked 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 Association receives periodic cash distributions from the Margaret Buckner Fay Trust/Will, which is included in the Endowment Fund. In accordance with the Trust agreement, the principal is retained by the Trust in perpetuity with the income being distributed quarterly. The Trust value as of June 30, 2017 was \$597,151. The fair value of the trust is estimated using the fair value of the assets held in the trust reported by the trustee as of June 30, 2017. The Association considers the measurement of its perpetual trust to be a Level 3 measurement.

**THE ARC OF IROQUOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 3 – INVESTMENTS – PERPETUAL TRUSTS (CONTINUED)

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | <u>Fair Value Measurements Using</u> | | <u>Total</u> |
|-----------------|---|--|--|---------------------|
| | | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Perpetual Trust | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 597,151</u> | <u>\$ 597,151</u> |

| | <u>Perpetual Trust</u> |
|-------------------------|-------------------------------|
| Balance – July 1, 2016 | \$ 579,444 |
| Unrealized gain | <u>17,707</u> |
| Balance – June 30, 2017 | <u>\$ 597,151</u> |

NOTE 4 - GRANTS AND OTHER RECEIVABLES

Grants and other receivables at June 30, 2017 consist of the following:

| | <u>Current Fund</u> |
|---------------------------------|----------------------------|
| Third parties – CILA | \$ 89,057 |
| DHS – Purchase of service | 95,301 |
| DHS – Supported Living Services | 50,437 |
| Miscellaneous | <u>6,541</u> |
| Total | <u>\$ 241,336</u> |

THE ARC OF IROQUOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - PROPERTY AND EQUIPMENT

The following details property and equipment as of June 30, 2017:

| | |
|-------------------------------|-----------------------------------|
| Land improvements | \$ 334,947 |
| Buildings | 1,380,980 |
| Building improvements | 1,033,055 |
| Furniture and equipment | 893,897 |
| Vehicles | <u>458,786</u> |
| Total, at cost | 4,101,665 |
| Less accumulated depreciation | <u>2,567,885</u> |
| | 1,533,780 |
| Land | <u>77,216</u> |
| Total | <u><u>\$ 1,610,996</u></u> |

NOTE 6 - CONTINGENCIES AND FINANCIAL DEPENDENCY

Under the terms of state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to grantor agencies. The Association's management believes the disallowance, if any, would be immaterial.

The Association's operations depend significantly upon reimbursement under these grants and funding arrangements.

NOTE 7 - EMPLOYEE BENEFIT PLANS

The Association maintains a flexible benefit plan for its employees. The Association makes no contributions to this plan. Any excess employee contributions at year-end revert to the Plan. The account balance totaled \$5,282 as of June 30, 2017 and is included in the liability for custodial funds.

The Association maintains a 403(b) plan on behalf of its employees. The Association makes no contributions to this plan.

NOTE 8 - SELF INSURANCE

Accounting principles generally accepted in the United States of America require disclosure about certain significant estimates.

The Association uses the reimbursement method for unemployment compensation benefits. The Association estimated no significant claims were outstanding at the end of the fiscal year.

THE ARC OF IROQUOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9 - LINE OF CREDIT

The Association has a \$300,000 line of credit available at First Trust and Savings Bank which bears interest on the balances drawn at 5.75%, is secured by real property, and matures February 22, 2018. At June 30, 2017, the Association did not have an outstanding balance.

NOTE 10 - MISCELLANEOUS EXPENSE

The breakdown of miscellaneous expense of \$99,269 included in the statement of functional expenses – current unrestricted fund is as follows:

| | |
|----------------------------|-------------------------|
| Telephone and computer | \$ 20,988 |
| Staff training | 10,919 |
| Meals and staff activities | 17,766 |
| Subscriptions | 265 |
| Postage and shipping | 3,512 |
| Printing | 3,866 |
| Membership and dues | 15,129 |
| Liability insurance | 25,372 |
| Want ads | <u>1,452</u> |
| Total | <u>\$ 99,269</u> |

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

The Association maintains its cash accounts primarily with banks located in Watseka, Illinois. As of June 30, 2017, balances in the Association's deposit accounts are insured by the FDIC up to \$250,000 per depositor per bank. As of June 30, 2017, the Association's bank balances were fully insured by the FDIC or collateralized.

