

**THE ARC OF
NORTHEASTERN PENNSYLVANIA**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014
AND
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTAL INFORMATION**

THE ARC OF NORTHEASTERN PENNSYLVANIA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Arc of Northeastern Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of The Arc of Northeastern Pennsylvania (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc of Northeastern Pennsylvania as of June 30, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental data contained on pages 21 through 24 is included for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is also not a required part of the financial statements of the Organization. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 12, 2016 on our consideration of The Arc of Northeastern Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Northeastern Pennsylvania's internal control over financial reporting and compliance. That report is issued in a separately bound Single Audit Report.

Michael A. Sambeth, LLC

Dunmore, Pennsylvania
April 12, 2016

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 178,633	\$ 171,821
Accounts receivable	791,118	719,935
Prepaid expenses	73,935	125,552
Total current assets	<u>1,043,686</u>	<u>1,017,308</u>
PROPERTY AND EQUIPMENT, NET	<u>1,762,566</u>	<u>1,764,994</u>
TOTAL ASSETS	<u>\$ 2,806,252</u>	<u>\$ 2,782,302</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Line of credit	\$ 614,339	\$ 362,776
Current portion of long-term debt	98,504	70,616
Accounts payable	75,250	71,943
Accrued salaries and wages	98,943	83,133
Payroll taxes and withholdings	20,994	26,228
Accrued compensated absences	150,852	123,514
Total current liabilities	<u>1,058,882</u>	<u>738,210</u>
LONG-TERM DEBT	<u>735,868</u>	<u>736,444</u>
Total liabilities	1,794,750	1,474,654
NET ASSETS:		
Unrestricted	<u>1,011,502</u>	<u>1,307,648</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,806,252</u>	<u>\$ 2,782,302</u>

See accompanying notes to financial statements.

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
SUPPORT AND REVENUE:		
Public support	\$ 166,195	\$ 130,544
Indirect support	102,397	98,028
Contract revenue	5,905,963	6,027,398
Revenue-other	423,769	441,399
Rental income	41,813	41,623
Total Support and Revenue	<u>6,640,137</u>	<u>6,738,992</u>
EXPENSES		
Program services:		
Recreation	317,422	345,069
Residential	3,443,858	3,203,750
Adult day care	1,499,496	1,369,975
Supported employment	102,178	92,610
Advocacy	102,793	106,211
Transportation	185,412	221,887
Parents of Down Syndrome	34,521	18,063
Management and general	1,056,509	1,041,678
Land, building and equipment	194,094	221,500
Total Expenses	<u>6,936,283</u>	<u>6,620,743</u>
CHANGE IN NET ASSETS	(296,146)	118,249
NET ASSETS, BEGINNING	<u>1,307,648</u>	<u>1,189,399</u>
NET ASSETS, ENDING	<u>\$ 1,011,502</u>	<u>\$ 1,307,648</u>

See accompanying notes to financial statements.

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	Recreational Program				Residential Program				Sub-total
	Lackawanna/Susquehanna		Carbon/Monroe/Pike		Winfield Avenue		Seymour Avenue		
	Year Around	Summer	Year Around	Summer	Winfield Avenue	Seymour Avenue	Theodore Street	Sanders Street	
Salaries and wages	\$ 66,571	\$ 33,372	\$ 13,034	\$ 6,885	\$ 146,296	\$ 147,314	\$ 153,012	\$ 235,285	\$ 828,844
Payroll taxes and benefits	25,100	5,492	1,512	834	50,723	47,436	58,101	103,032	293,331
Professional fees	1,083	1,083	-	-	1,172	1,127	1,792	1,672	7,929
Family living fees	-	-	-	-	-	-	-	-	-
Occupancy costs	2,013	1,979	3,149	1,074	9,227	10,733	22,636	24,052	74,863
Communications	4,807	1,128	1,288	989	3,770	3,442	3,377	4,358	24,148
Supplies	17,158	8,268	1,814	1,840	18,053	15,914	14,571	20,716	98,492
Equipment expense	3	436	-	-	4,689	8,137	2,210	3,805	19,280
Transportation	6,093	18,504	5,627	2,135	9,417	5,974	6,843	7,014	72,083
Conferences	35	-	63	-	111	61	971	62	1,303
Dues and subscriptions	122	1,237	86	534	345	381	331	614	3,650
Educational expenses	-	-	-	-	375	-	-	-	375
Miscellaneous	1,015	-	-	-	1,015	1,015	1,015	2,464	6,524
Program activities	36,796	386	(150)	66	288	135	98	301	40,451
Special assistance	-	-	-	-	-	300	30	250	580
Employee physicals	75	705	851	-	345	491	625	1,852	4,944
Contributions	-	-	-	-	-	-	-	-	-
National dues affiliates	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 160,871	\$ 72,590	\$ 27,274	\$ 14,377	\$ 245,826	\$ 242,460	\$ 265,612	\$ 405,477	\$ 1,476,797

(continued)

See accompanying notes to financial statements.

