

**THE ARC OF  
NORTHEASTERN PENNSYLVANIA**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2016 AND 2015  
AND  
INDEPENDENT AUDITORS' REPORT  
AND  
SUPPLEMENTAL INFORMATION**

**THE ARC OF NORTHEASTERN PENNSYLVANIA**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5 - 10
STATEMENTS OF CASH FLOWS	11
NOTES TO FINANCIAL STATEMENTS	12 - 20
SCHEDULES OF REVENUE AND EXPENSES PER AUDITED FINANCIAL STATEMENTS	21 - 24

**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, 2016 and 2015, 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, 2016 and 2015 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. 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 January 19, 2017 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. Parfeth, LLC*

Dunmore, Pennsylvania  
January 19, 2017

**THE ARC OF NORTHEASTERN PENNSYLVANIA**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 171,964	\$ 178,633
Accounts receivable	1,004,639	791,118
Prepaid expenses	64,919	73,935
Total current assets	<u>1,241,522</u>	<u>1,043,686</u>
PROPERTY AND EQUIPMENT, NET	<u>1,659,780</u>	<u>1,762,566</u>
TOTAL ASSETS	<u>\$ 2,901,302</u>	<u>\$ 2,806,252</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Line of credit	\$ 689,003	\$ 614,339
Current portion of long-term debt	92,042	98,504
Accounts payable	105,592	75,250
Accrued salaries and wages	97,782	98,943
Payroll taxes and withholdings	2,827	20,994
Accrued compensated absences	172,204	150,852
Due to The Arc Foundation	120,000	-
Total current liabilities	<u>1,279,450</u>	<u>1,058,882</u>
LONG-TERM DEBT	<u>642,384</u>	<u>735,868</u>
Total liabilities	1,921,834	1,794,750
NET ASSETS:		
Unrestricted	<u>979,468</u>	<u>1,011,502</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,901,302</u>	<u>\$ 2,806,252</u>

See accompanying notes to financial statements.

**THE ARC OF NORTHEASTERN PENNSYLVANIA**

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
SUPPORT AND REVENUE:		
Public support	\$ 90,784	\$ 166,195
Indirect support	99,721	102,397
Contract revenue	6,034,029	5,905,963
Revenue-other	532,431	423,769
Rental income	43,288	41,813
Total Support and Revenue	<u>6,800,253</u>	<u>6,640,137</u>
EXPENSES		
Program services:		
Recreation	332,901	317,422
Residential	3,424,627	3,443,858
Adult day care	1,494,104	1,499,496
Supported employment	98,917	102,178
Advocacy	90,447	102,793
Transportation	173,626	185,412
Parents of Down Syndrome	31,016	34,521
Management and general	981,441	1,056,509
Land, building and equipment	205,208	194,094
Total Expenses	<u>6,832,287</u>	<u>6,936,283</u>
CHANGE IN NET ASSETS	(32,034)	(296,146)
NET ASSETS, BEGINNING	<u>1,011,502</u>	<u>1,307,648</u>
NET ASSETS, ENDING	<u>\$ 979,468</u>	<u>\$ 1,011,502</u>

See accompanying notes to financial statements.