NOTE 12 - SUBSEQUENT EVENTS

Management evaluated subsequent events through October 3, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to October 3, 2017 that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2017.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

THE ARC OF IROQUOIS COUNTY
SCHEDULE OF REVENUES BY SOURCE AND PROGRAM - ALL FUNDS
Year Ended June 30, 2017

| | Total Agency Revenue | Unallocated Revenue | Total DHS Grant Funded Revenue | Total Program Non-DHS Grant Funded | Non-DHS Grant Funded | | | | |
|--|----------------------|---------------------|--------------------------------|------------------------------------|---------------------------------------|---------------------------------|---------------------------|--|------------------|
| | | | | | Individual and Family Support Unit 16 | Supported Employment Program 39 | Developmental Training 31 | Community Integrated Living Arrangement 60 | Respite 91 |
| FEES FOR SERVICE | | | | | | | | | |
| Department of Human Services | \$ 5,121,256 | \$ - | \$ - | \$ 5,121,256 | \$ 155,715 | \$ 222,335 | \$ 929,860 | \$ 3,812,761 | \$ 585 |
| Department of Human Services/Medicaid | 67,166 | - | - | 67,166 | 379 | - | 4,822 | 61,965 | - |
| Third party payments | 493,279 | - | - | 493,279 | - | - | - | 493,279 | - |
| Department of Rehabilitation Services | 19,657 | - | - | 19,657 | - | 19,657 | - | - | - |
| Individual/family payments | 22,778 | - | - | 22,778 | - | 11,856 | 10,922 | - | - |
| Total fees for service | 5,724,136 | - | - | 5,724,136 | 156,094 | 253,848 | 945,604 | 4,368,005 | 585 |
| GRANTS | | | | | | | | | |
| United Way | 18,000 | - | - | 18,000 | - | 18,000 | - | - | - |
| Board for the Developmentally Disabled | 477,885 | 477,885 | - | - | - | - | - | - | - |
| Total grants | 495,885 | 477,885 | - | 18,000 | - | 18,000 | - | - | - |
| OTHER SOURCES | | | | | | | | | |
| Contributions - unrestricted | 81,289 | 59,703 | - | 21,586 | 604 | - | 392 | 120 | 20,470 |
| Investment income | 31,683 | 31,683 | - | - | - | - | - | - | - |
| Sale of goods and services | 22,472 | - | - | 22,472 | - | 7,198 | 15,274 | - | - |
| Miscellaneous | 7,667 | 7,667 | - | - | - | - | - | - | - |
| Total other sources | 143,111 | 99,053 | - | 44,058 | 604 | 7,198 | 15,666 | 120 | 20,470 |
| TOTAL REVENUE | \$ 6,363,132 | \$ 576,938 | \$ - | \$ 5,786,194 | \$ 156,698 | \$ 279,046 | \$ 961,270 | \$ 4,368,125 | \$ 21,055 |

THE ARC OF IROQUOIS COUNTY
SCHEDULE OF EXPENSES BY PROGRAM - ALL FUNDS
Year Ended June 30, 2017

| | Total Agency Expenses | Unallocated | Total DHS Grant Funded | Total Program Non-DHS Grant Funded | Individual and Family Support Unit 16 | Supported Employment Program 39 | Developmental Training 31 | Community Integrated Living Arrangement 60 | Respite 91 |
|---|-----------------------------|--------------|---------------------------------|--|--|--|---------------------------------|--|------------------|
| Employee's salaries and wages | \$ 4,306,470 | \$ - | \$ - | \$ 4,306,470 | \$ 134,151 | \$ 208,381 | \$ 801,603 | \$ 3,155,662 | \$ 6,673 |
| Employee's fringe benefits | 1,530,350 | - | - | 1,530,350 | 37,350 | 104,993 | 362,590 | 1,024,225 | 1,192 |
| Individual wages and fringe benefits | 39,998 | - | - | 39,998 | - | 36,138 | 3,860 | - | - |
| Consultants/contractual | 72,775 | - | - | 72,775 | 3,110 | 2,410 | 8,924 | 58,242 | 89 |
| Consumable supplies | 80,652 | - | - | 80,652 | 2,597 | 3,076 | 40,232 | 34,458 | 289 |
| Occupancy | 122,868 | - | - | 122,868 | 12,107 | 10,260 | 53,779 | 45,077 | 1,645 |
| Local transportation | 146,083 | - | - | 146,083 | 14,918 | 40,713 | 34,900 | 51,775 | 3,777 |
| Non-capitalized equipment | 2,058 | - | - | 2,058 | - | - | 1,803 | 255 | - |
| Lease/rent | 16,121 | - | - | 16,121 | 319.00 | 362.00 | 9,468 | 5,972 | - |
| Other operating fund expenses | 99,270 | - | - | 99,270 | 4,753 | 4,685 | 25,080 | 64,068 | 684 |
| Total operating fund expenses | 6,416,645 | - | - | 6,416,645 | 209,305 | 411,018 | 1,342,239 | 4,439,734 | 14,349 |
| Depreciation | 162,324 | - | - | 159,861 | 13,621 | 33,934 | 53,241 | 57,328 | 1,737 |
| Miscellaneous | 57 | 57 | - | - | - | - | - | - | - |
| Total operating and capital fund expenses | 6,579,026 | 57 | - | 6,576,506 | 222,926 | 444,952 | 1,395,480 | 4,497,062 | 16,086 |
| Less: | | | | | | | | | |
| Costs of production included in total operating expenses | 185,035 | - | 86,364 | 98,671 | - | - | 98,671 | - | - |
| TOTAL | \$ 6,393,991 | \$ 57 | \$ (86,364) | \$ 6,477,835 | \$ 222,926 | \$ 444,952 | \$ 1,296,809 | \$ 4,497,062 | \$ 16,086 |