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	Residential Program										Sub-Total
	Court Street	Newton	Chesterfield Lane	Rebecca Avenue	Scott	Farr Street	Family Living	Supported Living			
Salaries and wages	\$ 217,233	\$ 197,078	\$ 220,157	\$ 158,783	\$ 257,835	\$ 223,910	\$ 34,566	\$ 17,422	\$ 1,326,984		
Payroll taxes and benefits	115,134	55,128	104,417	32,116	67,585	77,778	8,899	27,091	488,148		
Professional fees	1,172	1,172	88	1,172	1,272	1,272	1,083	1,083	8,314		
Family living fees	-	-	-	-	-	-	97,536	-	97,536		
Occupancy costs	24,775	10,978	19,074	8,570	16,173	17,182	1,406	1,051	99,209		
Communications	3,880	3,774	3,289	3,227	3,711	3,349	989	989	23,208		
Supplies	18,735	15,931	16,291	16,585	20,998	16,993	298	200	106,031		
Equipment expense	-	3,521	4,545	3,753	8,317	2,696	-	-	22,832		
Transportation	8,108	9,015	11,766	7,644	10,750	9,219	23,207	2,144	81,853		
Conferences	8,169	29	62	202	62	61	-	-	8,585		
Dues and subscriptions	1,230	1,053	334	514	941	520	-	92	4,684		
Educational expenses	-	-	-	-	-	-	-	-	-		
Miscellaneous	1,015	1,025	1,015	1,017	1,015	1,015	1,015	1,013	8,130		
Program activities	-	73	22	-	248	100	-	-	443		
Special assistance	300	400	-	850	200	300	-	-	2,050		
Employee physicals	965	685	440	1,245	2,026	1,045	-	70	6,476		
Contributions	-	-	-	-	-	-	-	-	-		
National dues affiliates	-	-	-	-	-	-	-	-	-		
Depreciation	-	-	-	-	-	-	-	-	-		
Total Expenses	\$ 400,716	\$ 299,862	\$ 381,500	\$ 235,678	\$ 391,133	\$ 355,440	\$ 168,999	\$ 51,155	\$ 2,284,483		

See accompanying notes to financial statements.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	Adult Day Care	Supported Employment	Lackawanna / Susquehanna Advocacy	Transportation	Parents of Down Syndrome	Management and General	Land, Building and Equipment	Total
Salaries and wages	\$ 771,808	\$ 56,149	\$ 51,446	\$ 45,000	-	\$ 578,291	-	\$ 3,658,522
Payroll taxes and benefits	441,495	35,245	19,163	25,850	-	223,556	-	1,526,788
Professional fees	1,440	1,083	1,646	-	-	48,256	-	68,668
Family living fees	-	-	-	-	-	-	-	97,536
Occupancy costs	124,724	1,051	2,318	-	-	16,816	21,869	340,850
Communications	10,710	1,635	741	-	278	29,990	-	90,710
Supplies	40,606	216	970	-	6,693	35,433	84	288,525
Equipment expense	24,843	-	263	-	-	-	10,973	78,191
Transportation	58,712	5,649	2,625	113,437	-	13,451	-	347,810
Conferences	980	-	60	-	747	16,981	-	28,656
Dues and subscriptions	2,016	-	36	-	-	8,896	-	19,282
Educational expenses	-	-	-	-	-	-	-	375
Miscellaneous	17,626	1,015	-	1,125	421	84,689	-	119,530
Program activities	1,581	-	-	-	14,972	-	-	57,447
Special assistance	300	-	-	-	850	150	-	3,930
Employee physicals	2,655	135	-	-	-	-	-	14,210
Contributions	-	-	-	-	10,560	-	-	10,560
National dues affiliates	-	-	23,525	-	-	-	-	23,525
Depreciation	-	-	-	-	-	-	161,168	161,168
Total Expenses	\$ 1,499,496	\$ 102,178	\$ 102,793	\$ 185,412	\$ 34,521	\$ 1,056,509	\$ 194,094	\$ 6,936,283

See accompanying notes to financial statements.

(concluded)

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	Recreational Program				Residential Program				Sub-total	
	Lackawanna/Susquehanna		Carbon/Monroe/Pike		Winfield Avenue		Seymour Avenue			
	Year Around	Summer	Year Around	Summer	Options	Avenue	Avenue	Theodore Street		Sanders Street
Salaries and wages	\$ 61,007	\$ 30,874	\$ 32,581	\$ 2,037	\$ 28,088	\$ 141,124	\$ 150,423	\$ 143,610	\$ 213,623	\$ 803,367
Payroll taxes and benefits	23,609	9,727	2,988	668	849	58,880	32,654	48,583	101,954	279,912
Professional fees	1,083	1,083	-	-	-	1,111	1,111	1,167	1,111	6,666
Family living fees	-	-	-	-	-	-	-	-	-	-
Occupancy costs	1,329	1,869	3,509	1,035	-	10,595	12,868	16,950	29,038	77,193
Communications	4,224	1,099	778	778	778	2,818	3,153	2,658	3,073	19,359
Supplies	11,932	10,285	10,605	-	211	12,865	13,782	13,472	14,006	87,158
Equipment expense	435	-	-	-	-	4,145	6,860	1,156	2,305	14,901
Transportation	6,051	14,571	6,896	927	12,067	7,486	9,350	6,404	6,172	69,924
Conferences	-	-	(68)	-	-	477	281	281	281	1,252
Dues and subscriptions	871	270	-	160	36	95	145	80	177	1,834
Educational expenses	-	-	-	-	-	1,125	-	-	-	1,125
Miscellaneous	810	-	-	-	-	810	810	810	-	3,240
Program activities	52,671	2,444	(98)	375	2,631	149	89	122	-	58,383
Special assistance	-	-	-	-	-	-	850	300	450	1,600
Employee physicals	70	500	424	-	-	320	1,095	100	560	3,069
Contributions	-	-	-	-	-	-	-	-	-	-
National dues affiliates	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 164,092	\$ 72,722	\$ 57,615	\$ 5,980	\$ 44,660	\$ 242,000	\$ 233,471	\$ 235,693	\$ 372,750	\$ 1,428,983

(continued)

See accompanying notes to financial statements.