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Recreational Program			Residential Program				Sub-total		
	Lackawanna/Susquehanna Year Around	Summer	Year Around	Carbon/Monroe/Pike Summer	Community Options	Winfield Avenue	Seymour Avenue		Theodore Street	Sanders Street
Salaries and wages	\$ 64,161	\$ 40,354	\$ 12,839	\$ 8,047	\$ 31,411	\$ 142,589	\$ 151,827	\$ 146,823	\$ 215,739	\$ 813,790
Payroll taxes and benefits	37,369	7,279	1,483	1,039	1,695	57,840	42,861	50,105	96,938	296,609
Professional fees	1,083	1,083	-	-	-	1,111	1,111	1,231	1,159	6,778
Family living fees	-	-	-	-	-	-	-	-	-	-
Occupancy costs	1,780	1,956	2,062	1,127	-	10,142	9,096	21,651	24,104	71,918
Communications	4,619	812	1,190	707	871	3,086	2,904	3,222	4,221	21,632
Supplies	15,253	11,317	1,853	578	-	17,504	16,735	15,365	18,382	96,987
Equipment expense	188	731	-	-	-	2,771	10,170	1,901	6,917	22,678
Transportation	5,790	21,048	4,244	1,537	6,563	6,826	6,303	5,365	6,626	64,302
Conferences	25	-	899	-	-	-	314	9	65	1,312
Dues and subscriptions	221	1,444	310	98	-	435	429	481	671	4,089
Miscellaneous	870	-	-	-	-	871	870	870	3,698	7,179
Program activities	34,300	80	(1,776)	450	2,908	208	192	84	115	36,561
Special assistance	-	-	-	-	-	-	450	-	-	450
Employee physicals	70	563	273	97	-	704	497	429	1,126	3,759
Contributions	-	-	-	-	-	-	-	-	-	-
National dues affiliates	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 165,729</b>	<b>\$ 86,667</b>	<b>\$ 23,377</b>	<b>\$ 13,680</b>	<b>\$ 43,448</b>	<b>\$ 244,087</b>	<b>\$ 243,759</b>	<b>\$ 247,536</b>	<b>\$ 379,761</b>	<b>\$ 1,448,044</b>

See accompanying notes to financial statements.

(continued)

THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Residential Program										Sub-Total
	Court Street	Newton	Chesterfield Lane	Rebecca Avenue	Scott	Farr Street	Summit Pointe	Family Living	Supported Living		
Salaries and wages	\$ 190,799	\$ 185,291	\$ 168,495	\$ 161,322	\$ 244,953	\$ 219,734	\$ 93,337	\$ 33,530	\$ 22,208	\$ 1,319,669	
Payroll taxes and benefits	129,357	61,461	83,746	65,269	69,677	84,637	16,564	9,585	9,037	529,333	
Professional fees	1,111	1,230	127	1,111	1,210	1,210	-	1,083	1,083	8,165	
Family living fees	-	-	-	-	-	-	-	106,438	-	106,438	
Occupancy costs	14,477	10,546	17,294	9,034	12,438	17,589	11,621	1,295	1,764	96,058	
Communications	3,141	3,368	3,009	3,036	3,142	2,869	1,526	2,097	871	23,059	
Supplies	14,412	15,419	13,790	13,571	19,358	16,206	7,441	337	-	100,534	
Equipment expense	3,697	11,403	856	5,839	7,628	4,651	2,902	38	104	37,118	
Transportation	8,754	6,878	9,908	5,087	8,667	6,612	2,736	19,253	2,277	70,172	
Conferences	-	-	-	-	-	-	-	120	45	165	
Dues and subscriptions	399	445	397	373	811	530	625	-	30	3,610	
Miscellaneous	872	870	870	870	870	870	-	870	869	6,961	
Program activities	31	16	79	119	450	87	-	-	-	782	
Special assistance	100	300	-	540	-	300	600	-	-	1,840	
Employee physicals	986	650	396	670	972	1,072	705	72	57	5,580	
Contributions	-	-	-	-	-	-	-	-	-	-	
National dues affiliates	-	-	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenses</b>	<b>\$ 368,136</b>	<b>\$ 297,877</b>	<b>\$ 298,967</b>	<b>\$ 266,841</b>	<b>\$ 370,176</b>	<b>\$ 356,367</b>	<b>\$ 138,057</b>	<b>\$ 174,718</b>	<b>\$ 38,345</b>	<b>\$ 2,309,484</b>	

See accompanying notes to financial statements.

