



Arc Broward, Inc. and Affiliate

Combined Financial Statements and Supplemental Schedules

As of and For the Years Ended September 30, 2022
and 2021

Schedule of Expenditures of State Financial
Assistance and Reports Required by
Government Auditing Standards and the
Florida Single Audit Act
For the Year Ended September 30, 2022

Arc Broward, Inc. and Affiliate

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As of and For the Years Ended September 30, 2022 and 2021

Schedule of Expenditures of State Financial Assistance and
Reports Required by *Government Auditing Standards* and
the Florida Single Audit Act
For the Year Ended September 30, 2022

Arc Broward, Inc. and Affiliate

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Independent Auditor's Report

To the Board of Directors
Arc Broward Inc. and Affiliate

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Arc Broward Inc. and Affiliate, (the "Organization"), which comprise the combined statements of financial position as of September 30, 2022 and 2021 and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Organization as of September 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). For the year ended September 30, 2022, we also conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining schedules of financial position and activities, schedule of local financial assistance, and schedule of activities - Arc Educates are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of state financial assistance, as required by *Chapter 10.650, Rules of the Florida Auditor General*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined



financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

BDO USA, LLP

Boca Raton, Florida
February 8, 2023

Combined Financial Statements

Arc Broward, Inc. and Affiliate
Combined Statements of Financial Position

<i>September 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 3,824,067	\$ 2,091,347
Restricted cash	446,011	575,933
Accounts receivable, net	2,110,276	1,842,982
Current portion of pledges receivable, net	162,457	163,125
Prepaid expenses and other current assets	139,374	128,221
Total Current Assets	6,682,185	4,801,608
Pledges receivable, net, Less: Current portion	3,600	140,578
Property and equipment, net	9,734,748	10,299,821
Other assets	15,798	15,798
Total Assets	16,436,331	15,257,805
Liabilities and Net Assets		
Current liabilities		
Accounts payable	197,552	93,251
Accrued expenses	1,411,387	1,211,052
Deferred revenue	587,068	58,248
Total Current Liabilities	2,196,007	1,362,551
Net Assets		
Without donor restrictions	14,240,324	13,895,254
Total Net Assets	14,240,324	13,895,254
Total Liabilities and Net Assets	\$ 16,436,331	\$ 15,257,805

See accompanying notes to the combined financial statements

Arc Broward, Inc. and Affiliate

Combined Statements of Activities

<i>Year ended September 30,</i>	2022	2021
Public Support and Revenues without Donor Restrictions		
Program service fees, including grant/contract revenue	\$ 16,069,336	\$ 12,853,980
Contributions	1,764,470	2,030,244
Special events	258,665	157,961
Other income	23,728	90,728
Employee Retention Credit	1,102,684	-
Net assets released from restrictions	-	52,940
Total Public Support and Revenues without Donor Restrictions	19,218,883	15,185,853
Operating Expenses		
Program services	15,875,987	13,515,744
Supporting services		
General and administration	2,459,295	1,722,065
Fundraising	538,531	315,458
Total Operating Expenses	18,873,813	15,553,267
Change in Net Assets without Donor Restrictions	345,070	(367,414)
Public Support and Revenues with Donor Restrictions		
Net assets released from restrictions	-	(52,940)
Total Public Support and Revenues with Donor Restrictions	-	(52,940)
Change in Net Assets with Donor Restrictions	-	(52,940)
Change in Net Assets Before Gain on Forgiveness of Paycheck Protection Program Loan	345,070	(420,354)
Gain on forgiveness of Paycheck Protection Program loan	-	2,028,491
Change in Net Assets	345,070	1,608,137
Net Assets - beginning of year	13,895,254	12,287,117
Net Assets - end of year	\$ 14,240,324	\$ 13,895,254

See accompanying notes to the combined financial statements

Arc Broward, Inc. and Affiliate

Combined Statements of Functional Expenses

Year ended September 30, 2022	Program Services						Supporting Services		
	Children's Services	Adult Services	Transportation Services	Workforce and School to Work Transition Services	Social Enterprise	Total Program Services	General and Administration	Fundraising	Total
Personnel Costs									
Salaries	\$ 2,759,479	\$ 4,930,983	\$ 8,448	\$ 1,184,888	\$ 1,537,597	\$ 10,421,395	\$ 1,328,269	\$ 325,512	\$ 12,075,176
Payroll taxes and employee benefits	451,370	842,803	5,741	187,593	218,350	1,705,857	240,483	47,703	1,994,043
Total Personnel Costs	3,210,849	5,773,786	14,189	1,372,481	1,755,947	12,127,252	1,568,752	373,215	14,069,219
Other Expenses									
Insurance	83,930	205,840	35,776	24,760	43,164	393,470	108,098	2,392	503,960
Utilities	70,910	195,706	371	11,237	51,336	329,560	90,548	1,847	421,955
Quality assessment fee	-	314,762	-	-	-	314,762	-	-	314,762
Transportation	7,956	70,721	51,345	4,214	10,276	144,512	16,317	-	160,829
Maintenance and repairs	64,840	229,377	345	6,370	53,854	354,786	169,037	1,650	525,473
Food and dietary costs	673	148,684	-	2,133	420,555	572,045	3,286	779	576,110
Building and equipment rental	14,865	15,261	70	97,419	14,968	142,583	20,896	820	164,299
Office supplies and expense	14,843	42,244	588	10,463	7,599	75,737	66,250	5,900	147,887
Program supplies	65,975	190,827	138	25,957	102,912	385,809	15,574	358	401,741
Telephone	21,313	24,732	3,714	12,223	10,502	72,484	33,751	2,774	109,009
Travel, training and meetings	28,295	3,191	-	7,035	8,886	47,407	2,346	1,685	51,438
Professional services	48,641	23,330	1,549	59,665	46,010	179,195	151,349	57,810	388,354
Licenses, dues and memberships	4,798	13,658	-	5,007	26,621	50,084	19,525	3,268	72,877
Fundraising	-	-	-	-	-	-	-	86,033	86,033
Depreciation	68,808	181,917	-	53,856	381,720	686,301	193,566	-	879,867
Total Expenses	\$ 3,706,696	\$ 7,434,036	\$ 108,085	\$ 1,692,820	\$ 2,934,350	\$ 15,875,987	\$ 2,459,295	\$ 538,531	\$ 18,873,813