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	Residential Program										Sub-Total
	Court Street	Newton	Chesterfield Lane	Rebecca Avenue	Scott	Farr Street	Family Living	Supported Living			
Salaries and wages	\$ 226,191	\$ 200,168	\$ 212,028	\$ 133,867	\$ 228,855	\$ 211,764	\$ 21,311	\$ 10,315	\$ 1,244,499		
Payroll taxes and benefits	106,167	68,920	74,881	37,932	50,723	65,534	5,202	2,342	411,701		
Professional fees	1,111	1,111	429	1,445	1,111	1,111	1,083	1,083	8,484		
Family living fees	-	-	-	-	-	-	105,771	-	105,771		
Occupancy costs	18,809	16,322	21,185	11,524	16,456	24,120	1,249	977	110,642		
Communications	2,557	3,465	2,711	2,629	3,136	2,581	1,750	778	19,607		
Supplies	16,190	15,528	16,202	14,272	20,434	16,550	489	28	99,693		
Equipment expense	3,004	1,387	1,085	3,681	3,379	1,450	-	80	14,066		
Transportation	8,797	10,717	11,515	8,282	12,623	10,168	23,637	1,052	86,791		
Conferences	340	375	303	340	394	296	-	-	2,048		
Dues and subscriptions	20	133	172	130	427	968	155	-	2,005		
Educational expenses	-	-	-	-	-	-	-	-	-		
Miscellaneous	810	810	830	810	810	810	810	809	6,499		
Program activities	-	66	17	-	77	-	-	-	160		
Special assistance	300	500	150	600	900	-	-	-	2,450		
Employee physicals	240	1,055	480	1,000	1,460	1,185	-	-	5,420		
Contributions	-	-	-	-	-	-	-	-	-		
National dues affiliates	-	-	-	-	-	-	-	-	-		
Depreciation	-	-	-	-	-	-	-	-	-		
Total Expenses	\$ 384,536	\$ 320,557	\$ 341,988	\$ 216,512	\$ 340,785	\$ 336,537	\$ 161,457	\$ 17,464	\$ 2,119,836		

See accompanying notes to financial statements.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	Adult Day Care	Supported Employment	Lackawanna / Susquehanna Advocacy	Transportation	Parents of Down Syndrome	Management and General	Land, Building and Equipment	Total
Salaries and wages	\$ 736,405	\$ 54,957	\$ 57,202	\$ 45,000	\$ -	\$ 555,716	\$ -	\$ 3,497,146
Payroll taxes and benefits	385,967	26,723	16,375	24,770	-	157,731	-	1,303,179
Professional fees	1,468	1,083	1,215	-	-	36,534	-	55,450
Family living fees	-	-	-	-	-	-	-	105,771
Occupancy costs	142,672	1,050	2,275	-	-	18,933	42,052	394,817
Communications	8,871	1,480	741	-	299	32,817	-	83,174
Supplies	44,403	577	611	-	807	27,945	-	261,194
Equipment expense	10,311	639	159	-	-	10,712	9,642	60,430
Transportation	24,309	5,291	2,893	147,117	-	7,242	-	343,567
Conferences	75	-	170	-	1,248	12,931	-	17,724
Dues and subscriptions	1,211	-	45	-	-	15,449	-	20,544
Educational expenses	375	-	-	-	-	-	-	1,500
Miscellaneous	9,908	810	-	5,000	54	165,368	-	190,879
Program activities	1,385	-	-	-	11,441	-	-	71,369
Special assistance	600	-	-	-	444	300	-	5,394
Employee physicals	2,015	-	-	-	-	-	-	10,504
Contributions	-	-	-	-	3,770	-	-	3,770
National dues affiliates	-	-	24,525	-	-	-	-	24,525
Depreciation	-	-	-	-	-	-	169,806	169,806
Total Expenses	<u>\$ 1,369,975</u>	<u>\$ 92,610</u>	<u>\$ 106,211</u>	<u>\$ 221,887</u>	<u>\$ 18,063</u>	<u>\$ 1,041,678</u>	<u>\$ 221,500</u>	<u>\$ 6,620,743</u>

See accompanying notes to financial statements.

(concluded)

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (296,146)	\$ 118,249
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	161,168	169,806
Gain on disposition of property and equipment	-	(6,638)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(71,183)	240,986
Decrease (increase) in prepaid expenses	51,617	(8,231)
Increase (decrease) in accounts payable	3,307	(80,930)
Increase in accrued salaries and wages	15,810	8,824
Decrease in payroll taxes and withholding	(5,234)	(21,750)
Increase in accrued compensated absences	27,338	10,501
Net cash provided by operating activities	<u>(113,323)</u>	<u>430,817</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(158,739)</u>	<u>(140,042)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit and other debt	368,687	78,031
Principal payments on line of credit and other debt	<u>(89,813)</u>	<u>(361,703)</u>
Net cash provided (used) by financing activities	<u>278,874</u>	<u>(283,672)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,812	7,103
CASH AND CASH EQUIVALENTS, BEGINNING	<u>171,821</u>	<u>164,718</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 178,633</u>	<u>\$ 171,821</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 51,009</u>	<u>\$ 61,266</u>

See accompanying notes to financial statements.

THE ARC OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations and Reporting Entity:

The Arc of Northeastern Pennsylvania is a non-profit agency (“Organization”) dedicated to the promotion of the general welfare of all persons in Northeastern Pennsylvania who are mentally disabled.

The Arc of Northeastern Pennsylvania provides developmental, residential, and recreational programming to children and adults with mental retardation. They also provide services to parents, other individuals, organizations, and communities for jointly meeting the needs of persons with mental retardation.

The Arc of Northeastern Pennsylvania Board of Directors has oversight responsibilities and control over all activities related to the Organization. The Organization receives the majority of their funding from state and federal government sources and must comply with the requirements of these funding source entities.