(continued)



THE ARC OF NORTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Adult Day Care	Supported Employment	Lackawanna / Susquehanna Advocacy	Transportation	Down Syndrome	Management and General	Land, Building and Equipment	Total
Salaries and wages	\$ 754,454	\$ 55,158	\$ 34,853	\$ 40,000	-	\$ 576,848	-	\$ 3,594,772
Payroll taxes and benefits	474,554	32,478	17,424	14,900	-	197,925	-	1,563,223
Professional fees	1,108	1,083	1,083	-	-	53,845	-	72,062
Family living fees	-	-	-	-	-	-	-	106,438
Occupancy costs	115,701	1,053	2,045	-	-	27,284	19,943	334,002
Communications	11,379	1,510	639	-	2,265	26,744	-	87,228
Supplies	41,095	679	917	-	2,245	36,224	243	278,924
Equipment expense	17,600	-	3,264	-	-	-	14,660	95,320
Transportation	54,023	5,999	1,483	118,726	-	7,579	-	322,284
Conferences	716	-	-	-	1,484	25,293	-	28,970
Dues and subscriptions	1,346	8	27	-	-	16,369	-	25,449
Miscellaneous	15,667	877	-	-	980	13,282	-	44,946
Program activities	3,965	-	-	-	21,476	48	-	62,832
Special assistance	750	-	-	-	-	-	-	3,040
Employee physicals	1,746	72	-	-	-	-	-	11,157
Contributions	-	-	-	-	2,566	-	-	2,566
National dues affiliates	-	-	28,712	-	-	-	-	28,712
Depreciation	-	-	-	-	-	-	170,362	170,362
<b>Total Expenses</b>	<b>\$ 1,494,104</b>	<b>\$ 98,917</b>	<b>\$ 90,447</b>	<b>\$ 173,626</b>	<b>\$ 31,016</b>	<b>\$ 981,441</b>	<b>\$ 205,208</b>	<b>\$ 6,832,287</b>

See accompanying notes to financial statements.

(concluded)

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		Seymour		Theodore		Sanders		Street		
	Year	Year	Year	Year	Avenue	Avenue	Avenue	Avenue	Street	Street	Street	Street			
Salaries and wages	\$ 66,571	\$ 33,372	\$ 13,034	\$ 6,885	\$ 27,075	\$ 146,296	\$ 147,314	\$ 153,012	\$ 235,285	\$ 153,012	\$ 235,285	\$ 828,844			
Payroll taxes and benefits	25,100	5,492	1,512	854	1,081	50,723	47,436	58,101	103,032	58,101	103,032	293,331			
Professional fees	1,083	1,083	-	-	-	1,172	1,127	1,792	1,672	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	22,636	24,052	74,863			
Communications	4,807	1,128	1,288	989	989	3,770	3,442	3,377	4,358	3,377	4,358	24,148			
Supplies	17,158	8,268	1,814	1,840	158	18,053	15,914	14,571	20,716	14,571	20,716	98,492			
Equipment expense	3	436	-	-	-	4,689	8,137	2,210	3,805	2,210	3,805	19,280			
Transportation	6,093	18,504	5,627	2,135	10,476	9,417	5,974	6,843	7,014	6,843	7,014	72,083			
Conferences	35	-	63	-	-	111	61	971	62	971	62	1,303			
Dues and subscriptions	122	1,237	86	534	-	345	381	331	614	331	614	3,650			
Educational expenses	-	-	-	-	-	375	-	-	-	-	-	375			
Miscellaneous	1,015	-	-	-	-	1,015	1,015	1,015	2,464	1,015	2,464	6,524			
Program activities	36,796	386	(150)	66	2,531	288	135	98	301	98	301	40,451			
Special assistance	-	-	-	-	-	-	300	30	250	30	250	580			
Employee physicals	75	705	851	-	-	345	491	625	1,852	625	1,852	4,944			
Contributions	-	-	-	-	-	-	-	-	-	-	-	-			
National dues affiliates	-	-	-	-	-	-	-	-	-	-	-	-			
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-			
<b>Total Expenses</b>	<b>\$ 160,871</b>	<b>\$ 72,590</b>	<b>\$ 27,274</b>	<b>\$ 14,377</b>	<b>\$ 42,310</b>	<b>\$ 245,826</b>	<b>\$ 242,460</b>	<b>\$ 265,612</b>	<b>\$ 405,477</b>	<b>\$ 265,612</b>	<b>\$ 405,477</b>	<b>\$ 1,476,797</b>			

See accompanying notes to financial statements.