Net investment in fixed assets \$ 1,610,996

THE ARC OF IROQUOIS COUNTY
SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM - ALL FUNDS
Year Ended June 30, 2017

| | <u>Total Agency</u> | <u>Unallocated</u> | <u>Individual and Family Support Unit 16</u> | <u>Developmental Training 31</u> | <u>Supported Employment Program 39</u> | <u>Community Integrated Living Arrangement 60</u> | <u>Respite 91</u> |
|--|-------------------------|--------------------|--|--|--|---|-----------------------|
| REVENUES | | | | | | | |
| Fees for service | \$ 5,724,136 | \$ - | \$ 156,094 | \$ 945,604 | \$ 253,848 | \$ 4,368,005 | \$ 585 |
| Grants | 495,885 | 477,885 | - | - | 18,000 | - | - |
| Other | 143,111 | 99,053 | 604 | 15,666 | 7,198 | 120 | 20,470 |
| Total revenues | <u>6,363,132</u> | <u>576,938</u> | <u>156,698</u> | <u>961,270</u> | <u>279,046</u> | <u>4,368,125</u> | <u>21,055</u> |
| EXPENSES | | | | | | | |
| Employee's salaries and wages | 4,306,470 | - | 134,151 | 801,603 | 208,381 | 3,155,662 | 6,673 |
| Employee's fringe benefits | 1,530,350 | - | 37,350 | 362,590 | 104,993 | 1,024,225 | 1,192 |
| Individual wages and fringe benefits | 39,998 | - | - | 3,860 | 36,138 | - | - |
| Consultants/contractual | 72,775 | - | 3,110 | 8,924 | 2,410 | 58,242 | 89 |
| Consumable supplies | 80,652 | - | 2,597 | 40,232 | 3,076 | 34,458 | 289 |
| Occupancy | 122,868 | - | 12,107 | 53,779 | 10,260 | 45,077 | 1,645 |
| Local transportation | 146,083 | - | 14,918 | 34,900 | 40,713 | 51,775 | 3,777 |
| Non-capitalized equipment | 2,058 | - | - | 1,803 | - | 255 | - |
| Lease/rent | 16,121 | - | 319 | 9,468 | 362 | 5,972 | - |
| Other operating fund expenses | 99,269 | - | 4,753 | 25,080 | 4,685 | 64,068 | 683 |
| Fundraising | - | - | - | - | - | - | - |
| Miscellaneous | 57 | 57 | - | - | - | - | - |
| Depreciation | 162,324 | - | 13,621 | 53,241 | 33,934 | 59,949 | 1,579 |
| Total expenses | <u>6,579,025</u> | <u>57</u> | <u>222,926</u> | <u>1,395,480</u> | <u>444,952</u> | <u>4,499,683</u> | <u>15,927</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ (215,893)</u> | <u>\$ 576,881</u> | <u>\$ (66,228)</u> | <u>\$ (434,210)</u> | <u>\$ (165,906)</u> | <u>\$ (131,558)</u> | <u>\$ 5,128</u> |