See accompanying notes to the combined financial statement

Arc Broward, Inc. and Affiliate

Combined Statements of Functional Expenses

<i>Year ended September 30, 2021</i>	Program Services						Supporting Services		
<i>Functions</i>	Children's Services	Adult Services	Transportation Services	Workforce and School to Work Transition Services	Social Enterprise	Total Program Services	General and Administration	Fundraising	Total
Personnel Costs									
Salaries	\$ 2,412,915	\$ 4,144,388	\$ 6,440	\$ 953,392	\$ 1,158,608	\$ 8,675,743	\$ 1,051,543	\$ 250,767	\$ 9,978,053
Payroll taxes and employee benefits	436,216	761,214	1,008	189,993	173,029	1,561,460	164,097	41,309	1,766,866
Total Personnel Costs	2,849,131	4,905,602	7,448	1,143,385	1,331,637	10,237,203	1,215,640	292,076	11,744,919
Other Expenses									
Insurance	88,386	184,126	38,697	26,150	42,018	379,377	63,955	1,617	444,949
Utilities	71,303	184,733	380	10,922	55,967	323,305	35,900	1,046	360,251
Quality assessment fee	-	301,196	-	-	-	301,196	-	-	301,196
Transportation	8,278	24,412	47,788	2,389	388	83,255	5,647	-	88,902
Maintenance and repairs	30,787	160,958	-	15,712	24,663	232,120	13,561	414	246,095
Food and dietary costs	-	132,306	-	475	8,581	141,362	2,877	2,128	146,367
Building and equipment rental	14,926	17,250	745	3,648	94,845	131,414	9,340	-	140,754
Office supplies and expense	4,748	18,351	692	3,398	47,732	74,921	28,693	1,653	105,267
Program supplies	39,903	147,677	366	4,576	229,777	422,299	6,987	36	429,322
Purchased services	63,181	75,827	597	45,018	57,775	242,398	27,674	1,270	271,342
Telephone	22,423	27,660	5,213	14,295	9,758	79,349	15,459	1,784	96,592
Travel, training and meetings	8,796	1,324	-	4,198	9,196	23,514	861	369	24,744
Professional services	19,627	21,263	-	21,263	-	62,153	78,509	-	140,662
Interest	-	-	-	-	-	-	17,589	-	17,589
Licenses, dues and memberships	5,044	25,180	-	4,436	32,313	66,973	12,024	2,845	81,842
Fundraising	-	-	-	-	-	-	-	10,220	10,220
Other	9,154	21,471	510	7,165	10,466	48,766	2,911	-	51,677
Depreciation	20,758	302,138	-	3,760	339,483	666,139	184,438	-	850,577
Total Expenses	\$ 3,256,445	\$ 6,551,474	\$ 102,436	\$ 1,310,790	\$ 2,294,599	\$ 13,515,744	\$ 1,722,065	\$ 315,458	\$ 15,553,267

See accompanying notes to the combined financial statement

Arc Broward, Inc. and Affiliate

Combined Statements of Cash Flows

<i>Year ended September 30,</i>	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ 345,070	\$ 1,608,137
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	879,867	850,577
Gain on forgiveness of Paycheck Protection Program loan	-	(2,028,491)
Interest accrued on Paycheck Protection Program loan	-	17,565
Bad debt expense	4,051	10,136
Amortization of pledge discount	(13,571)	(17,569)
Property and equipment received through contributions	-	(117,990)
Decrease (increase) in operating assets:		
Accounts receivable	(271,345)	(186,217)
Prepaid expenses and other current assets	(11,153)	8,476
Increase (decrease) in operating liabilities:		
Accounts payable	104,301	(895,029)
Accrued expenses	200,335	66,697
Retainage payable - construction	-	(20,920)
Deferred revenue	528,820	(8,200)
Total adjustments	1,421,305	(2,320,965)
Net Cash Provided By (Used In) Operating Activities	1,766,375	(712,828)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(314,794)	(274,650)
Net Cash Used In Investing Activities	(314,794)	(274,650)
Cash Flows from Financing Activities:		
Principal payments on notes payable	-	(12,999)
Capital campaign contributions	151,217	175,990
Net Cash Provided By Financing Activities	151,217	162,991
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	1,602,798	(824,487)
Cash and Cash Equivalents and Restricted Cash - beginning of year	2,667,280	3,491,767
Cash and Cash Equivalents and Restricted Cash - end of year	\$ 4,270,078	\$ 2,667,280

See accompanying notes to the combined financial statements

Arc Broward, Inc. and Affiliate
Combined Statements of Cash Flows

<i>Year ended September 30,</i>	2022	2021
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ -	\$ 24
Supplemental Disclosure of Non-Cash Investing Transactions:		
Contributions of property and equipment	\$ -	\$ 117,990
Supplemental Disclosure of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents	\$ 3,824,067	\$ 2,091,347
Restricted cash	446,011	575,933
Total cash and cash equivalents and restricted cash	\$ 4,270,078	\$ 2,667,280

See accompanying notes to the combined financial statements

Arc Broward, Inc. and Affiliate

Notes to Combined Financial Statements

1. Organization and Significant Accounting Policies

Arc Broward, Inc. and Affiliate (the “Organization”) is comprised of Arc Broward, Inc. (“Arc Broward”) and its affiliate under common control, Barc Housing, Inc. (“Barc”).

Arc Broward is a not-for-profit corporation organized for the purpose of providing therapeutic, educational, vocational, residential and other related services to individuals with developmental disabilities and other life challenges. As part of the vocational services provided, Arc Broward offers a culinary education program and catering services to third parties.

Barc is a not-for-profit corporation organized for the purpose of providing housing to 36 low income individuals with disabilities. Barc is licensed by the State of Florida as an intermediate care facility for individuals with developmental disabilities and provides active treatment, therapeutic and health-related services to its residents.

These financial statements are presented on a combined basis due to the existence of common members on the Board of Directors between Arc Broward and Barc. Management believes combined financial statements are more meaningful. All intercompany balances and transactions have been eliminated.

Description of Programs

Children’s Services: The Organization provides several center based programs for children and youth from the ages of 3 to 21 including preschool services, rehabilitation (occupational, physical and speech therapy), after-school and summer camp. These programs are highly structured and specialized and generally support children with developmental disabilities, mostly with medical and/or behavioral challenges. The Organization also provides in home supportive services such as respite care and developmental parent training (Parents As Teachers).

Adult Services: The Organization operates a variety of services for adults with developmental disabilities including owning five group homes located in single family neighborhoods in several cities in Broward County, Florida. Up to six adults occupy each home. The homes have live-in staff or staff that provide 24 hour coverage. The Organization also operates a 36 bed intermediate care facility that provides intensive therapeutic habilitation and behavioral & health-related services. This facility supports young adults and adults with significant behavioral and/or medical challenges.

The Organization offers a continuum of day services to approximately 170 adults with developmental disabilities, including those with complex behavioral needs and those who are aging. Currently, the three specialized day programs provide meaningful activities that promote health & wellness, independent living, fine arts instruction as well as providing well-coordinated behavioral, medical and social service supports.

Transportation Services: The Organization provides transportation to and from some of its programs. Specially adapted vehicles are available. The Organization operates a fleet of approximately 40 vehicles, including vans and automobiles.

