THE ARC COMMUNITY ADVOCATES

REVIEWED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Expertise that Counts

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board and Management of
The Arc Community Advocates
Kalamazoo, MI

We have reviewed the accompanying financial statements of The Arc Community Advocates (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Arc Community Advocates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Jessup Group P.C.

November 21, 2023

THE ARC COMMUNITY ADVOCATES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Current assets		
Cash and cash equivalents	$ 187,034	$ 249,633
Contracts receivable	48,000	30,750
Grants receivable	132,000	200,000
Prepaid expenses	3,093	3,061
Total current assets	370,127	483,444
Investments - board designated endowment	59,550	72,072
Beneficial interest in assets held by community foundation	302,589	347,016
Operating lease right-of-use asset	16,930	-
Fixed assets, net of accumulated depreciation	26,157	16,785
Total assets	$ 775,353	$ 919,317

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$ 3,561	$ 2,705
Accrued payroll	14,101	14,813
Line of credit	-	16,910
Right-of-use operating lease liability	17,587	-
Capital lease	-	905
Total current liabilities	35,249	35,333
Net assets		
Without donor restrictions	366,551	420,581
Without donor restrictions - board designated	59,550	72,072
Total unrestricted	426,101	492,653
With donor restrictions	314,003	391,331
Total net assets	740,104	883,984
Total liabilities and net assets	$ 775,353	$ 919,317

See accompanying independent accountants' review report and notes

THE ARC COMMUNITY ADVOCATES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
MAF contract support	$ 14,477	$ 32,003	$ 46,480
Grants	131,000	82,000	213,000
Payroll protection program funding	-	-	-
Contributions	21,897	-	21,897
Fundraising	7,631	-	7,631
Investment income	(56,947)	-	(56,947)
Other income	7,982	-	7,982
Net assets released from restriction	191,331	(191,331)	-
Total revenues and support	317,371	(77,328)	240,043
Expenses			
Program services	289,710	-	289,710
Administrative	67,868	-	67,868
Fundraising	26,345	-	26,345
Total expenses	383,923	-	383,923
Change in net assets	(66,552)	(77,328)	(143,880)
Net assets, beginning of year	492,653	391,331	883,984
Net assets, end of year	$ 426,101	$ 314,003	$ 740,104

See accompanying independent accountants' review report and notes

THE ARC COMMUNITY ADVOCATES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
MAF contract support	$ 8,539	$ 32,461	$ 41,000
Grants	203,048	358,870	561,918
Payroll protection program funding	82,193	-	82,193
Contributions	15,603	-	15,603
Fundraising	628	-	628
Investment income	62,632	-	62,632
Other income	3,667	-	3,667
Net assets released from restriction	107,817	(107,817)	-
Total revenues and support	484,127	283,514	767,641
Expenses			
Program services	167,104	-	167,104
Administrative	108,503	-	108,503
Fundraising	35,766	-	35,766
Total expenses	311,373	-	311,373
Change in net assets	172,754	283,514	456,268
Net assets, beginning of year	319,899	107,817	427,716
Net assets, end of year	$ 492,653	$ 391,331	$ 883,984