THE ARC OF IROQUOIS COUNTY
SCHEDULE OF PROGRAM COSTS
June 30, 2017
(See Independent Auditors' Report)

| Line # | Account Title | Agency Total | All Other Not Allocated | Developmental Training 31U | Supported Employment Program 390,39G,39U | Community Integrated Living Arrangement 24 Hour 60D | Home Based 55A | Respite 87D |
|--|---|--------------|-------------------------|----------------------------|--|---|----------------|-------------|
| Program Expenses: | | | | | | | | |
| 1. | Program staff salaries | 3,362,860 | - | 737,952 | 176,103 | \$2,321,738 | 121,223 | 5,844 |
| 2. | Program clerical staff salaries | - | - | - | - | - | - | - |
| 3. | Program staff payroll taxes and fringe benefits | 1,213,792 | - | 334,088 | 88,718 | 756,114 | 33,821 | 1,051 |
| 4. | Program consultants | 10,280 | - | 480 | - | 8,097 | 1,703 | - |
| 5. | Consumer wages and fringe benefits | 39,998 | - | 3,860 | 36,138 | - | - | - |
| 6. | Medicine and drugs | 23,711 | - | 11,210 | 243 | 12,155 | 93 | 10 |
| 7. | All other direct service equipment and supplies | 18,907 | - | 11,515 | 502 | 6,596 | 280 | 14 |
| 8. | Staff transportation | 3,544 | - | 61 | 101 | 1,102 | 1,927 | 353 |
| 9. | Client transportation | 142,539 | - | 34,840 | 40,612 | 50,672 | 12,991 | 3,424 |
| 10. | Transportation to/from school | - | - | - | - | - | - | - |
| 11. | Direct service staff conferences and conventions | 21,496 | - | 5,047 | 627 | 13,557 | 2,201 | 64 |
| 12. | Program insurance | 25,372 | - | 4,711 | 1,350 | 18,467 | 793 | 51 |
| 13. | Direct client specific assistance | - | - | - | - | - | - | - |
| 14. | Telecommunication costs assigned to program | 17,703 | - | 7,983 | 1,162 | 7,398 | 649 | 511 |
| 15. | Foster care payments | - | - | - | - | - | - | - |
| 16. | Other (specify) | 57 | 57 | - | - | - | - | - |
| 17. | Total program expenses (Sum lines 1-16) | 4,880,259 | 57 | 1,151,747 | 345,556 | 3,195,896 | 175,681 | 11,322 |
| Support expenses: | | | | | | | | |
| 18. | Support salaries | 501,430 | - | - | - | 501,430 | - | - |
| 19. | Support payroll taxes and fringe benefits | 162,264 | - | - | - | 162,264 | - | - |
| 20. | Food and dietary supplies | 5,169 | - | 5,150 | - | - | 19 | - |
| 21. | Housekeeping, laundry supplies | 16,439 | - | 9,219 | 1,386 | 3,907 | 1,686 | 241 |
| 22. | Other (specify) | - | - | - | - | - | - | - |
| 23. | Total support expenses (Sum lines 18-22) | 685,302 | - | 14,369 | 1,386 | 667,601 | 1,705 | 241 |
| Occupancy expenses: | | | | | | | | |
| 24. | Occupancy salaries | 35,934 | - | 1,056 | 14,345 | 17,967 | 2,411 | 155 |
| 25. | Occupancy payroll taxes and fringe benefits | 14,325 | - | 490 | 7,293 | 5,844 | 673 | 26 |
| 26. | Building & equipment operations and maintenance | 122,868 | - | 53,779 | 10,260 | 45,077 | 12,107 | 1,645 |
| 27. | Vehicle depreciation | 63,211 | - | 215 | 25,866 | 32,686 | 4,210 | 234 |
| 28. | All other depreciation and amortization | 99,113 | - | 53,026 | 8,068 | 27,262 | 9,412 | 1,345 |
| 29. | Vehicle rent | - | - | - | - | - | - | - |
| 30. | All other lease/rent/taxes | 16,121 | - | 9,468 | 362 | 5,972 | 319 | - |
| 31. | Equipment under \$500 | 2,058 | - | 1,803 | - | 255 | - | - |
| 32. | Mortgage & installment interest | - | - | - | - | - | - | - |
| 33. | Operating interest | - | - | - | - | - | - | - |
| 34. | Other (specify) Loss on disposal of asset | - | - | - | - | - | - | - |
| 35. | Total occupancy expenses (Sum lines 24-34) | 353,630 | - | 119,837 | 66,194 | 135,063 | 29,132 | 3,405 |
| Administrative and Office expenses: | | | | | | | | |
| 36. | Administrative salaries | 406,246 | - | 62,594 | 17,932 | 314,530 | 10,516 | 674 |
| 37. | Administrative payroll taxes and fringe benefits | 139,969 | - | 28,010 | 8,984 | 100,004 | 2,855 | 116 |
| 38. | Administrative Consultants | 62,495 | - | 8,443 | 2,409 | 50,148 | 1,407 | 88 |
| 39. | Telecommunications costs not assigned to program | 3,284 | - | 610 | 175 | 2,391 | 102 | 6 |
| 40. | Office supplies and equipment | 16,425 | - | 3,140 | 945 | 11,799 | 519 | 22 |
| 41. | Allocation of Management and General (G&A) | - | - | - | - | - | - | - |
| 42. | Other (specify) Miscellaneous/Various | 31,415 | - | 6,730 | 1,371 | 22,252 | 1,009 | 53 |
| 43. | Total administrative expenses (Sum lines 36-42) | 659,834 | - | 109,527 | 31,816 | 501,124 | 16,408 | 959 |
| 44. | Total expenses (Sum lines 17,23,35,43) | 6,579,026 | 57 | 1,395,480 | 444,952 | 4,499,683 | 222,926 | 15,928 |
| Non-reimbursable expenses: | | | | | | | | |
| 45. | Depreciation on DMHDD funded capital assets included above | - | - | - | - | - | - | - |
| 46. | Cost of Production and Workshop Client Wages included above | 86,364 | - | 86,364 | - | - | - | - |
| 47. | Other (Specify) Miscellaneous/Various | 4,373 | - | 1,546 | 181 | 2,472 | 167 | 7 |
| 48. | Total non-reimbursable expenses (Sum lines 45-47) | 90,737 | - | 87,910 | 181 | 2,472 | 167 | 7 |
| 49. | Net expenses (Line 44 minus Line 48) | \$ 6,488,288 | \$ 57 | \$ 1,307,570 | \$ 444,771 | \$ 4,497,211 | \$ 222,759 | \$ 15,921 |