Workforce and School to Work Transition Services: Through its Arc Works programs, the Organization offers several career related programs to assist participants to obtain and maintain employment, complete certified post-secondary education, and increase knowledge of financial stability concepts and behaviors. Long-term engagement in these services is intended to allow participants to earn, keep and grow assets while remaining employed and achieving self-sufficiency.

Arc Broward, Inc. and Affiliate

Notes to Combined Financial Statements

The Organization also supports youth transitioning to adulthood who are motivated to become employed. The School of Hire Education is a post-secondary high school that operates full time during the school year while Youth Links operates part time during the school year at local high schools and for 7 weeks during the summer at internship sites.

Social Enterprise: The Organization operates two social enterprises that are designed to generate needed funds to support other services of the Organization and train and/or employ graduates of the Organization's post-secondary programs. These enterprises include:

Arc Educates offers a broad range of professional development opportunities to other human services agencies and individuals.

Arc Culinary offers private catering and contract meal production throughout the South Florida region and manages the City of Sunrise Grand Ballroom.

Basis of Presentation and Net Assets

The Organization prepares its combined financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed restrictions as follows:

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. If a restriction is fulfilled in the same fiscal year in which the contribution is received, the contribution is reported as without donor restrictions on the accompanying Combined Statements of Activities. As of September 30, 2022 and 2021, there were no net assets with donor restrictions.

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased and all interest-bearing cash accounts to be cash equivalents. As of September 30, 2022 and 2021, included in cash and cash equivalents is restricted cash of approximately \$209,000

Arc Broward, Inc. and Affiliate
Notes to Combined Financial Statements

and \$280,000, respectively, of residents' personal use portion of Social Security Benefits which are required to be deposited and safeguarded in a separate account by the Organization. Upon the request of the resident and approval of the Organization, the cash is distributed to the residents as needed for their personal needs. Additionally, as of September 30, 2022 and 2021, included in cash and cash equivalents is restricted cash of approximately \$237,000 and \$296,000, respectively, of grant funds that will be passed through the Organization to certain sub-recipients. The liabilities related to the residents' funds and pass-through grant funds are included within the caption Accrued expenses in the accompanying Combined Statements of Financial Position.

Capital Campaigns

Pledges receivable (Note 5) pertaining to the capital campaign fund represent contributions collected and commitments from various individuals to fund the construction of the Culinary Expansion Project (the "Project") and playground at Arc Broward. Those restrictions are considered to expire once the funds are used for construction or capital campaign related expenses are incurred. During the year ended September 30, 2020, the Project was completed. Net assets related to the Project were released from net assets with donor restrictions to net assets without donor restrictions.

Accounts Receivable, Net

Accounts receivable are reported at net realizable value and consist principally of amounts due for services rendered from government agencies and private parties. Receivables also consist of monies due from various funding sources.

The Organization's allowance for doubtful accounts is based on management's estimates of current economic conditions and historical information, and, in the opinion of management, is believed to be an amount sufficient to respond to normal business conditions. In estimating the allowance, management analyzes the accounts receivable aging, historical bad debts, and other factors. The Organization reviews its receivables aging on a regular basis to determine if any of the receivables are past due. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Organization's allowance for doubtful accounts was \$11,000 as of September 30, 2022 and 2021. Bad debt expense for the years ended September 30, 2022 and 2021 was approximately \$4,000 and \$10,100, respectively.

Property and Equipment, Net

Property and equipment are carried at cost if purchased or, if donated, at fair value on the date of the donation. Assets over \$1,000, which are expected to last over one year, are capitalized. The Organization follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of assets. The estimated lives used in determining depreciation are:

Assets	Estimated Useful Life
Buildings and improvements	5 - 40 years
Equipments and furniture	5 - 20 years
Vehicles	3 - 5 years
Land Improvements	10 - 25 years

Arc Broward, Inc. and Affiliate

Notes to Combined Financial Statements

If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, the contributions are recorded as support without donor restrictions.

Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of, the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as an increase or decrease in net assets without donor restrictions. All assets classified as construction in progress are not depreciated until they are placed into service.

Long-Lived Assets

The Organization reviews its long-lived assets for possible impairment at least annually, and more frequently if circumstances warrant. Impairment is determined to exist when estimated amounts recoverable through future cash flows from operations on an undiscounted basis are less than the long-lived asset carrying values. If a long-lived asset is determined to be impaired, it is written down to its estimated fair value to the extent that the carrying amount exceeds the fair value of the long-lived asset. No write-downs for impairment of long-lived assets were recorded during the years ended September 30, 2022 and 2021.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets primarily represent amounts paid in advance for insurance that benefits future periods.

Revenue Recognition - Contributions

Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances. As of September 30, 2021, the Organization had approximately \$556,000 of conditional contributions that have not yet been recognized as revenue.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are discounted using a market rate of return and are recorded at net present value.

Arc Broward, Inc. and Affiliate

Notes to Combined Financial Statements

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Combined Statements of Activities as “Net assets released from restrictions.” Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

Unconditional Promises to Give

Management reviews outstanding pledges on an ongoing basis. Management provides for probable uncollectible pledges through a provision for bad debt expense and an adjustment to the allowance based on its assessment of the current status of individual pledges receivable. Pledges receivables are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Management determined that an allowance was not deemed necessary at September 30, 2022 and 2021.

Grants and Contracts

The Organization receives grant and contract revenue from various federal, state, and local governments, private foundations, and other donors. Grant and contract revenue is recognized when the expenses subject to reimbursement are incurred or the services subject to reimbursement are performed by the Organization. The Organization records deferred revenue when amounts are received in advance of expenditures subject to reimbursement being incurred and/or units of service performed. Grants receivable at year-end represent expenditures and/or units of service performed, which have not yet been reimbursed by the granting agency. Grants and contracts are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP. Grant and contract revenue that primarily provide commensurate value to the general public are reported as contributions. Grant and contract revenue is reported in the caption “Program service fees, including grant/contract revenue” on the Combined Statements of Activities.

Revenue Recognition - Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization adopted Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“Topic 606”) on October 1, 2020 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The Organization applies Topic 606 to exchange transactions in which it receives consideration from Medicaid and individuals for its Adult Services programs and consideration from individuals and organizations for part of its Social Enterprise programs as further described below.