See accompanying independent accountants' review report and notes

THE ARC COMMUNITY ADVOCATES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	PROGRAM RELATED			SUPPORT		
	Advocacy	Training	Total Program	Administrative	Fundraising	Grand Total
Staff related expenses						
Payroll and payroll taxes	$ 187,628	$ -	**$ 187,628**	$ 35,889	$ 19,436	**$ 242,953**
Benefits	24,917	-	**24,917**	6,606	2,741	**34,264**
Other expenses						
Advertising	1,917	-	**1,917**	750	-	**2,667**
Conferences and training	6,700	-	**6,700**	1,781	-	**8,481**
Contract services	11,263	-	**11,263**	-	-	**11,263**
Dues and subscriptions	4,346	-	**4,346**	-	-	**4,346**
Fundraising	-	-	**-**	-	4,168	**4,168**
Insurance	2,143	-	**2,143**	570	-	**2,713**
Postage	280	-	**280**	74	-	**354**
Printing	1,668	-	**1,668**	444	-	**2,112**
Professional fees	-	-	**-**	12,782	-	**12,782**
Relocation	-	-	**-**	-		**-**
Rent and utilities	14,924	-	**14,924**	3,967	-	**18,891**
Repair and maintenance	2,735	-	**2,735**	727	-	**3,462**
Strategic planning	-	-	**-**	-		**-**
Supplies	2,376	-	**2,376**	632	-	**3,008**
Computer and technology	5,689		**5,689**	1,512	-	**7,201**
Telephone and internet	4,144	-	**4,144**	1,101	-	**5,245**
Travel and meetings	4,964	-	**4,964**	-	-	**4,964**
Client support	10,691	-	**10,691**	-	-	**10,691**
Interest expense	-	-	**-**	149	-	**149**
Depreciation	3,325	-	**3,325**	884	-	**4,209**
Total expenses	$ 289,710	$ -	**$ 289,710**	$ 67,868	$ 26,345	**$ 383,923**

See accompanying independent accountants' review report and notes

THE ARC COMMUNITY ADVOCATES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	PROGRAM RELATED			SUPPORT		
	Advocacy	Training	Total Program	Administrative	Fundraising	Grand Total
Staff related expenses						
Payroll and payroll taxes	$ 106,197	$ 5,589	**$ 111,786**	$ 61,452	$ 31,462	**$ 204,700**
Benefits	9,997	526	**10,523**	5,786	2,962	**19,271**
Other expenses						
Advertising	-	-	**-**	618	-	**618**
Conferences and training	2,784	147	**2,931**	-	-	**2,931**
Contract services	207	11	**218**	-	-	**218**
Dues and subscriptions	3,489	225	**3,714**	-	-	**3,714**
Fundraising	-	-	**-**	-	636	**636**
Insurance	1,364	72	**1,436**	1,223	-	**2,659**
Postage	-	-	**-**	311	47	**358**
Printing	735	39	**774**	-	659	**1,433**
Professional fees	-	-	**-**	5,407	-	**5,407**
Relocation	6,418	338	**6,756**	5,754	-	**12,510**
Rent and utilities	8,071	425	**8,496**	7,237	-	**15,733**
Repair and maintenance	1,271	67	**1,338**	1,139	-	**2,477**
Strategic planning	-	-	**-**	9,530	-	**9,530**
Supplies	2,451	129	**2,580**	2,196	-	**4,776**
Computer and technology	2,377	125	**2,502**	2,132	-	**4,634**
Telephone and internet	1,665	88	**1,753**	1,492	-	**3,245**
Travel and meetings	861	45	**906**	-	-	**906**
Client support	8,429	-	**8,429**	-	-	**8,429**
Interest expense	-	-	**-**	1,132	-	**1,132**
Depreciation	2,814	148	**2,962**	3,094	-	**6,056**
Total expenses	$ 159,130	$ 7,974	**$ 167,104**	$ 108,503	$ 35,766	**$ 311,373**

See accompanying independent accountants' review report and notes

THE ARC COMMUNITY ADVOCATES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (143,880)	$ 456,268
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	4,209	6,056
Right-of-use asset amortization -operating lease	15,628	-
Payroll protection program funding	-	(82,193)
Endowment fund net investment income	12,522	(7,983)
Change in beneficial interest	44,427	(54,649)
Loss on disposal of fixed assets	322	-
(Increase) decrease in		
Contracts receivable	(17,250)	(2,250)
Grants receivable	68,000	(175,000)
Prepaid expenses	(32)	(343)
Operating lease liability	(14,971)	-
Increase(decrease) in:		
Accounts payable	856	1,495
Accrued wages and payroll liabilities	(712)	(5,348)
Net cash (used in) provided by operating activities:	(30,881)	136,053
Cash flows from investing activities		
Purchase of property and equipment	(13,903)	(15,991)
Cash flows from financing activities		
Net change in line of credit	(16,910)	(6,000)
Payroll protection program funding	-	42,762
Payments on debt	(905)	(3,531)
Net cash (used in) provided by financing activities:	(17,815)	33,231
Change in cash	(62,599)	153,293
Cash and cash equivalents, beginning of year	249,633	96,340
Cash and cash equivalents, end of year	$ 187,034	$ 249,633
Supplemental Disclosure:		
Non cash investing and financing		
Acquisition of right of use asset in exchange for an operating lease liability	$ 32,558	