(continued)

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	-	-	-	-	-	-	-	-	-		
<b>Total Expenses</b>	<b>\$ 400,716</b>	<b>\$ 299,862</b>	<b>\$ 381,500</b>	<b>\$ 235,678</b>	<b>\$ 391,133</b>	<b>\$ 355,440</b>	<b>\$ 168,999</b>	<b>\$ 51,155</b>	<b>\$ 2,284,483</b>		

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
<b>Total Expenses</b>	<b>\$ 1,499,496</b>	<b>\$ 102,178</b>	<b>\$ 102,793</b>	<b>\$ 185,412</b>	<b>\$ 34,521</b>	<b>\$ 1,056,509</b>	<b>\$ 194,094</b>	<b>\$ 6,936,283</b>

See accompanying notes to financial statements.

(concluded)

**THE ARC OF NORTHEASTERN PENNSYLVANIA**

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (32,034)	\$ (296,146)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	170,362	161,168
Change in assets and liabilities:		
Increase in accounts receivable	(213,521)	(71,183)
Decrease in prepaid expenses	9,016	51,617
Increase in accounts payable	30,342	3,307
(Decrease) increase in accrued salaries and wages	(1,161)	15,810
Decrease in payroll taxes and withholding	(18,167)	(5,234)
Increase in accrued compensated absences	21,352	27,338
Increase in due to The Arc Foundation	120,000	-
Net cash provided (used) by operating activities	<u>86,189</u>	<u>(113,323)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(67,577)</u>	<u>(158,739)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit and other debt	74,665	368,687
Principal payments on line of credit and other debt	<u>(99,946)</u>	<u>(89,813)</u>
Net cash (used) provided by financing activities	<u>(25,281)</u>	<u>278,874</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,669)	6,812
CASH AND CASH EQUIVALENTS - BEGINNING	<u>178,633</u>	<u>171,821</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 171,964</u>	<u>\$ 178,633</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 59,539</u>	<u>\$ 51,009</u>

See accompanying notes to financial statements.

# THE ARC OF NORTHEASTERN PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

---

### 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 have intellectual and developmental disabilities.

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

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, 2016 AND 2015**

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 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, 2016 AND 2015**

**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 January 19, 2017, the date on which the financial statements are available to be issued.

(continued)



**THE ARC OF NORTHEASTERN PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 2 – PROPERTY AND EQUIPMENT:**

Property and equipment are summarized by major classification as follows:

<u>Description</u>	<u>2016</u>	<u>2015</u>
Land	\$ 203,171	\$ 203,171
Buildings and Improvements	2,510,407	2,463,397
Transportation Equipment	1,010,467	1,028,944
Equipment	182,633	170,654
Leasehold Improvements	78,974	78,974
Construction in Progress	<u>8,587</u>	<u>-</u>
Total	3,994,239	3,945,140
Less: accumulated depreciation	<u>2,334,459</u>	<u>2,182,574</u>
Net	<u>\$ 1,659,780</u>	<u>\$ 1,762,566</u>

Depreciation expense for the years ended June 30, 2016 and 2015 is \$170,362 and \$161,168, 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, 2016. 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, 2016 and 2015, the balance of the line of credit was \$689,003 and \$614,339, respectively.

(continued)

**THE ARC OF NORTHEASTERN PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**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, 2016 and 2015:

- 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, 2016 and 2015 is \$38,401 and \$48,413.
- 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, 2016 and 2015 is \$71,266 and \$74,501.
- 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, 2016 and 2015 is \$103,406 and \$106,289.
- 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, 2016 and 2015 is \$125,746 and \$134,870.
- 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, 2016 and 2015 is \$75,981 and \$80,454.
- 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, 2016 and 2015 is \$14,810 and \$19,190.
- g. 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, 2016 and 2015 is \$12,633 and \$16,447.
- h. 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 \$13,616 and \$17,726.

(continued)

**THE ARC OF NORTHEASTERN PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 4 – LONG-TERM DEBT (continued):**

i. 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, 2016 and 2015 is \$18,994 and \$25,167.