Arc Broward, Inc. and Affiliate
Notes to Combined Financial Statements

Revenue with these customers is comprised of the following:

<i>Year ended September 30,</i>	2022	2021
Adult Services - Medicaid Income	\$ 7,741,029	\$ 5,971,418
Adult Services - Private Pay Income	619,308	572,912
Social Enterprise - Educational Services	31,028	63,420
Social Enterprise - Private Catering and Contract Meal Production	1,316,580	836,777
Total Revenue Subject to ASC 606	9,707,945	7,444,527
Total revenue and public support not subject to ASC 606	9,510,938	7,741,326
Total Public Support and Revenue	\$ 19,218,883	\$ 15,185,853

Receivables and contract balances from contracts with customers as of September 30, 2022 are as follows:

	Programs Receivables	Contract Assets	Contract Liabilities
Beginning of year	\$ 553,317	\$ -	\$ -
End of year	\$ 815,820	\$ -	\$ -

Receivables and contract balances from contracts with customers as of September 30, 2021 are as follows:

	Programs Receivables	Contract Assets	Contract Liabilities
Beginning of year	\$ 601,553	\$ -	\$ -
End of year	\$ 553,317	\$ -	\$ -

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Organization has elected to apply the optional exemption provided in Accounting Standards Update (“ASU”) 2014-09 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period.

As of September 30, 2022 and 2021, the Organization had approximately \$587,000 and \$58,000, respectively of deferred revenue.

Arc Broward, Inc. and Affiliate

Notes to Combined Financial Statements

Adult Services - Medicaid Income and Private Pay Income

Qualified employees of the Organization provide services to individuals in the Organization's various Adult Services Programs. The individuals typically qualify for Medicaid coverage, whereby the Organization submits reimbursement claims to Medicaid to obtain payment for the services rendered. Reimbursements for Medicaid services are generally paid at prospectively determined rates per occasion of service. The Organization is responsible for confirming each individual's eligibility and accepting the financial risk of loss associated with services rendered.

Medicaid income and private pay income is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing adult day services and is recognized at the point in time in which the services are rendered. Medicaid income and private pay income are included in the caption "Program service fees, including grant/contract revenue" on the Combined Statements of Activities. Consistent with the Organization's mission, day support services are provided to qualifying individuals regardless of their ability to pay. Individuals who meet the Organization's criteria for receiving services are provided services without charge, and only the amounts expected to be reimbursed by the Medicaid program are reported as Medicaid Income. After services are rendered and the performance obligation is satisfied, the Organization bills Medicaid at the prescribed rate. The individuals who do not qualify for Medicaid reimbursement but meet the Organization's criteria for receiving services are billed privately for services rendered. This portion of revenue is reported as Private Pay Income.

Laws and regulations concerning government programs such as Medicaid are complex and subject to varying interpretation. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon the Organization.

Settlements with Medicaid for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing day services. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Social Enterprise

Through its Social Enterprise program, the Organization offers educational services and private catering and contract meal production services which are exchange transactions under U.S. GAAP.

Educational Services

Gross tuition and fees are recognized as revenue over time when the performance obligation has been satisfied. Revenue is reported at the amount of consideration which the Organization expects to be entitled to in exchange for providing the educational services. Tuition and fees collected in advance are deferred, and the revenue is recognized in the month the services are rendered. Gross tuition and fees revenue is included in the caption "Program service fees, including grant/contract

Arc Broward, Inc. and Affiliate

Notes to Combined Financial Statements

revenue” on the Combined Statements of Activities. There was no Arc Educates deferred tuition and fees revenue at September 30, 2022 and 2021.

Private Catering and Contract Meal Production

Private catering and contract meal production revenue is supported by service contracts. Revenues are recorded over time on an output basis as related expenditures are incurred and services are performed under the provisions of the agreements. Private catering and contracted meal production revenue is reported in the caption “Program service fees, including grant/contract revenue” on the Combined Statements of Activities.

Donated Goods, Facilities and Services

Amounts have not been reflected in the combined financial statements for donated services unless they require specific expertise. Many individuals have donated time and services to advance the Organization’s programs and objectives. The value of these services has not been recorded in the accompanying combined financial statements because they do not meet the criteria to be recorded in the combined financial statements under U.S. GAAP. Donated goods, facilities and services are recorded at fair value. For the years ended September 30, 2022 and 2021, there were no donated goods, facilities or services.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Combined Statements of Activities and by natural classification in the Combined Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Personnel expenses are allocated on the basis of estimated time and effort. All other expenses are allocated among program and supporting services based on the same basis of estimated time and effort used for personnel expenses and square footage.

Income Taxes

Arc Broward and Barc are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Accordingly, no provision for income taxes has been recorded. There was no unrelated business income for the years ended September 30, 2022 and 2021.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization is subject to routine audits by a taxing authority. As of September 30, 2022 and 2021, the Organization was not subject to any examination by a taxing authority.

Arc Broward, Inc. and Affiliate

Notes to Combined Financial Statements

Adopted Accounting Pronouncements

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (“FASB”) issued an ASU which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Organization adopted this pronouncement during the year ended September 30, 2022. The adoption did not have a material effect on the Organization’s combined financial statements.

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04 to provide guidance related to recognizing the effects of reference rate reform on financial reporting. The update applies to all entities that have contracts, hedging relationships, or other transactions that reference LIBOR or another reference rate expected to be discontinued. The update is effective for all entities as of March 12, 2020 through December 31, 2022. The Organization adopted this pronouncement during the year ended September 30, 2022. The adoption did not have a material effect on the Organization’s combined financial statements.

Recent Accounting Pronouncements Not Yet Adopted

Lease Accounting

In February 2016, the FASB issued an ASU which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization’s presentation of comparative periods in the combined financial statements will continue to be in accordance with current lease accounting. The Organization is evaluating the method of adoption it will elect and the effect the update will have on its combined financial statements. The update is effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early application permitted.

Reclassifications

Certain amounts in the prior year combined financial statements have been reclassified to conform to the current year presentation.

Arc Broward, Inc. and Affiliate
Notes to Combined Financial Statements

Subsequent Events

The Organization has evaluated subsequent events through February 8, 2023, which is the date the combined financial statements were available to be issued.

2. Liquidity Management and Availability of Resources

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. In managing its liquidity needs, the Organization monitors and maintains a cash float to cover general operating expenditures and establishes a strict annual budget. The Organization also has a line of credit available with borrowing capacity of up to \$750,000 which can be used to meet general expenditures within a year (Note 8). As of the date the combined financial statements were available to be issued, there was no outstanding balance on the line of credit.

The Organization's financial assets available within one year of the Combined Statements of Financial Position date for general expenditures are as follows:

<i>Year ended September 30,</i>	2022	2021
Cash and cash equivalents	\$ 3,824,067	\$ 2,091,347
Accounts receivable, net	2,110,276	1,842,982
Current portion of pledges receivable, net	162,457	163,125
Total Current Financial Assets	\$ 6,096,800	\$ 4,097,454

3. Accounts Receivable, Net

Accounts receivable, net consists of the following:

<i>Year ended September 30,</i>	2022	2021
Federal and state government	\$ 825,886	\$ 588,183
Local government and agencies	1,055,603	999,440
Other program services receivable	239,787	266,359
	2,121,276	1,853,982
Less: allowance for doubtful accounts	(11,000)	(11,000)
Total Accounts Receivable, net	\$ 2,110,276	\$ 1,842,982

Bad debt expense for the years ended September 30, 2022 and 2021 was approximately \$4,000 and \$10,000, respectively.