On April 14, 1997, the Organization established The Arc of Northeastern Pennsylvania Foundation (“Foundation”). The purpose of the Foundation is to provide financial support to The Arc of Northeastern Pennsylvania, the sole member of the Foundation. The accompanying financial statements exclude the net assets and activities of the Foundation.

Basis of Accounting:

The Arc of Northeastern Pennsylvania accounts for all transactions on the accrual basis of accounting for year-end reporting purposes under which:

- Revenues and gains are recognized in the accounting period in which they are earned and become measurable.
- Expenses and losses are recognized in the accounting period in which the liability is both incurred and measurable.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Financial Statement Presentation:

The Organization records transactions based on Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-05-3, *Accounting for Contributions Received and Contribution Made*. The Organization presents financial statements in accordance with FASB ASC 958-205-05-5, *Financial Statement of Not-for-Profit Organizations*.

FASB ASC 958-205-05-5 established standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. FASB ASC 958-605-05-3 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the net asset category applicable to the Organization is as follows:

Unrestricted Net Assets:

This category includes the revenue and expenses associated with the principal mission of the Organization.

Use of Estimates:

Management uses estimates and assumptions in preparing the financial statements of The Arc of Northeastern Pennsylvania in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used by management of The Arc of Northeastern Pennsylvania.

Accounts Receivable:

Funding source providers' payments to the Organization is the factor in determining if a receivable is uncollectible.

Accounts receivable relate to contracted amounts with the Pennsylvania Department of Human Services and, on the local level through county mental health / mental retardation agencies including the Lackawanna, Susquehanna Counties Program, the Wayne County Program, the Carbon, Monroe, Pike Counties Program, and other funding source providers. These amounts are generally considered to be fully collectible; and accordingly, no allowance for doubtful accounts is considered necessary in the current year.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Allocated Expenses:

The Organization, where applicable, directly identifies and charges expenses to the proper programs. Other expenses that are common to several functions are allocated among programs and supporting services classifications based on estimates made by the Organization's management.

Inventory of Supplies:

Inventory of supplies has not been reflected in the accompanying financial statements because all purchases of supplies are budgeted expenses for the project period in which they are purchased and, accordingly, have been treated as project costs of that period.

Cash and Cash Equivalents:

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Property and Equipment/Depreciation:

Property and equipment items are stated at cost. Expenses for maintenance and repair items are charged against income in the year incurred. Replacements, renewals and betterments are capitalized as incurred. Depreciation is provided on the straight-line basis utilizing the following estimated useful lives:

Real Property	-	Ranging from 19 to 39 Years
Transportation Equipment	-	Various
Office Equipment	-	Various

Income Tax Status:

The Organization has received a letter of determination from the Internal Revenue Service advising it that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income tax. However, the Organization also files a Form 990T, which is utilized to report the unrelated business income of the Organization, specifically, rental income.

The Organization adopted previously deferred guidance related to uncertain tax positions. FASB ASC 740-10 and related subsections prescribes rules for recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. As a result of implementing this guidance, management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements and related disclosures.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Organization's tax returns remain open for federal income tax examination for three years from the date of filing.

Management Evaluation / Subsequent Events:

Management has evaluated subsequent events through April 12, 2016, the date on which the financial statements are available to be issued.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 – PROPERTY AND EQUIPMENT:

Property and equipment are summarized by major classification as follows:

<u>Description</u>	<u>2015</u>	<u>2014</u>
Land	\$ 203,171	\$ 203,171
Buildings and Improvements	2,463,397	2,425,882
Transportation Equipment	1,028,944	996,435
Equipment	170,654	165,434
Leasehold Improvements	<u>78,974</u>	<u>78,974</u>
Total	3,945,140	3,869,896
Less: accumulated depreciation	<u>2,182,574</u>	<u>2,104,902</u>
Net	<u>\$ 1,762,566</u>	<u>\$ 1,764,994</u>

Depreciation expense for the years ended June 30, 2015 and 2014 is \$161,168 and \$169,806, respectively.

NOTE 3 – LINE OF CREDIT:

The Arc of Northeastern Pennsylvania maintains a secured line of credit from a bank in the amount of \$850,000. The line is designed to be utilized for working capital requirements of the Organization. Borrowing under this commitment bears interest at a variable rate of the New York Prime Rate. The rate was 3.00% at June 30, 2015. The line of credit matures on an annual basis, at which time it is renewable at the option of the bank.

Security for the line of credit:

The line of credit is secured by the following:

1. A first lien perfected security interest in all business assets, including, but not limited to, borrower's accounts receivable, inventory, furniture, fixtures, machinery and equipment and any and all general intangibles.
2. Assignment of leases and rentals for any tenants now in existence or existing in the future.

At June 30, 2015 and 2014, the balance of the line of credit was \$614,339 and \$362,776, respectively.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4 – LONG-TERM DEBT:

The following is a summary of the long-term debt of The Arc of Northeastern Pennsylvania as of June 30, 2015 and 2014:

- a. Note payable to a bank, payable in monthly installments of \$1,054 including interest at 7.5% for the first 10 years, adjusted to NY prime rate less ½ % thereafter, secured by building. Maturity date of the loan is October 27, 2020. The terms of the note were amended in March 2008 with interest fixed at 6.25% and a monthly payment of \$969. The balance of the note at June 30, 2015 and 2014 is \$48,413 and \$58,132.
- b. Note payable to a bank, payable in monthly installments of \$1,154 including interest at 5.990%, secured by a lien on the premises located at 1500 Court Street, Scranton, Pennsylvania. Maturity date of the loan is June 4, 2030. The balance of the note at June 30, 2015 and 2014 is \$74,501 and \$77,559.
- c. Note payable to a bank, payable in monthly installments of \$754 including interest at 5.875%, secured by a lien on the premises located at 2000 Farr Street, Scranton, Pennsylvania. Maturity date of the loan is June 23, 2035. The balance of the note at June 30, 2015 and 2014 is \$106,289 and \$109,008.
- d. Note payable to a bank, payable in monthly installments of \$1,442 including interest at 6.25%, secured by real estate. Maturity date of the loan is June 26, 2038. The balance of the note at June 30, 2015 and 2014 is \$134,870 and \$143,463.
- e. Note payable to a bank, payable in monthly installments of \$759 including interest at 6.25%, secured by real estate. Maturity date of the loan is September 15, 2028. The balance of the note at June 30, 2015 and 2014 is \$80,454 and \$84,329.
- f. Note payable to a bank, payable in monthly installments of \$429 including interest at 4.49%, secured by a vehicle. Maturity date of the loan is July 31, 2019. The balance of the note at June 30, 2015 and 2014 is \$19,190 and \$-0-.
- g. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$508 including interest at 5.89%, secured by a vehicle. Maturity date of the loan is June 30, 2014. The balance of the note at June 30, 2015 and 2014 is \$-0- and \$496.
- h. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$329 including interest at 0.90%, secured by a vehicle. Maturity date of the loan is September 30, 2019. The balance of the note at June 30, 2015 and 2014 is \$16,447 and \$-0-.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4 – LONG-TERM DEBT (continued):

- i. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$354 including interest at 0.90%, secured by a vehicle. Maturity date of the loan is October 28, 2018. The balance of the note at June 30, 2015 and 2014 is \$17,726 and \$-0-.
- j. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$475 including interest at 0.00%, secured by a vehicle. Maturity date of the loan is October 25, 2019. The balance of the note at June 30, 2015 and 2014 is \$25,167 and \$-0-.
- k. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$475 including interest at 0.00%, secured by a vehicle. Maturity date of the loan is October 25, 2019. The balance of the note at June 30, 2015 and 2014 is \$22,551 and \$-0-.
- l. Note payable to a bank, payable in monthly installments of \$1,442 including interest at 5.99%, secured by real estate. Maturity date of the loan is December 31, 2030. The balance of the note at June 30, 2015 and 2014 is \$173,960 and \$180,480.
- m. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$384 including interest at 4.90%, secured by a vehicle. Maturity date of the loan is June 30, 2016. The balance of the note at June 30, 2015 and 2014 is \$4,599 and \$9,369.
- n. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$393 including interest at 4.90%, secured by a vehicle. Maturity date of the loan is June 30, 2016. The balance of the note at June 30, 2015 and 2014 is \$4,489 and \$9,144.
- o. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$647 including interest at 3.50%, secured by a vehicle. Maturity date of the loan is August 19, 2018. The balance of the note at June 30, 2015 and 2014 is \$23,244 and \$30,066.
- p. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$647 including interest at 3.50%, secured by a vehicle. Maturity date of the loan is August 19, 2018. The balance of the note at June 30, 2015 and 2014 is \$23,244 and \$30,066.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4 – LONG-TERM DEBT (continued):

q. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$393 including interest at 4.90%, secured by a vehicle. Maturity date of the loan is October 28, 2018. The balance of the note at June 30, 2015 and 2014 is \$15,470 and \$20,414.

r. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$477 including interest at 1.90%, secured by a vehicle. Maturity date of the loan is June 13, 2019. The balance of the note at June 30, 2015 and 2014 is \$22,036 and \$27,269.

s. Note payable to an automobile manufacturer finance company, payable in monthly installments of \$462 including interest at 0.00%, secured by a vehicle. Maturity date of the loan is June 3, 2019. The balance of the note at June 30, 2015 and 2014 is \$21,722 and \$27,269.

The following is a summary of debt maturities as of June 30, 2015:

Year Ending	Amount
<u>June 30,</u>	
2016	\$ 98,504
2017	92,365
2018	95,462
2019	81,988
2020	46,754
Thereafter	<u>419,299</u>
Total	<u>\$ 834,372</u>

Interest expense for the year ended June 30, 2015 and 2014 was \$51,009 and \$61,266.

NOTE 5 – RETIREMENT PLAN:

The Organization maintains a defined contribution noncontributory retirement plan, which provides retirement benefits for plan participants. The total contribution required is made as of each monthly date for each active participant on that date and equals five percent (5%) of the participant's compensation for the last calendar month. The plan is available to all employees who have completed one year of eligibility service and have attained the age of twenty-one. The vesting computation period is a one-year period beginning on the first day of each plan year, including corresponding periods before the effective date. The Organization contributed \$81,412 and \$77,654 for the years ended June 30, 2015 and 2014.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 6 – COMPENSATED ABSENCES:

The personnel policies of The Arc of Northeastern Pennsylvania provide that compensation for vacations and certain sick leave for employees will accrue in accord with such agreements. The amount of such liability as of June 30, 2015 and 2014 is \$150,852 and \$123,514, respectively.

NOTE 7 – RENTAL INCOME:

The Arc of Northeastern Pennsylvania purchased a commercial building on August 4, 1987, located at 115 Meadow Avenue, Scranton, Pennsylvania. The Organization occupies approximately ninety percent (90%) of available space with the remaining space available for outside rentals. The outside rental income and associated expenses are reflected on the Statement of Activities.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK:

The Arc of Northeastern Pennsylvania is funded primarily through the U.S. Department of Health and Human Services and the Pennsylvania Department of Public Welfare.

Under the funding provisions, the Organization is required to expend funds in accordance with instructions noted in the financial assistance award. Funds received from the U.S. Department of Health and Human Services and the Pennsylvania Department of Human Services accounted for approximately 89% of the Organization's support and revenue for the years ended June 30, 2015 and 2014.