See accompanying independent accountants' review report and notes

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
The Arc Community Advocates' (The Arc) mission is "through individual/family and systems advocacy and community collaboration, we assist persons with developmental disabilities to access needed service/supports, participate in community life, and learn to advocate and achieve greater self-sufficiency. We exist as an advocacy organization to make it possible for each person with a developmental disability to participate fully in all aspects of community and to support the efforts of each individual to determine his/her own future." The Arc is primarily funded through service contracts, contributions, and grant funding.

Basis of Accounting
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Fair Values
The Arc estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded on the statement of financial position.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the statement of cash flows, cash and cash equivalents are defined as cash on hand, in checking, amounts held with electronic giving processors and in savings accounts.

At December 31, 2022 and 2021 cash equivalents include approximately $0 and $4,500, respectively due from an electronic giving processor for contributions made by donors. The Organization considers these amounts to be cash equivalents because such amounts generally convert to cash upon request with little or no default risk.

Investments
Investments are reported in the statement of financial position at fair value, which is determined using quoted market prices. Unrealized gains and losses are included in the change in net assets.

Contracts Receivable
Contracts receivable represent amounts committed to The Arc through an agreement with The Arc Michigan to provide special education advocacy services from October 1, 2022 through September 30, 2023, paid in quarterly installments.

Fixed Assets
Fixed assets are stated at cost or estimated fair value, if donated. Assets acquired through capital lease agreements are recoded at their fair market value as of the date of lease inception. The Arc has adopted a policy to capitalize purchases and donations of items valued at $500 or more and with an estimated useful life of three years or more. Depreciation expense includes the depreciation of assets held under a capital lease. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 3 to 9 years. Maintenance and repairs are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Revenues
The Organization recognizes revenues from exchange transactions, primarily event sponsorships and registrations, as the services are provided to the customer.

Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Financial Statement Presentation
U.S. GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that represent expendable funds available for operations which are not otherwise limited by donor restrictions.

Net assets with donor restrictions – Net assets that consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the organization may spend the funds.

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of allocation
Staff related	Time and effort
Postage	Time and effort
Printing	Time and effort
Rent and utilities	Square footage; time and effort
Supplies	Square footage; time and effort
Telephone and internet	Square footage; time and effort
Depreciation	Square footage; time and effort

Advertising
The Arc uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was $2,667 and $618, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income Taxes
The Arc qualifies as a tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state, or local income taxes has been recorded. Tax returns remain statutorily open for review by tax authorities.

Adoption of New Accounting Standards
The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that leases assets. Under the standard, both financing leases and operating leases would create an asset (right-of-use-asset) and a liability, initially measured at the present value of the lease payments, to be reflected on the statement of financial position. Most prominent among the changes in the standard is the recognition of right of use assets and lease liabilities by lessees for those leases classified as operating leases. The Organization adopted the requirements of the guidance effective January 1, 2022, and this ASU did not have a material impact on its financial statements.

Reclassifications
Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following at December 31:

	2022	2021
Cash	$ 187,034	$ 249,633
Contracts and grants receivable	180,000	230,750
Endowment spending-rate distributions	3,000	2,950
Distributions from beneficial interest	18,500	9,000
Total	$ 388,534	$ 492,333

The Organization also has a line of credit available to meet short-term needs. The Organization's outstanding balance on the line of credit was $0 and $16,910 at December 31, 2022 and 2021, respectively.