Arc Broward, Inc. and Affiliate
Notes to Combined Financial Statements

4. Property and Equipment, Net

Property and equipment, net consists of the following:

<i>Year ended September 30,</i>	2022	2021
Land	\$ 1,034,222	\$ 1,034,222
Buildings and improvements	15,320,512	15,170,417
Equipment and furniture	3,266,819	3,180,423
Vehicles	1,353,800	1,312,978
Land improvements	1,807,625	1,796,001
	<u>22,782,978</u>	<u>22,494,041</u>
Less: accumulated depreciation	<u>(13,048,230)</u>	<u>(12,194,220)</u>
	<u>\$ 9,734,748</u>	<u>\$ 10,299,821</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was approximately \$880,000 and \$851,000, respectively. Disposals of fully depreciated assets totaled \$25,857 for the year ended September 30, 2022.

5. Pledges Receivable, Net

Capital campaign receivables resulting from the capital fundraising campaign (Note 1) and annual fundraising receivables are summarized as follows at September 30:

<i>Year ended September 30,</i>	2022	2021
Due in less than one year	\$ 162,457	\$ 163,125
Due in more than one year	4,200	154,750
Total Pledges Receivable	166,657	317,875
Less: Unamortized discount	<u>(600)</u>	<u>(14,172)</u>
Pledges Receivable, net	166,057	303,703
Less: Current pledges receivable	<u>(162,457)</u>	<u>(163,125)</u>
Non-Current Pledges Receivable	\$ 3,600	\$ 140,578

Capital campaign receivables with payment terms in excess of one year have been discounted using a discount rate of interest (3.5%) to reflect their estimated present value. Capital campaign receivables are unsecured and are primarily from donors located in South Florida.

Arc Broward, Inc. and Affiliate
Notes to Combined Financial Statements

6. Paycheck Protection Program Loan

On April 17, 2020, the Organization received a loan of \$2,001,800 under the Paycheck Protection Program (“PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (“CARES”) that was signed into law on March 27, 2020. The Organization used the funds for payroll, rent, utilities, and other forgivable expenses. The proceeds from the loan were originally recognized as a financial liability in accordance with FASB ASC 470. On August 11, 2021, the Organization was granted forgiveness and legally released from the obligation by the Small Business Administration and recognized the proceeds as revenue for the year ended September 30, 2021. The forgiveness of \$2,028,491, which also includes interest incurred and forgiven on the loan, is reflected within the accompanying Combined Statements of Activities and within “Gain on forgiveness of Paycheck Protection Program loan” for the year ended September 30, 2021.

7. Note Payable

On May 21, 2019, the Organization entered into a non-revolving note payable to finance the culinary expansion and other capital projects at Arc Broward. The terms of the note allowed the Organization to make advances to fund the construction up to a maximum of \$1,400,000. At September 30, 2020, the Organization had drawn \$12,999 on the facility. The Organization chose not to utilize the facility for the capital projects and repaid the balance in full on October 15, 2020 when the note payable agreement was terminated. The loan incurred interest at 2.75% plus the daily LIBOR rate (2.91% at September 30, 2020). Interest expense on note payable for the year ended September 30, 2021 was approximately \$20.

8. Line Of Credit

The Organization has a credit line facility agreement in the amount of \$750,000. The line of credit bore interest at the daily LIBOR rate plus 2.75% (2.83% as of September 30, 2021). In March 2022, the interest rate was changed to the sum of the Daily BSBY Rate plus 2.25% (5.35% as of September 30, 2022), and the term was extended to April 30, 2023. The line of credit is secured by all personal property of Arc Broward. There was no balance outstanding on the credit line as of September 30, 2022 and 2021, nor did the Organization utilize the line of credit during either of the years ended September 30, 2022 and 2021.

9. Employee Benefit Plan

The Organization has a 403(b) retirement plan, which is available to full time and part-time employees. Employees are eligible to participate at their hire date. After the equivalent of six months of employment, the Organization matches the employees’ contributions. The Organization contributes fifty cents for every dollar contributed voluntarily by the employee up to a percentage determined annually by the Board of Directors. Total contribution expense for the years ended September 30, 2022 and 2021 was approximately \$85,000 and \$84,000, respectively.

10. Commitments And Contingencies

Litigation

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have an effect on the Organization’s combined financial position or the results of its combined activities.

Arc Broward, Inc. and Affiliate
Notes to Combined Financial Statements

Grants

The Organization participates in a number of government-assisted grant programs, which are subject to financial and compliance audits by the granting agency. The combined financial statements do not include any adjustments for disallowed costs which may result from audits performed by the granting agencies. Management believes that no material liability would result from any such audits.

Leases

The Organization leases certain office space and equipment under operating leases. Expenses associated with these leases, and other expired arrangements, totaled approximately \$160,000 and \$141,000 for the years ended September 30, 2022 and 2021, respectively.

The following is a schedule of approximate future minimum payments required for these arrangements as of September 30, 2022:

<i>Years ended September 30,</i>	Amount
2023	\$ 129,000
2024	132,000
2025	95,000
2026	93,000
	\$ 449,000

11. Risks and Uncertainties

Concentrations and Credit Risk

The Organization depends heavily on contributions and grants for its revenue. The ability of certain contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Organization. While Management believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

During the years ended September 30, 2022 and 2021, the Organization received approximately 75% and 59%, respectively, of its revenue from three and five, respectively, federal, state and local governmental agencies. If a significant reduction in the level of funding were to occur, it would have an adverse effect on the Organization's ability to continue operating the programs and services being provided. Management is not aware of any plans for significant reductions in the level of funding for the next fiscal year.

Concentration of credit risk with respect to receivables is limited to five federal and state and local agencies as of September 30, 2022 and 2021. As of September 30, 2022 and 2021, the five agencies accounted for approximately 89% and 67%, respectively, of the Organization's accounts receivable.

Arc Broward, Inc. and Affiliate

Notes to Combined Financial Statements

Concentration of credit risk with respect to pledges receivable was limited to one donor at September 30, 2022 and 2021. That donor represented approximately 92% and 95%, respectively, of total pledges receivable as of September 30, 2022 and 2021.

Financial instruments, which potentially subject the Organization to significant concentrations of credit risk, consist principally of cash and cash equivalents, accounts receivable, and pledges receivable. The majority of the Organization's cash balance is in non-interest bearing accounts which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times cash balances may exceed the FDIC coverage insurance limit. The Organization has not experienced any losses in such accounts.