The Arc of Northeastern Pennsylvania maintains its deposit balances with various financial institutions in Northeastern Pennsylvania. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The insured and uninsured cash balances at June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Total Bank Balances	\$ 155,781	\$ 176,754
Insured Portion	<u>155,781</u>	<u>176,754</u>
Uninsured Cash Balances	<u>\$ -</u>	<u>\$ -</u>

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 9 - THE ARC OF NORTHEASTERN PENNSYLVANIA FOUNDATION
Summarized financial information concerning the Foundation follows:

Condensed Statement of Financial Position
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash	\$ 511,211	\$ 367,986
Account receivable	-	16,442
Investments	851,316	831,167
Endowment fund	30,173	30,436
Total	<u>\$ 1,392,700</u>	<u>\$ 1,246,031</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts Payable	\$ 97,042	\$ 26,550
Net Assets	1,295,658	1,219,481
Total	<u>\$ 1,392,700</u>	<u>\$ 1,246,031</u>

Condensed Statement of Activities
for the Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Bequests	\$ 3,828	\$ 2,450
Grants	117,900	50,480
Contributions	72,548	37,303
Investment return	(29,778)	124,958
Endowment income	1,548	1,545
Miscellaneous income	1,462	-
Special events, net	30,158	36,831
Program services	(117,940)	(49,405)
Management and general expenses	(585)	(518)
Fundraising expenses	<u>(2,964)</u>	<u>(9,565)</u>
Net increase	76,177	194,079
Net assets - beginning	<u>1,219,481</u>	<u>1,025,402</u>
Net assets - ending	<u>\$ 1,295,658</u>	<u>\$ 1,219,481</u>

(concluded)

THE ARC OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF REVENUE AND EXPENSES

PER AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	Recreation Program										Residential Program						
	Lackawanna / Susquehanna		Carbon, Monroe, Pike		Fair Street		Scott Avenue		Rebecca Avenue		Theodore Street		Court Street		Newton		Sub-total
	Year Round	Summer	Year Round	Summer	Community Options	Fair Street	Scott Avenue	Rebecca Avenue	Theodore Street	Court Street	Newton						
REVENUE:																	
Mental Health/Retardation	\$ 192,725	\$ 122,654	\$ 43,808	\$ 4,452	\$ 66,434	\$ 464,161	\$ 331,865	\$ 318,144	\$ 245,391	\$ 292,672	\$ 408,709	\$ 374,217	\$ 2,865,232				
United Way	-	-	3,276	-	-	-	-	-	-	-	-	-	3,276				
Public support	1,378	5,355	300	-	-	-	-	25,356	19,159	23,257	26,924	12,241	7,033				
Room/Board	-	-	-	-	-	24,302	25,518	-	-	-	-	-	156,757				
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-				
Rental	-	-	-	-	-	-	-	-	-	-	-	-	-				
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	14,787				
Total revenue	194,103	128,009	47,384	4,452	66,434	488,463	357,383	343,500	264,550	315,929	450,420	386,458	3,047,085				
EXPENSES:																	
Salaries and wages	84,292	41,320	16,020	8,459	31,708	264,460	301,924	173,195	184,569	183,205	275,442	230,243	1,794,837				
Payroll taxes and benefits	31,655	8,432	2,617	1,436	2,795	92,776	83,892	60,672	41,653	69,268	136,663	67,394	599,253				
Professional fees	1,083	1,083	-	-	-	1,272	1,272	1,172	1,172	1,792	1,172	1,172	11,190				
Family living fees	-	-	-	-	-	-	-	-	-	-	-	-	-				
Occupancy costs	2,013	1,979	3,149	1,074	-	17,182	16,173	9,227	8,570	22,636	24,775	10,978	117,756				
Communications	4,807	1,128	1,288	989	989	3,349	3,711	3,770	3,227	3,377	3,880	3,774	34,289				
Supplies	17,158	8,268	1,814	1,840	158	16,993	20,998	18,053	16,585	14,571	18,735	15,931	151,104				
Equipment expense	3	436	-	-	-	2,696	8,317	4,689	3,753	2,210	2,210	3,521	25,625				
Transportation	6,093	18,504	5,627	2,135	10,476	9,219	10,750	9,417	7,644	6,843	8,108	9,015	103,831				
Conferences	35	-	63	-	-	61	62	111	202	971	8,169	29	9,703				
Dues and subscriptions	122	1,237	86	534	-	520	941	345	514	331	1,230	1,053	6,913				
Education expenses	-	-	-	-	-	-	-	375	-	-	-	-	375				
Miscellaneous	1,015	-	-	-	-	1,015	1,015	1,015	1,017	1,015	1,015	1,025	8,132				
Program activities	36,796	386	(150)	66	2,531	100	248	288	-	98	-	73	40,436				
Special assistance	-	-	-	-	-	300	200	-	850	30	300	400	2,080				
Employee physicals	75	705	851	-	-	1,045	2,026	345	1,245	625	965	685	8,567				
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-				
National dues affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-				
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total expenses	183,147	83,478	31,365	16,533	48,657	410,988	451,529	282,674	271,001	306,972	480,454	345,293	2,914,091				
Excess (deficiency) of revenue over expenses	\$ 8,956	\$ 44,531	\$ 16,019	\$ (12,081)	\$ 17,777	\$ 77,475	\$ (94,146)	\$ 60,826	\$ (6,451)	\$ 8,957	\$ (30,034)	\$ 41,165	\$ 132,994				

See independent auditors' report on supplemental information.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF REVENUE AND EXPENSES