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, 2016 and 2015 is \$17,019 and \$22,551.

k. 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, 2016 and 2015 is \$166,457 and \$173,960.

l. 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, 2016 and 2015 is \$-0- and \$4,599.

m. 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, 2016 and 2015 is \$-0- and \$4,489.

n. 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, 2016 and 2015 is \$16,180 and \$23,244.

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, 2016 and 2015 is \$16,180 and \$23,244.

(continued)

**THE ARC OF NORTHEASTERN PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

NOTE 4 – LONG-TERM DEBT (continued):

p. 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, 2016 and 2015 is \$10,878 and \$15,470.

q. 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, 2016 and 2015 is \$16,683 and \$22,036.

r. 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, 2016 and 2015 is \$16,177 and \$21,722.

The following is a summary of debt maturities as of June 30, 2016:

Year Ending	Amount
<u>June 30,</u>	
2017	\$ 92,042
2018	95,313
2019	82,575
2020	45,989
2021	36,119
Thereafter	<u>382,388</u>
Total	<u>\$ 734,426</u>

Interest expense for the year ended June 30, 2016 and 2015 was \$55,539 and \$51,009.

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 three percent (3%) 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 \$84,277 and \$79,155 for the years ended June 30, 2016 and 2015.

(continued)

**THE ARC OF NORTHEASTERN PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**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, 2016 and 2015 is \$172,204 and \$150,852, 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 93% and 89%, respectively, of the Organization's support and revenue for the years ended June 30, 2016 and 2015.

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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Total Bank Balances	\$ 148,199	\$ 155,781
Insured Portion	<u>148,199</u>	<u>155,781</u>
Uninsured Cash Balances	<u>\$ -</u>	<u>\$ -</u>

(continued)

**THE ARC OF NORTHEASTERN PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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

*Condensed Statement of Financial Position*  
*June 30, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash	\$ 344,974	\$ 511,211
Account receivable	120,000	-
Investments	809,047	851,316
Endowment fund	29,847	30,173
Total	<u>\$ 1,303,868</u>	<u>\$ 1,392,700</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts Payable	\$ 717	\$ 97,042
Net Assets	<u>1,303,151</u>	<u>1,295,658</u>
Total	<u>\$ 1,303,868</u>	<u>\$ 1,392,700</u>

*Condensed Statement of Activities*  
*for the Years ended June 30, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
Bequests	\$ 900	\$ 3,828
Grants	76,500	117,900
Contributions	34,970	72,548
Investment return	(43,132)	(29,778)
Endowment income	598	1,548
Miscellaneous income	4,125	1,462
Special events, net	82,257	30,158
Program services	(125,035)	(117,940)
Management and general expenses	(371)	(585)
Fundraising expenses	<u>(23,319)</u>	<u>(2,964)</u>
Net increase	7,493	76,177
Net assets - beginning	<u>1,295,658</u>	<u>1,219,481</u>
Net assets - ending	<u>\$ 1,303,151</u>	<u>\$ 1,295,658</u>

(concluded)