COVID-19 Impact

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of COVID-19 outbreak and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Organization's operations are heavily dependent on grants and contracts from federal, state, and local governments to provide services to service recipients. Additionally, funding from governmental sources may be subject to budget modifications depending on appropriations. The Organization has incurred, and it is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, the CARES Act was enacted. The CARES Act contains measures designed to bring some economic and fiscal relief to companies, small businesses, and individuals facing financial difficulties due to the COVID-19 crisis.

The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback period, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Provider Relief Fund Payments to support health care providers affected by the COVID-19 pandemic. As a result, the Organization recognized approximately \$75,000 for the year ended September 30, 2021, in connection to the Provider Relief Fund Payments. As of the date these combined financial statements were available to be issued, the Organization applied for Employee Retention Credits of approximately \$4,200,000, received approximately \$1,100,000, and is awaiting approval of applications for approximately \$3,100,000. The Organization met the criteria and applied for the Employee Retention Credits in December 2021.

As discussed in Note 6, the Organization received a loan under the Paycheck Protection Program. Other than those previously discussed, the Organization did not apply for any other funding and noted no material impact from the other tax provisions.

Arc Broward, Inc. and Affiliate
Notes to Combined Financial Statements

On December 27, 2020, Congress enacted the Consolidated Appropriations Act, 2021 (the Act), which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. The Organization does not intend to apply for funding under the Act. On March 10, 2021, President Biden signed the \$1.9 trillion American Rescue Plan Act into law. The Organization does intend to apply for funding under the American Rescue Plan Act.

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Other Financial Information Required by *Government Auditing Standards* and the Florida Single Audit Act



Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Arc Broward Inc. and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Arc Broward Inc. and Affiliate (the “Organization”), which comprise the Organization’s combined statement of financial position as of September 30, 2022, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated February 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Boca Raton, Florida
February 8, 2023



Independent Auditor’s Report on Compliance For Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Florida Auditor General*

To the Board of Directors
Arc Broward Inc. and Affiliate

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Arc Broward Inc. and Affiliate’s (the “Organization”) compliance with the types of compliance requirements identified as subject to audit in the Department of Financial Services’ *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization’s major state projects for the year ended September 30, 2022. The Organization’s major state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Florida Auditor General*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Florida Auditor General* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization’s state projects.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Chapter 10.650, *Rules of the Florida Auditor General* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major state project is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Boca Raton, Florida
February 8, 2023

Arc Broward, Inc. and Affiliate

Schedule of Expenditures of State Financial Assistance

Year Ended September 30, 2022

State Grantor Pass through grantor State Project Title	CSFA Number	Identifying Number	Provided to Subrecipients	Total State Expenditures
Department of Education and Commissioner of Education				
Arc Broward Skills Training	48.167	99D-90560-2P001/ 99D-90560-3P001	\$ -	\$ 350,000
Total Department of Education and Commisioner of Education			-	350,000
Department of Highway Safety and Motor Vehicles				
Autism License Plate	76.109	N/A	165,283	313,367
Achievement and Rehabilitation Centers, Inc., Autism Services	76.128	N/A	-	141,014
Total Department of Highway Safety and Motor Vehicles			-	454,381
Total Expenditures of State Financial Assistance			\$ -	\$ 804,381

See accompanying notes to Schedule of Expenditures of State Financial Assistance.

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Arc Broward, Inc. and Affiliate

Notes to Schedule of Expenditures of State Financial Assistance Year Ended September 30, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the state financial assistance project activity of Arc Broward Inc. and Affiliate under projects of the State of Florida for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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Arc Broward, Inc. and Affiliate

Schedule of Findings and Questioned Costs

Year Ended September 30, 2022

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

State Projects:

Internal control over major State projects:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 X Yes None Reported

Type of auditor's report issued on compliance for major State projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, *Rules of Florida Auditor General*?

 X Yes No

Identification of major State projects:

State Project: _____

CFSA: _____

48.167

Arc Broward Skills Training

76.109

Autism License plate

Dollar threshold used to distinguish between Type A and Type B State projects:

\$ 300,000

Arc Broward, Inc. and Affiliate

Schedule of Findings and Questioned Costs Year Ended September 30, 2022

Section II - Financial Statement Findings

Current Year Findings:

There were no audit findings on the internal control over financial reporting based on the audit of the combined financial statements performed in accordance with *Government Auditing Standards*.

Prior Year Findings:

The prior year audit was not required to be performed under *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

Current Year Findings:

2022-001: Internal Control over Compliance and Compliance with Activities Allowed or Unallowed and Allowable Costs (Significant Deficiency)

State of Florida Department of Highway Safety and Motor Vehicles

CSFA Number: 76.109

CSFA Name: Autism License Plate

Criteria: State Statute 320.08058(65)(c) states in part:

“3. Thirty-five percent of the proceeds shall be used to establish and operate programs to support individuals with autism and related disabilities and their families through direct service, evaluation, training, and awareness in the state.”

The Department of Financial Services’ *State Projects Compliance Supplement Part 5 - Internal Controls*, notes that characteristics of internal control related to control activities and monitoring include supporting documentation is compared to a list of allowable and unallowable expenditures and management reviews supporting documentation of allowable costs information, respectively.

Condition: The Organization ensured that costs allocated to the Organization were for allowable activities based on the operation of the state project; however, the costs were not separately identified and tracked in relation to the state project.

Cause: The Organization spends funds in line with the mission of the Organization which is also in agreement with the requirements of the state project; however, management did not set up a separate tracking system specifically for state project funds spent by the Organization. There were not appropriate controls in place to track expenditures of the state project funds spent by the Organization.

Effect: The Organization was not able to provide a list of expenditures for funds allocated to the Organization per the state statute when initially requested.

Questioned Costs: There are no questioned costs related to the items described above.

Arc Broward, Inc. and Affiliate

Schedule of Findings and Questioned Costs Year Ended September 30, 2022

Context: The conditions outlined above are based on our testing of the Organization's major state projects and our overall testing of the accuracy of the Schedule of Expenditures of State Financial Assistance. The nature of these findings is detailed in the condition section above.

Recommendation: Management should separately track and identify all expenditures related to state financial assistance as per the statutes and state project requirements.

View of Responsible Officials: During the budget process, the CEO identified unduplicated costs that would fulfill our obligation to support individuals with autism per State Statute 320.02058(65)(c).

Due to turnover in finance leadership, the tracking of these expenses was not kept up throughout the year.

Going forward, the CFO will make certain that at least monthly an expense tracking report will be done by the finance department, and all appropriate documentation to backup these expenses will be filed.

This will be implemented immediately.