PER AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	Residential Program										Land, Building and Equipment Fund	Total All Programs June 30, 2015	
	Chesterfield Lane	Seymour Avenue	Sanders Street	Family Living	Supported Living	Adult Day Care	Supported Employment	Transportation	Lackawanna/ Susquehanna Advocacy	Parents of Down Syndrome			Management and General
REVENUE:													
Mental Health/Retardation	\$ 417,012	\$ 254,449	\$ 367,448	\$ 151,448	\$ 34,880	\$ 1,511,660	\$ 136,426	\$ 167,408	\$ -	\$ -	\$ -	\$ -	\$ 5,905,963
United Way	-	-	-	-	-	20,910	-	-	73,311	-	4,900	-	102,397
Public support	-	-	-	-	-	-	-	-	-	40,767	118,395	-	166,195
Room/Board	25,897	18,896	25,761	40,215	-	-	-	-	-	14	172	-	267,526
Interest	-	-	-	-	-	-	-	-	-	-	-	41,813	186
Rental	-	-	-	-	-	40,984	-	-	-	-	100,286	-	41,813
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	156,057
Total revenue	442,909	273,345	393,209	191,663	34,880	1,573,554	136,426	167,408	73,311	40,781	223,753	41,813	6,640,137
EXPENSES:													
Salaries and wages	261,915	173,844	279,654	53,071	23,461	875,391	67,338	48,650	51,446	-	-	-	3,658,522
Payroll taxes and benefits	119,862	57,248	119,347	15,744	29,325	489,085	39,383	27,200	19,163	-	-	11,178	1,526,788
Professional fees	88	1,127	1,672	1,083	1,083	19,072	1,083	-	1,646	-	30,624	-	68,668
Family living fees	-	-	-	97,536	-	-	-	-	-	-	-	-	97,536
Occupancy costs	19,074	10,733	24,052	1,406	1,051	126,709	1,051	-	2,318	-	14,831	21,869	340,850
Communications	3,289	3,442	4,358	989	989	29,889	1,635	-	741	278	10,811	-	90,710
Supplies	16,291	15,914	20,716	298	200	54,858	216	-	970	6,693	21,181	84	288,525
Equipment expense	4,545	8,137	3,805	-	-	24,843	-	-	263	-	-	10,973	78,191
Transportation	11,766	5,974	7,014	23,207	2,144	65,212	5,649	113,437	2,625	-	6,951	-	347,810
Conferences	62	61	62	-	-	6,546	-	-	60	747	11,415	-	28,656
Dues and subscriptions	334	381	614	-	92	7,716	-	-	36	-	3,196	-	19,282
Education expenses	-	-	-	-	-	-	-	-	-	-	-	-	375
Miscellaneous	1,015	1,015	2,464	1,015	1,013	21,126	1,015	1,125	-	421	81,189	-	119,530
Program activities	22	135	301	-	-	1,581	-	-	-	14,972	-	-	57,447
Special assistance	-	300	250	-	-	450	-	-	-	850	-	-	3,930
Employee physicals	440	491	1,852	-	70	2,655	135	-	-	10,560	-	-	14,210
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	10,560
National dues affiliates	-	-	-	-	-	-	-	-	23,525	-	-	-	23,525
Depreciation	-	-	-	-	-	-	-	-	-	-	-	161,168	161,168
Total expenses	438,703	278,802	466,161	194,349	59,428	1,725,133	117,505	190,412	102,793	34,521	180,198	234,187	6,936,283
Excess (deficiency) of revenue over expenses	\$ 4,206	\$ (5,457)	\$ (72,952)	\$ (2,686)	\$ (24,548)	\$ (151,579)	\$ 18,921	\$ (23,004)	\$ (29,482)	\$ 6,260	\$ 43,555	\$ (192,374)	\$ (296,146)

See independent auditors' report on supplemental information.

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THE ARC OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF REVENUE AND EXPENSES

PER AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

	Recreation Program										Residential Program											
	Lackawanna / Susquehanna		Carbon, Monroe, Pike		Community Options		Fair Street		Scott Avenue		Winfield Avenue		Rebecca Avenue		Theodore Street		Court Street		Newton		Sub-total	
	Year Round	Summer	Year Round	Summer	Year Round	Summer	Year Round	Summer	Year Round	Summer	Year Round	Summer	Year Round	Summer	Year Round	Summer	Year Round	Summer	Year Round	Summer		
REVENUE:																						
Mental Health/Retardation	\$ 164,300	\$ 54,166	\$ 54,434	\$ 4,829	\$ 4,829	\$ 56,137	\$ 475,248	\$ 371,906	\$ 359,169	\$ 193,227	\$ 368,085	\$ 464,269	\$ 426,008	\$ 2,991,778								
United Way	-	-	2,500	-	-	-	-	-	-	-	-	-	-	2,500								
Public support	1,185	2,620	631	-	-	-	-	-	25,489	25,269	25,489	19,098	36,201	4,436								
Room/Board	-	-	-	-	-	-	-	-	-	-	-	-	-	181,271								
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Total revenue	165,485	56,786	57,565	4,829	4,829	56,137	501,003	397,175	384,658	212,325	404,286	490,289	449,447	3,179,985								
EXPENSES:																						
Salaries and wages	80,206	39,382	39,322	2,737	2,737	33,313	251,883	269,491	169,412	160,917	171,129	271,089	237,593	1,726,474								
Payroll taxes and benefits	29,024	12,127	4,889	865	865	2,333	76,849	62,245	66,859	45,562	56,385	118,897	79,532	555,557								
Professional fees	1,083	1,083	-	-	-	-	1,111	1,111	1,111	1,445	1,167	1,111	1,111	10,333								
Family living fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Occupancy costs	1,329	1,869	3,509	1,035	1,035	-	24,120	16,456	10,595	11,524	16,950	18,809	16,322	122,518								
Communications	4,224	1,099	778	778	778	778	2,581	3,136	2,818	2,629	2,658	2,557	3,465	27,501								
Supplies	11,932	10,285	10,605	-	-	211	16,550	20,434	12,865	14,272	13,472	16,190	15,528	142,344								
Equipment expense	435	-	-	-	-	-	1,450	3,379	4,145	3,681	1,156	3,004	1,387	18,637								
Transportation	6,051	14,571	6,896	927	927	12,067	10,168	12,623	7,486	8,282	6,404	8,797	10,717	104,989								
Conferences	-	-	(68)	-	-	-	296	394	477	340	281	340	375	2,435								
Dues and subscriptions	871	270	-	160	160	36	968	427	95	130	80	20	133	3,190								
Education expenses	-	-	-	-	-	-	-	-	1,125	-	-	-	-	1,125								
Miscellaneous	810	-	-	-	-	-	810	810	810	810	810	810	810	6,480								
Program activities	52,671	2,444	(98)	375	375	2,631	-	77	149	-	122	300	66	58,437								
Special assistance	-	-	-	-	-	-	-	900	-	600	300	300	500	2,600								
Employee physicals	70	500	424	-	-	-	1,185	1,460	320	1,000	100	240	1,055	6,354								
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
National dues affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Total expenses	188,706	83,630	66,257	6,877	6,877	51,359	387,971	392,943	278,267	251,192	271,014	442,164	368,594	2,788,974								
Excess (deficiency) of revenue over expenses	\$ (23,221)	\$ (26,844)	\$ (8,692)	\$ (2,048)	\$ (2,048)	\$ 4,778	\$ 113,032	\$ 4,232	\$ 106,391	\$ (38,867)	\$ 133,272	\$ 48,125	\$ 80,853	\$ 391,011								