THE ARC OF IROQUOIS COUNTY
 SCHEDULE OF PROGRAM REVENUES
 Year Ended June 30, 2017
 (See Independent Auditors' Report)

| Line # | Account Title | Agency Total | All Other Not Allocated | Developmental Training 31U | Supported Employment Program 390,39G,39U | Community Integrated Living Arrangement 24 Hour 60D | Home Based 55A | Respite 87D |
|--|---|---------------------|----------------------------|----------------------------------|---|--|-------------------|------------------|
| REVENUES: | | | | | | | | |
| Fees & Purchase of Service: | | | | | | | | |
| 1. | Department of Aging | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| 2. | Department of Children and Family Services | - | - | - | - | - | | |
| 3. | Department of Corrections | - | - | - | - | - | | |
| 4. | Medicaid Rehabilitation Option (MRO) Payments | - | - | - | - | - | | |
| 5. | Department of Human Services | 5,121,254 | - | 929,860 | 222,335 | 3,812,761 | 155,713 | 585 |
| 6. | Department of Public Aid | 67,166 | - | 4,822 | - | 61,965 | 379 | |
| 7. | Department of Public Health | - | - | - | - | - | | |
| 8. | Local education agency | - | - | - | - | - | | |
| 9. | Local government | - | - | - | - | - | | |
| 10. | Federal government | - | - | - | - | - | | |
| 11. | Other government agencies | - | - | - | - | - | | |
| 12. | Client/family program fees (including SSI, SSA, pensions, etc.) | 515,057 | - | 9,922 | 11,856 | 493,279 | | |
| 13. | Special service fees for individual clients | 1,000 | - | 1,000 | - | - | | |
| 14. | Diagnostic service fees | - | - | - | - | - | | |
| 15. | Other (specify) DHS/DORS | 19,657 | - | - | 19,657 | - | | |
| 16. | Total Fees & Purchase of Service (lines 1-15) | <u>5,724,134</u> | <u>-</u> | <u>945,604</u> | <u>253,848</u> | <u>4,368,005</u> | <u>156,092</u> | <u>585</u> |
| Grant Revenues: | | | | | | | | |
| 17. | Department of Aging | - | - | - | - | - | | |
| 18. | Department of Children and Family Services | - | - | - | - | - | | |
| 19. | Department of Corrections | - | - | - | - | - | | |
| 20. | Donated/Certified Funds Initiative (DFI/CFI) | - | - | - | - | - | | |
| 21. | Department of Human Services | - | - | - | - | - | | |
| 22. | Department of Public Aid | - | - | - | - | - | | |
| 23. | Department of Public Health | - | - | - | - | - | | |
| 24. | Local education agency | - | - | - | - | - | | |
| 25. | Local government awards | 495,885 | 477,885 | - | 18,000 | - | | |
| 26. | Federal government awards | - | - | - | - | - | | |
| 27. | Other government awards | - | - | - | - | - | | |
| 28. | JTPA/CETA | - | - | - | - | - | | |
| 29. | Other (specify) | - | - | - | - | - | | |
| 30. | Total Grant Revenues (lines 17-29) | <u>495,885</u> | <u>477,885</u> | <u>-</u> | <u>18,000.00</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contributions & Other: | | | | | | | | |
| 31. | Restricted to operations | - | - | - | - | - | | |
| 32. | Restricted to capital | - | - | - | - | - | | |
| 33. | Unrestricted | 81,290 | 59,703 | 391 | - | 120 | 606 | 20,470 |
| 34. | Contributions - goods & services | - | - | - | - | - | | |
| 35. | Child/Adult Food Programs (school meals, commodities) | - | - | - | - | - | | |
| 36. | School Transportation Payments (to/from school) | - | - | - | - | - | | |
| 37. | Sales of Goods and Services | 22,473 | - | 15,275 | 7,198 | - | | |
| 38. | Rent Income | 990 | 990 | - | - | - | | |
| 39. | Gain on Sale of Assets | - | - | - | - | - | | |
| 40. | Cafeteria and Vending Machine | - | - | - | - | - | | |
| 41. | Other (specify) Dues & Miscellaneous | 7,667 | 7,667 | - | - | - | | |
| 42. | Total Contributions & Other (lines 31-41) | <u>112,420</u> | <u>68,360</u> | <u>15,666</u> | <u>7,198</u> | <u>120</u> | <u>606</u> | <u>20,470</u> |
| Investment Income: | | | | | | | | |
| 43. | Income on restricted assets/investments | - | - | - | - | - | | |
| 44. | Income on unrestricted assets/investments | 30,693 | 30,693 | - | - | - | | |
| 45. | Total Investment Income (lines 43 & 44) | <u>30,693</u> | <u>30,693</u> | <u>-</u> | <u>-</u> | <u>-</u> | | |
| 46. | TOTAL REVENUES | <u>\$ 6,363,132</u> | <u>\$ 576,938</u> | <u>\$ 961,270</u> | <u>\$ 279,046</u> | <u>\$ 4,368,125</u> | <u>\$ 156,698</u> | <u>\$ 21,055</u> |