2022-002: Internal Control over Compliance and Compliance with Subrecipient Monitoring (Significant Deficiency)

State of Florida Department of Highway Safety and Motor Vehicles
CSFA Number: 76.109
CSFA Name: Autism License Plate

Criteria: The Department of Financial Services' *State Projects Compliance Supplement Part 3 - Compliance Requirements*, notes that compliance requirements related to subrecipient monitoring include:

"Nonstate entities that provide state financial assistance to a subrecipient shall: provide to a subrecipient information needed by the subrecipient to comply with the requirements of the Florida Single Audit Act; review subrecipient audit reports, including management letters, to the extent necessary to determine whether timely and appropriate corrective action has been taken; perform such other procedures as specified in the terms and conditions of the written agreement with the state agency including any required monitoring of the subrecipient's use of state financial assistance through site visits, limited scope audits, or other specified procedures; and require that the subrecipient provide access to its records to the nonstate entity's independent auditor, the state awarding agency, the Chief Financial Officer, and the Auditor General. (*Section 251.97, Florida Statutes*)."

Florida state statute 320.08058(65)(c)(5) states in part "All grant recipients, including Achievement and Rehabilitation Centers, Inc., and the Center for Autism and Related Disabilities, must provide to the Autism Services Grant Council an annual program and financial report regarding the use of grant funds."

The Department of Financial Services' *State Projects Compliance Supplement Part 5 - Internal Controls*, notes that characteristics of internal control related to control environment, risk assessment, control activities, and information and communication include but are not limited to:

Arc Broward, Inc. and Affiliate

Schedule of Findings and Questioned Costs Year Ended September 30, 2022

individuals performing subrecipient monitoring possess the knowledge, skills and abilities required; key managers understand the subrecipient's environment, systems and controls sufficient to identify the level and methods of monitoring required; agreements with subrecipients include the required state financial assistance information; and standard award documents used by the nonstate entity contain the required state financial assistance information.

Condition: The Autism Services Grant Council obtained an annual program and financial report from subrecipients related to the financial assistance awarded. The Organization and the Autism Services Grant Council did not make subrecipients aware of information and requirements related to state financial assistance including the CSFA number, requirement to comply with the requirements applicable to the state project including the audit requirements of Section 215.97, Florida Statutes, and the applicable rules of the Department of Financial Services and the Auditor General. Additionally, the Organization and Autism Services Grant Council did not obtain audited financial statements and management letters from subrecipients and did not have a system in place to monitor receipt of audit reports from subrecipients required to have a state single audit.

Cause: Management was not fully aware of the subrecipient monitoring requirements and did not establish appropriate controls related to subrecipient monitoring.

Effect: The Organization did not perform certain requirements of subrecipient monitoring as required by the compliance requirements in the Department of Financial Services' *State Projects Compliance Supplement*.

Questioned Costs: There are no questioned costs related to the items described above.

Context: The conditions outlined above are based on our testing of the Organization's major state projects. The nature of these findings is detailed in the condition section above.

Recommendation: Management should establish controls, policies, and procedures that fulfill the compliance and internal control requirements of the Department of Financial Services' *Compliance Supplement* for subrecipient monitoring. Additionally, management should update the terms of the grant agreements for subrecipients to include the required financial assistance information per of the Department of Financial Services' *Compliance Supplement* and *Section 251.97, Florida Statutes*.

View of Responsible Officials: The Autism Services Grant Council has followed guidelines of the State Statute 320.08058 to monitor grant recipients use of funds and eligibility since its inception. Moving forward, the Chief Advancement Officer along with the Autism Services Grant Council will adjust language on the grant application and grant agreement for subrecipients to include language that reflects the required information and documentation as explained in Section 215.97 of Florida Statute. The Chief Executive Officer and Chief Financial Officer will update further the Autism License Plate Standard Operating Procedure and implement processes to capture, monitor, and manage additional reporting requirements outlined in Florida Statute 215.97. The Chief Advancement Officer will implement a tracking system to capture the additional required documentation from subrecipients and communicate all required notices as referenced in the above condition and in State Statute 320.08058.

Prior Year Findings:

Florida State Single audit was not required in prior year.



Corrective Action Plan
Dated: 2/6/2023

Arc Broward respectfully submits the following corrective action plan for the year ended 9/30/2022.

BDO
515 E Las Olas Blvd, 5th Floor
Fort Lauderdale, FL 33301

Audit Period: September 30, 2022

The findings from the September 30, 2022 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

State Financial Assistance Findings:

2022-001 Autism License Plate number 76.109

Recommendation: Management should separately track and identify all expenditures related to state financial assistance as per the statutes and state project requirements.

View of Responsible Officials:

During the budget process, the CEO identified unduplicated costs that would fulfill our obligation to support individuals with autism per State Statute 320.02058(65)(c).

Due to turnover in finance leadership, the tracking of these expenses was not kept up throughout the year.

Going forward, the CFO will make certain that at least monthly an expense tracking report will be done by the finance department, and all appropriate documentation to backup these expenses will be filed.

This will be implemented immediately.

2022-002 Autism License Plate number 76.109

Recommendation: Management should establish controls, policies, and procedures that fulfill the compliance and internal control requirements of the Department of Financial Services' Compliance Supplement for subrecipient monitoring. Additionally, management should update the terms of the grant agreements for subrecipients to include the required financial assistance information per of the Department of Financial Services' Compliance Supplement and Section 251.97, Florida Statutes.

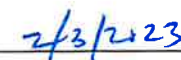
View of Responsible Officials:

The Autism Grants Council has followed guidelines of the State Statute 320.08058 to monitor grant recipients use of funds and eligibility since its inception. Moving forward, The CAO along with the Autism Grants Council will adjust language on grant application and grant agreement for subrecipients to include language that reflects the required information and documentation as explained in Section 215.97 of Florida Statute. The CEO and CFO will update further the Autism License Plate Standard Operating Procedure and implement processes to capture, monitor, and manage additional reporting requirements outlined in Florida Statute 215.97. The CAO will implement a tracking system to capture the additional required documentation from subrecipients and communicate all required notices as referenced in the above condition and in State Statute 320.08058. This will be implemented immediately.

For questions regarding this plan, please contact Julie Price at 954-746-9400.