The Organization's board-designated endowment balance is $59,550 and $72,072 at December 31, 2022 and 2021, respectively. The endowment fund is subject to an annual spending rate of 5 percent of a 20-quarter rolling average of the market value of the endowment fund assets as described in Note D. Although the Organization does not intend to spend from this board-designed endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE C – INVESTMENTS – BOARD DESIGNATED ENDOWMENT

Investments – board designated endowment consisted of the following at December 31:

	2022	
	Cost	Fair Value
Exchange traded funds	$ 21,575	$ 32,714
Mutual funds	8,810	9,199
Mutual funds - fixed income	16,368	15,107
Money market funds	2,530	2,530
	$ 49,283	$ 59,550

	2021	
	Cost	Fair Value
Exchange traded funds	$ 22,350	$ 41,963
Mutual funds	6,941	10,335
Mutual funds - fixed income	16,051	16,160
Money market funds	3,632	3,614
	$ 48,974	$ 72,072

Fair values for all investments are determined by reference to quoted prices in active markets of identical assets, which is a level 1 input per FASB ASC 820-10.

Board designated endowment investment income consists of the following for the years ended December 31:

	2022	2021
Investment income	$ 1,191	$ 1,073
Net realized and unrealized gain	(12,213)	8,410
Investment fees	(1,500)	(1,500)
	$ (12,522)	$ 7,983

NOTE D – UNRESTRICTED NET ASSETS – BOARD DESIGNATED ENDOWMENT

During 2016, the Board of Directors had designated $50,000 of unrestricted net assets as a general endowment fund to support the mission of the Arc. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Arc's spendable withdrawals from the endowment fund for a calendar year shall be determined as of the September 30 immediately preceding such calendar year and will be equal to 5 percent of a 20-quarter rolling average of the market value of the endowment fund assets.

NOTE D – UNRESTRICTED NET ASSETS – BOARD DESIGNATED ENDOWMENT (CONT.)

It is the desire of the Arc to consider a portion of the initial investment of $50,000 in the calculation of the 20-quarter average market value. Therefore, for purposes of calculating the 20-quarter average, market value of the endowment, it will be assumed that 90% of the initial investment of $50,000 had been on deposit as of March 31, 2016 and for each preceding calendar quarter used in the calculation.

To achieve that objective, the Arc has adopted an investment policy that provides for long-term growth of principal without undue exposure to risk. The primary focus will be on long-term capital appreciation, and income generation will be a secondary concern. A diversified investment structure which includes equities, fixed income and cash equivalents is to be utilized in order to provide participation in rising markets, while mitigating risk in falling markets.

Composition of and changes in endowment net assets were as follows for the years ended December 31:

	2022	2021
Board-designated endowment net assets, beginning of year	$ 72,072	$ 64,089
Distributions	-	-
Investment income		
Interest and dividends	1,191	1,073
Administrative expenses	(1,500)	(1,500)
Net realized and unrealized gains (losses)	(12,213)	8,410
Net investment income	(12,522)	7,983
Board-designated endowment net assets, end of year	$ 59,550	$ 72,072

NOTE E – BENEFICIAL INTEREST

Amounts shown as beneficial interest in assets held by the community foundation represent monies placed with the Kalamazoo Community Foundation by the Arc, specifying itself as the beneficiary. The fund is an organizational endowment maintained for the organizational support of the Arc, in which the Arc maintains variance power. The net income of the fund shall be paid and distributed to the Arc annually, or more or less frequently as agreed upon by the Foundation and the Arc. The fair value of the fund is based on the fair value of fund investments as reported by the community foundation and are Level 3 measurements, significant unobservable inputs. The total fund balance of $302,589 and $347,016 is reported as an asset of the Arc for the years ended December 31, 2022 and 2021, respectively.

NOTE E – BENEFICIAL INTEREST (CONT.)