THE ARC OF IROQUOIS COUNTY
PROGRAM PERSONNEL
Year Ended June 30, 2017
(See Independent Auditors' Report)
(Hours Unaudited)

| Line # | Program Staff Positions | Total Agency | | | | DEVELOPMENTAL TRAINING (31U) | | EMPLOYMENT PROGRAM (390,39G,39U) | | LIVING ARRANGEMENT 24 HOUR (60D) | |
|--------|--|----------------|---------------------|------------|-------------------------|------------------------------|-------------------|----------------------------------|-------------------|----------------------------------|---------------------|
| | | Total Hours | Total Amount Paid | Head Count | All Other Not Allocated | Percent Allocated | Total Amount Paid | Percent Allocated | Total Amount Paid | Percent Allocated | Total Amount Paid |
| 1. | Audiologist | - | \$ - | - | \$ - | | \$ - | | \$ - | | \$ - |
| 2. | Behavior Therapist | - | - | - | - | | - | | - | | - |
| 3. | Dietary Technician | - | - | - | - | | - | | - | | - |
| 4. | Dietician | - | - | - | - | | - | | - | | - |
| 5. | Habilitation Aide/Child-Care Aide | 129,414 | 1,206,066 | 168 | - | 0.1% | 731 | 0.0% | - | 99.9% | 1,205,335 |
| 6. | Habilitation Professional or supervisory staff | 49,312 | 561,306 | 34 | - | 0.0% | - | 0.0% | - | 100.0% | 561,306 |
| 7. | LPN | 4,654.25 | 90,398.00 | 3.00 | - | 47.9% | 43,292.00 | 0.0% | - | 52.1% | 47,106.00 |
| 8. | Occupational Therapist | - | - | - | - | | - | | - | | - |
| 9. | Physical Therapist | - | - | - | - | | - | | - | | - |
| 10. | Physician | - | - | - | - | | - | | - | | - |
| 11. | Principal | 2,209 | 59,034 | 1 | - | 100.0% | 59,034 | 0.0% | - | 0.0% | - |
| 12. | Program Director | - | - | - | - | | - | | - | | - |
| 13. | Program Clerical Staff | - | - | - | - | | - | | - | | - |
| 14. | Psychiatrist | - | - | - | - | | - | | - | | - |
| 15. | Psychologist | - | - | - | - | | - | | - | | - |
| 16. | Recreation Staff | - | - | - | - | | - | | - | | - |
| 17. | RN | 9,084 | 190,631 | 6 | - | -2.7% | (5,223) | 0.0% | - | 102.7% | 195,854 |
| 18. | Social Worker | 22,044 | 350,822 | 12 | 102,133 | 2.0% | 6,981 | 0.2% | 757 | 68.7% | 240,951 |
| 19. | Speech Therapist | - | - | - | - | | - | | - | | - |
| 20. | Substance Abuse Counselor/Professional | - | - | - | - | | - | | - | | - |
| 21. | Substance Abuse Paraprofessional | - | - | - | - | | - | | - | | - |
| 22. | Teacher | 9,377 | 157,615 | 4 | - | 100.0% | 157,615 | 0.0% | - | 0.0% | - |
| 23. | Teacher Aide | - | - | - | - | | - | | - | | - |
| 24. | Vocational Staff (including Job Coach, workshop staff, etc.) | 67,859 | 642,104 | 55 | - | 72.7% | 466,758 | 27.3% | 175,346 | 0.0% | - |
| 25. | Other Academic Instruction | - | - | - | - | | - | | - | | - |
| 26. | Other Medical Care | - | - | - | - | | - | | - | | - |
| 27. | Other Habilitation/Rehabilitation | 10,643 | 102,353 | 77 | 24,934 | 6.1% | 6,233 | 0.0% | - | 69.5% | 71,186 |
| 28. | Other Substance Abuse | - | - | - | - | | - | | - | | - |
| 29. | All Other Direct Program Staff Not Requiring Specification | 264 | 2,531 | 4 | - | 100.0% | 2,531 | 0.0% | - | 0.0% | - |
| 30. | TOTAL ALL POSITIONS | <u>304,862</u> | <u>\$ 3,362,860</u> | <u>364</u> | <u>\$ 127,067</u> | | <u>\$ 737,952</u> | | <u>\$ 176,103</u> | | <u>\$ 2,321,738</u> |