See independent auditors' report on supplemental information.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF REVENUE AND EXPENSES

PER AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

	Residential Program										Land, Building and Equipment Fund	Total All Programs June 30, 2014	
	Chesterfield Lane	Seymour Avenue	Sanders Street	Family Living	Supported Living	Adult Day Care	Supported Employment	Transportation	Lackawanna/ Susquehanna Advocacy	Parents of Down Syndrome			Management and General
REVENUE:													
Mental Health/Retardation	\$ 456,332	\$ 202,279	\$ 359,149	\$ 159,461	\$ 28,417	\$ 1,512,240	\$ 137,510	\$ 180,232	\$ -	\$ -	\$ -	\$ -	\$ 6,027,398
United Way	-	-	-	-	-	20,500	-	-	75,028	-	-	-	98,028
Public support	-	-	-	-	-	-	-	-	-	23,276	102,832	-	130,544
Room/Board	25,499	19,117	24,325	26,141	-	-	-	-	-	16	83	-	276,353
Interest	-	-	-	-	-	-	-	-	-	-	-	-	99
Rental	-	-	-	-	-	64,519	-	-	-	-	-	-	41,623
Miscellaneous	-	-	-	-	-	-	-	-	-	-	100,428	-	164,947
Total revenue	481,831	221,396	383,474	185,602	28,417	1,597,259	137,510	180,232	75,028	23,292	203,343	41,623	6,738,992
EXPENSES:													
Salaries and wages	252,002	177,712	257,022	40,198	12,358	835,598	65,793	45,000	57,202	-	-	-	3,497,145
Payroll taxes and benefits	86,156	40,351	114,418	10,529	2,919	414,437	29,779	24,770	16,375	-	-	7,887	1,303,178
Professional fees	429	1,111	1,111	1,083	1,083	20,100	1,083	-	1,215	-	17,902	-	55,450
Family living fees	-	-	-	105,771	-	-	-	-	-	-	-	-	105,771
Occupancy costs	21,185	12,868	29,038	1,249	977	147,029	1,050	-	2,275	-	-	42,052	394,817
Communications	2,711	3,153	3,073	1,750	778	25,608	1,480	-	741	299	16,080	-	83,174
Supplies	16,202	13,782	14,006	489	28	58,655	577	-	611	807	13,693	-	261,194
Equipment expense	1,085	6,860	2,305	-	80	15,774	639	-	159	-	5,249	9,642	60,430
Transportation	11,515	9,350	6,172	23,637	1,052	28,003	5,291	147,117	2,893	-	3,550	-	343,569
Conferences	303	281	281	-	-	6,670	-	-	170	1,248	6,336	-	17,724
Dues and subscriptions	172	145	177	155	-	9,165	-	-	45	-	7,641	-	20,690
Education expenses	-	-	-	-	-	375	-	-	-	-	-	-	1,500
Miscellaneous	830	810	-	-	809	9,908	810	5,000	-	54	165,222	-	190,733
Program activities	17	89	-	810	-	1,385	-	-	-	11,441	-	-	71,369
Special assistance	150	850	450	-	-	750	-	-	-	444	150	-	5,394
Employee physicals	480	1,095	560	-	-	2,015	-	-	-	3,770	-	-	10,504
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	3,770
National dues affiliates	-	-	-	-	-	-	-	-	24,525	-	-	-	24,525
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	169,806
Total expenses	393,237	268,457	428,613	185,671	20,084	1,575,472	106,502	221,887	106,211	18,063	250,399	257,173	6,620,743
Excess (deficiency) of revenue over expenses	\$ 88,594	\$ (47,061)	\$ (45,139)	\$ (69)	\$ 8,333	\$ 21,787	\$ 31,008	\$ (41,655)	\$ (31,183)	\$ 5,229	\$ (47,056)	\$ (215,550)	\$ 118,249

See independent auditors' report on supplemental information.