**THE ARC OF NORTHEASTERN PENNSYLVANIA**

SCHEDULE OF REVENUE AND EXPENSES

PER AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	Residential Program							Transportation	Lackawanna/ Susquehanna Advocacy	Parents of Down Syndrome	Management and General	Land, Building and Equipment Fund	Total All Programs June 30, 2016
	Chesterfield Lane	Seymour Avenue	Sanders Street	Family Living	Supported Living	Adult Day Care	Supported Employment						
REVENUE:													
Mental Health/Retardation	\$ 294,130	\$ 273,593	\$ 356,364	\$ 188,915	\$ 38,586	\$ 1,634,183	\$ 119,553	\$ 168,903	\$ -	\$ -	\$ -	\$ -	\$ 6,034,029
United Way	-	-	-	-	-	57,148	-	-	33,775	-	7,298	-	99,721
Public support	-	-	-	-	-	-	-	-	-	15,702	74,284	-	90,784
Room/Board	20,944	19,584	37,209	31,449	-	-	-	-	-	-	109	-	306,262
Interest	-	-	-	-	-	-	-	-	-	1,501	-	-	1,610
Rental	-	-	-	-	-	-	-	-	-	-	-	43,288	43,288
Miscellaneous	-	-	-	-	-	23,006	-	-	43,917	2,015	155,620	-	224,559
Total revenue	315,074	293,177	393,573	220,364	38,586	1,714,337	119,553	168,903	77,692	19,218	237,311	43,288	6,800,253
EXPENSES:													
Salaries and wages	202,018	179,462	256,037	52,924	26,464	870,282	66,138	47,262	34,853	-	-	28,842	3,594,772
Payroll taxes and benefits	95,524	52,571	111,097	16,399	10,533	510,769	36,336	17,451	17,424	-	-	9,862	1,563,221
Professional fees	127	1,111	1,159	1,083	1,083	38,307	1,083	-	1,083	-	16,646	-	72,062
Family living fees	-	-	-	106,438	-	-	-	-	-	-	-	-	106,438
Occupancy costs	17,294	9,096	24,104	1,295	1,764	116,356	1,053	-	2,045	-	26,628	19,943	334,001
Communications	3,009	2,904	4,221	2,097	871	31,066	1,510	-	639	2,265	7,058	-	87,229
Supplies	13,790	16,735	18,382	337	-	47,091	679	-	917	2,245	30,228	243	278,924
Equipment expense	856	10,170	6,917	38	104	17,600	-	-	3,264	-	-	14,660	95,320
Transportation	9,908	6,303	6,626	19,253	2,277	55,061	5,999	118,726	1,483	-	6,541	-	322,284
Conferences	-	314	65	120	45	4,161	-	-	-	1,484	21,697	-	28,819
Dues and subscriptions	397	429	671	30	30	3,873	8	-	27	-	15,920	-	27,527
Miscellaneous	870	870	3,698	870	869	17,192	877	-	-	980	9,600	-	42,789
Program activities	79	192	115	-	-	3,965	-	-	-	21,476	-	-	62,784
Special assistance	-	450	-	-	-	750	-	-	-	-	280	-	3,320
Employee physicals	396	497	1,126	72	57	1,746	72	-	-	-	-	-	11,157
Contributions	-	-	-	-	-	-	-	-	-	2,566	-	-	2,566
National dues affiliates	-	-	-	-	-	-	-	-	28,712	-	-	-	28,712
Depreciation	-	-	-	-	-	-	-	-	-	-	-	170,362	170,362
Total expenses	344,268	281,104	434,218	200,926	44,097	1,718,219	113,755	183,439	90,447	31,016	134,598	243,912	6,832,287
Excess (deficiency) of revenue over expenses	\$ (29,194)	\$ 12,073	\$ (40,645)	\$ 19,438	\$ (5,511)	\$ (3,882)	\$ 5,798	\$ (14,536)	\$ (12,755)	\$ (11,798)	\$ 102,713	\$ (200,624)	\$ (32,034)

See independent auditors' report on supplemental information.

(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							Sub-total	
	Lackawanna / Susquehanna Year Round	Summer	Year Round	Carbon, Monroe, Pike Summer	Community Options	Farr Street	Scott	Winfield Avenue	Rebecca Avenue	Theodore Street	Court Street		Newton
<b>REVENUE:</b>													
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	-	-	-	-	-	-	-	-	-	7,033
Room/Board	-	-	-	-	-	24,302	25,518	25,356	19,159	23,257	26,924	12,241	156,757
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	14,787	-	14,787
<b>Total revenue</b>	<b>194,103</b>	<b>128,009</b>	<b>47,384</b>	<b>4,452</b>	<b>66,434</b>	<b>488,463</b>	<b>357,383</b>	<b>343,500</b>	<b>264,550</b>	<b>315,929</b>	<b>450,420</b>	<b>386,458</b>	<b>3,047,085</b>
<b>EXPENSES:</b>													
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	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>185,147</b>	<b>83,478</b>	<b>31,365</b>	<b>16,533</b>	<b>48,657</b>	<b>410,988</b>	<b>451,529</b>	<b>282,674</b>	<b>271,001</b>	<b>306,972</b>	<b>480,454</b>	<b>345,293</b>	<b>2,914,091</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 8,956</b>	<b>\$ 44,531</b>	<b>\$ 16,019</b>	<b>\$ (12,081)</b>	<b>\$ 17,777</b>	<b>\$ 77,475</b>	<b>\$ (94,146)</b>	<b>\$ 60,826</b>	<b>\$ (6,451)</b>	<b>\$ 8,957</b>	<b>\$ (30,034)</b>	<b>\$ 41,165</b>	<b>\$ 132,994</b>