Totals must equal the sum of lines 1 and 2 of the Schedule of Program Costs

Number of hours (excluding overtime) in a standard work week - 40

| | | | | | | | | | | | |
|-----|---|---------------|-------------------|-----------|-------------|------|-----------------|--------|-------------------|-------|-------------------|
| 31. | Mental Health Professional (MHP) | - | \$ - | - | - | | \$ - | | \$ - | | \$ - |
| 32. | Qualified Mental Health Prof. (QMHP) | - | - | - | - | | - | | - | | - |
| 33. | Qualified Mental Retardation Prof. (QMRP) | 15,219 | 248,689 | 9 | - | 2.8% | 6,981 | 0.3% | 757 | 96.9% | 240,951 |
| 34. | Rehabilitative Services Associate (RSA) | - | - | - | - | | - | | - | | - |
| 35. | Supported Employment Job Coach | 15,332 | 138,357 | 12 | - | 0.0% | - | 100.0% | 138,357 | 0.0% | - |
| | TOTAL ALL POSITIONS | <u>30,552</u> | <u>\$ 387,046</u> | <u>21</u> | <u>\$ -</u> | | <u>\$ 6,981</u> | | <u>\$ 139,114</u> | | <u>\$ 240,951</u> |

THE ARC OF IROQUOIS COUNTY
PROGRAM CONSULTANT AND CONTRACTUAL
Year Ended June 30, 2017
(See Independent Auditors' Report)
(Hours Unaudited)