Activity for the years ended December 31, was as follows:

	2022	2021
Balance - beginning of year	$ 347,016	$ 292,367
Net investment earnings, gains and losses	(43,197)	55,850
Grants paid	-	-
Administrative expenses	(1,230)	(1,201)
Balance - end of year	$ 302,589	$ 347,016

NOTE F – OTHER FUNDS HELD BY KALAMAZOO COMMUNITY FOUNDATION

The Kalamazoo Community Foundation maintains certain endowment funds for the benefit of the Arc. These funds do not meet the accounting criteria for recording the assets in the Arc's financial statements. The net income of the funds shall be paid and distributed to the Arc annually, or more or less frequently as agreed upon by the Foundation and the Arc. Spendable earnings disbursed to the Arc were $0 and $61,393 for the years ended December 31, 2022 and 2021, respectively and were recorded as contributions in the statements of activities. The principal may not be accessed by the Arc. These funds totaled $2,052,695 and $2,348,115 at December 31, 2022 and 2021, respectively.

NOTE G – FIXED ASSETS

Fixed assets consisted of the following at December 31:

	2022	2021
Leasehold improvements	$ 14,341	$ 14,341
Office equipment	24,211	25,307
Furniture and fixtures	13,650	13,650
	52,202	53,298
Less: accumulated depreciation	(26,045)	(36,513)
Net property and equipment	$ 26,157	$ 16,785

NOTE H – OPERATING LEASE

The Arc leases its office space for $1,376 per month through January 2024. The Arc has recorded a right-of use asset and operating lease liability of $32,558. The Organizations calculation was based on the 25-month term (ending January 2024) using the Arc's incremental borrow rate of 3%.

NOTE H – OPERATING LEASE (CONT.)

The following table summarizes the Organization's total costs under the operating lease, as well as additional related financial information for December 31, 2022.

Operating lease cost (included in rent and utilities expense)	15,628
Weighted-average remaining lease term - operating lease, in months	13
Weighted-average discount rate - operating lease	3%

The following is a schedule of future minimum payments required under the Organization's operating lease liability together with the present values.

For the year ended December 31:		
2023	$	16,472
2024		1,376
Total payments		17,848
Less discount to present value		261
Total operating lease liabilities	$	17,587

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions result from donor stipulations that contributed assets be used for specific purposes or are limited by a time or purpose restriction. Net assets with donor restrictions are restricted for the following purposes at December 31:

	2022	2021
Special education advocacy	$ 47,003	$ 32,461
Family and individual advocacy	10,000	-
Operational support	257,000	358,870
	$ 314,003	$ 391,331

NOTE J – RETIREMENT PLAN

The Arc provides a 403(b)-plan covering all employees. Under the plan, the Arc will contribute a discretionary percentage of the eligible employee's compensation. Employer contributions under this plan totaled $6,536 and $2,633 at December 31, 2022 and 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE K – COVID-19 CONSIDERATIONS

In December 2019, a novel strain of coronavirus (COVID-19) surfaced and spread globally. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020 and the President of the United Sates declared the COVID-19 outbreak a national emergency on March 13, 2020. This pandemic has negatively affected the US and global economies, disrupted global supply chains and financial markets, and led to significant travel and transportation restrictions. The impact of the COVID-19 pandemic remains fluid and the extent of the future impact to the operations may be significant. Therefore, the Organization is unable to predict the extent or nature of these effects at this time.

NOTE L – PAYROLL PROTECTION PROGRAM

During 2021, the Organization was granted a $82,193 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal Government. The purpose of the loan is to retain workers and maintain payroll; or make payments for covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures, each permitted by the PPP program authorized by the Coronavirus Aid, Relief and Economic Security Act (CARES act). In accordance with the loan forgiveness requirements of the CARES act, the Organization used the proceeds from the PPP loan for the specific purposes outlined above, thus the Organization loan has been 100% forgiven and is recognized as income in the statement of activities and changes in net assets.

NOTE M – SUBSEQUENT EVENTS

The Arc has evaluated events and transactions for potential recognition or disclosure through November 21, 2023 which is the same date the financial statements were available to be issued.