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						Lackawanna/ Susquehanna Advocacy	Parents of Down Syndrome	Management and General	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			
<b>REVENUE:</b>											
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	-	-	-	4,900	102,397
Public support	-	-	-	-	-	-	-	-	-	118,395	166,195
Room/Board	25,897	18,896	25,761	40,215	-	-	-	-	-	-	267,526
Interest	-	-	-	-	-	-	-	-	-	172	186
Rental	-	-	-	-	-	-	-	-	-	41,813	41,813
Miscellaneous	-	-	-	-	-	40,984	-	-	-	100,286	156,057
<b>Total revenue</b>	<b>442,909</b>	<b>273,345</b>	<b>393,209</b>	<b>191,663</b>	<b>34,880</b>	<b>1,573,554</b>	<b>136,426</b>	<b>167,408</b>	<b>41,813</b>	<b>223,753</b>	<b>6,640,137</b>
<b>EXPENSES:</b>											
Salaries and wages	261,915	173,844	279,654	53,071	23,461	875,391	67,338	48,650	28,915	-	3,658,522
Payroll taxes and benefits	119,862	57,248	119,347	15,744	29,325	489,085	39,383	27,200	11,178	-	1,526,788
Professional fees	88	1,127	1,672	1,083	1,083	19,072	1,083	-	-	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	-	21,869	14,831	340,850
Communications	3,289	3,442	4,358	989	989	29,889	1,635	-	10,811	10,811	90,710
Supplies	16,291	15,914	20,716	298	200	54,858	216	-	21,181	84	288,525
Equipment expense	4,545	8,137	3,805	-	-	24,843	-	-	10,973	-	78,191
Transportation	11,766	5,974	7,014	23,207	2,144	65,212	5,649	113,437	-	6,951	347,810
Conferences	62	61	62	-	-	6,546	-	-	-	11,415	28,656
Dues and subscriptions	334	381	614	-	92	7,716	-	-	-	3,196	19,282
Education expenses	-	-	-	-	-	-	-	-	-	-	375
Miscellaneous	1,015	1,015	2,464	1,015	1,013	21,126	1,015	1,125	-	81,189	119,530
Program activities	22	135	301	-	-	1,581	-	-	-	-	57,447
Special assistance	450	300	250	-	-	450	-	-	-	-	3,930
Employee physicals	440	491	1,852	-	70	2,655	135	-	-	-	14,210
Contributions	-	-	-	-	-	-	-	-	-	-	10,560
National dues affiliates	-	-	-	-	-	-	-	-	-	-	23,525
Depreciation	-	-	-	-	-	-	-	-	-	-	161,168
<b>Total expenses</b>	<b>438,703</b>	<b>278,802</b>	<b>466,161</b>	<b>194,349</b>	<b>59,428</b>	<b>1,725,133</b>	<b>117,505</b>	<b>190,412</b>	<b>234,187</b>	<b>180,198</b>	<b>6,936,283</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 4,206</b>	<b>\$ (5,457)</b>	<b>\$ (72,952)</b>	<b>\$ (2,686)</b>	<b>\$ (24,548)</b>	<b>\$ (151,579)</b>	<b>\$ 18,921</b>	<b>\$ (23,004)</b>	<b>\$ (192,374)</b>	<b>\$ 43,555</b>	<b>\$ (296,146)</b>

See independent auditors' report on supplemental information.

(concluded)