| Line # | Program Staff Positions | Total Agency | | All Other Not Allocated | DEVELOPMENTAL TRAINING (31U) | | EMPLOYMENT PROGRAM (390,39G,39U) | | LIVING ARRANGEMENT 24 HOUR (60D) | |
|--------|--|----------------|----------------------|----------------------------|---------------------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|----------------------|
| | | Total Hours | Total Amount Paid | | Percent Allocated | Total Amount Paid | Percent Allocated | Total Amount Paid | Percent Allocated | Total Amount Paid |
| 1. | Audiologist | - | \$ - | - | \$ - | - | \$ - | - | \$ - | |
| 2. | Behavior Therapist | - | - | - | - | - | - | - | - | |
| 3. | Dietary Technician | - | - | - | - | - | - | - | - | |
| 4. | Dietician | - | - | - | - | - | - | - | - | |
| 5. | Habilitation Aide/Child-Care Aide | - | - | - | - | - | - | - | - | |
| 6. | Habilitation Professional or supervisory staff | - | - | - | - | - | - | - | - | |
| 7. | LPN | - | - | - | - | - | - | - | - | |
| 8. | Occupational Therapist | - | - | - | - | - | - | - | - | |
| 9. | Physical Therapist | - | - | - | - | - | - | - | - | |
| 10. | Physician | - | - | - | - | - | - | - | - | |
| 11. | Principal | - | - | - | - | - | - | - | - | |
| 12. | Program Director | - | - | - | - | - | - | - | - | |
| 13. | Program Clerical Staff | - | - | - | - | - | - | - | - | |
| 14. | Psychiatrist | - | - | - | - | - | - | - | - | |
| 15. | Psychologist | 17.00 | 6,000.00 | 1,200.00 | 0.0% | - | - | 80.0% | 4,800.00 | |
| 16. | Recreation Staff | - | - | - | - | - | - | - | - | |
| 17. | RN | - | - | - | - | - | - | - | - | |
| 18. | Social Worker | 29.00 | 1,460.00 | 360.00 | 0.0% | - | 0.0% | 75.3% | 1,100.00 | |
| 19. | Speech Therapist | 32.14 | 2,339.97 | 143.00 | 0.0% | - | - | 93.9% | 2,196.97 | |
| 20. | Substance Abuse Counselor/Professional | - | - | - | - | - | - | - | - | |
| 21. | Substance Abuse Paraprofessional | - | - | - | - | - | - | - | - | |
| 22. | Teacher | - | - | - | - | - | - | - | - | |
| 23. | Teacher Aide | - | - | - | - | - | - | - | - | |
| 24. | Vocational Staff (including Job Coach, workshop staff, etc.) | - | - | - | - | - | - | - | - | |
| 25. | Other Academic Instruction | - | - | - | - | - | - | - | - | |
| 26. | Other Medical Care | - | - | - | - | - | - | - | - | |
| 27. | Other Habilitation/Rehabilitation | - | - | - | - | - | - | - | - | |
| 28. | Other Substance Abuse | - | - | - | - | - | - | - | - | |
| 29. | All Other Direct Program Staff Not Requiring Specification | 8.00 | 480.00 | - | 100.0% | 480.00 | - | - | - | |
| 30. | TOTAL ALL POSITIONS | <u>86</u> | <u>\$ 10,280</u> | <u>\$ 1,703</u> | | <u>\$ 480</u> | <u>\$ -</u> | | <u>\$ 8,097</u> | |
| | Totals must equal line 4 of the Schedule of Program Costs | | | | | | | | | |
| 31. | Mental Health Professional (MHP) | - | \$ - | \$ - | \$ - | - | \$ - | - | \$ - | |
| 32. | Qualified Mental Health Prof. (QMHP) | - | - | - | - | - | - | - | - | |
| 33. | Qualified Mental Retardation Prof. (QMRP) | - | - | - | - | - | - | - | - | |
| 34. | Rehabilitative Services Associate (RSA) | - | - | - | - | - | - | - | - | |
| 35. | Supported Employment Job Coaches | - | - | - | - | - | - | - | - | |

THE ARC OF IROQUOIS COUNTY
 REPORT OF SERVICE UNITS/DAYS/NIGHTS
 Year Ended June 30, 2017
 (See Independent Auditors' Report)
 (Unaudited)

| | DEVELOPMENTAL TRAINING 31U | SUPPORTED EMPLOYMENT PROGRAM 36U,390,39G,39U | COMMUNITY INTEGRATED LIVING ARRANGEMENT 24 HOUR 60D | Home Based 55A | Respite 87D |
|--|---|---|--|---------------------------|------------------------|
| Service Unit Type | Client Hours * | Client Hours | Client Days | | |
| Purchase of Service/Fee for Service | | | | | |
| Client Units/Days of Enrollment | 141,318 | 20,953 | 29,618 | 1085 | 1402.5 |
| Client Units/Days Delivered | 103,450 | 20,566 | 27,697 | 1083.45 | 1402.5 |
| Number of Days Program Operated | 239 | 360 | 366 | 366 | 366 |
| Licensed Capacity Beginning of Report Period | 100 | 52 | 83 | 29 | 17 |
| Licensed Capacity End of Report Period | 95 | 47 | 78 | 28 | 15 |
| Date of Change, if any | 6/30/2017 | 6/30/2017 | 6/30/2017 | 6/30/2017 | 6/30/2017 |

* - 1 Client Day - DT = 6 Hours

** Weather related closure



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
The Arc of Iroquois County
Watseka, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Arc of Iroquois County, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Arc of Iroquois County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Arc of Iroquois County's internal control. Accordingly, we do not express an opinion on the effectiveness of The Arc of Iroquois County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Arc of Iroquois County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Danville, Illinois
October 3, 2017