Julie Price, CEO



2/3/2023

Supplementary Schedules

Arc Broward, Inc. and Affiliate
Combining Schedule of Financial Position

<i>September 30, 2022</i>	Arc Broward, Inc.	Barc Housing, Inc.	Eliminations	Combined Total
Assets				
Current assets				
Cash and cash equivalents	\$ 3,489,474	\$ 334,593	\$ -	\$ 3,824,067
Restricted cash	291,614	154,397	-	446,011
Accounts receivable, net	1,497,141	613,135	-	2,110,276
Current portion of pledges receivable, net	162,457	-	-	162,457
Prepaid expenses and other current assets	112,711	26,663	-	139,374
Due from affiliate	168,306	-	(168,306)	-
Total Current Assets	5,721,703	1,128,788	(168,306)	6,682,185
Pledges receivable, net, Less: Current portion	3,600	-	-	3,600
Property and equipment, net	9,251,735	483,013	-	9,734,748
Other assets	15,798	-	-	15,798
Total Assets	14,992,836	1,611,801	(168,306)	16,436,331
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	121,949	75,603	-	197,552
Accrued expenses	1,123,329	288,058	-	1,411,387
Deferred revenue	587,068	-	-	587,068
Due to affiliate	-	168,306	(168,306)	-
Total Current Liabilities	1,832,346	531,967	(168,306)	2,196,007
Net Assets				
Without donor restrictions	13,160,490	1,079,834	-	14,240,324
Total Net Assets	13,160,490	1,079,834	-	14,240,324
Total Liabilities and Net Assets	\$ 14,992,836	\$ 1,611,801	\$ (168,306)	\$ 16,436,331

See independent auditor's report

Arc Broward, Inc. and Affiliate
Combining Schedule of Financial Position

<i>September 30, 2021</i>	Arc Broward, Inc.	Barc Housing, Inc.	Eliminations	Combined Total
Assets				
Current assets				
Cash and cash equivalents	\$ 1,947,296	\$ 144,051	\$ -	\$ 2,091,347
Restricted cash	344,296	231,637	-	575,933
Accounts receivable, net	1,431,713	411,269	-	1,842,982
Current portion of pledges receivable, net	163,125	-	-	163,125
Prepaid expenses and other current assets	106,552	21,669	-	128,221
Due from affiliate	287,890	-	(287,890)	-
Total Current Assets	4,280,872	808,626	(287,890)	4,801,608
Pledges receivable, net, Less: Current portion	140,578	-	-	140,578
Property and equipment, net	9,843,723	456,098	-	10,299,821
Other assets	15,798	-	-	15,798
Total Assets	14,280,971	1,264,724	(287,890)	15,257,805
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	67,326	25,925	-	93,251
Accrued expenses	926,703	284,349	-	1,211,052
Deferred revenue	58,248	-	-	58,248
Due to affiliate	-	287,890	(287,890)	-
Total Current Liabilities	1,052,277	598,164	(287,890)	1,362,551
Net Assets				
Without donor restrictions	13,228,694	666,560	-	13,895,254
With donor restrictions	-	-	-	-
Total Net Assets	13,228,694	666,560	-	13,895,254
Total Liabilities and Net Assets	\$ 14,280,971	\$ 1,264,724	\$ (287,890)	\$ 15,257,805

See independent auditor's report

Arc Broward, Inc. and Affiliate

Combining Schedule of Activities

<i>Year ended September 30, 2022</i>	Arc Broward, Inc.	Barc Housing, Inc.	Eliminations	Combined Total
Public Support and Revenues without Donor Restrictions:				
Program service fees, including grant/contract revenue	\$ 10,127,930	\$ 5,941,406	\$ -	\$ 16,069,336
Management, developmental training fees, meal preparation, and production fees	1,761,676	-	(1,761,676)	-
Contributions	1,760,791	3,679	-	1,764,470
Special events	258,665	-	-	258,665
Other income	21,873	1,855	-	23,728
Employee Retention Credit	1,102,684	0	-	1,102,684
Total Public Support and Revenues without Donor Restrictions	15,033,619	5,946,940	(1,761,676)	19,218,883
Operating Expenses				
Program services	12,375,254	4,882,411	(1,381,678)	15,875,987
Supporting services:				
General and administration	2,188,038	651,255	(379,998)	2,459,295
Fundraising	538,531	-	-	538,531
Total Operating Expenses	15,101,823	5,533,666	(1,761,676)	18,873,813
Change in Net Assets without Donor Restrictions	(68,204)	413,274	-	345,070
Change in Net Assets	(68,204)	413,274	-	345,070
Net Assets - beginning of year	13,228,694	666,560	-	13,895,254
Net Assets - end of year	\$ 13,160,490	\$ 1,079,834	\$ -	\$ 14,240,324

See independent auditor's report

Arc Broward, Inc. and Affiliate

Combining Schedule of Activities

<i>Year ended September 30, 2021</i>	Arc Broward, Inc.	Barc Housing, Inc.	Eliminations	Combined Total
Public Support and Revenues without Donor Restrictions:				
Program service fees, including grant/contract revenue	\$ 8,119,892	\$ 4,734,088	\$ -	\$ 12,853,980
Management, developmental training fees, meal preparation, and production fees	1,765,593	-	(1,765,593)	-
Contributions	2,030,244	-	-	2,030,244
Special events	157,961	-	-	157,961
Other income	29,628	61,100	-	90,728
Net assets released from restrictions	52,940	-	-	52,940
Total Public Support and Revenues without Donor Restrictions	12,156,258	4,795,188	(1,765,593)	15,185,853
Operating Expenses				
Program services	10,544,499	4,356,867	(1,385,622)	13,515,744
Supporting services:				
General and administration	1,558,886	543,150	(379,971)	1,722,065
Fundraising	315,458	-	-	315,458
Total Operating Expenses	12,418,843	4,900,017	(1,765,593)	15,553,267
Change in Net Assets without Donor Restrictions	(262,585)	(104,829)	-	(367,414)
Public Support and Revenues with Donor Restrictions				
Contributions	-	-	-	-
Net assets released from restrictions	(52,940)	-	-	(52,940)
Total Public Support and Revenues with Donor Restrictions	(52,940)	-	-	(52,940)
Change in Net Assets with Donor Restrictions	(52,940)	-	-	(52,940)
Gain on Forgiveness of Paycheck Protection Program Loan	2,028,491	-	-	2,028,491
Change in Net Assets	1,712,966	(104,829)	-	1,608,137
Net Assets - beginning of year	11,515,728	771,389	-	12,287,117
Net Assets - end of year	\$ 13,228,694	\$ 666,560	\$ -	\$ 13,895,254

See independent auditor's report

Arc Broward, Inc. and Affiliate
Schedule of Local Financial Assistance

Grantor	Program Title	Contract Number	Assistance
Local Financial Assistance			
Children's Services Council of Broward County, Florida	Family Strengthening - Parents as Teachers Program	19-2100	\$ 529,676
	Maximize Out of School Time - Alternative Behavior Learning Environment	17-2109 & 22-2102	\$ 1,307,268
	Supported Training Employment Program: Youth Links	20-2101	457,238
Broward County, Florida	Supportive Health Care Services for Special Needs Population	22-CP-HCS-0520-01	254,139
	Special Health Care Needs - Respite	22-CP-CSA-0520-01	856,238
	Financial Stability - Center for Working Families	19-FSAD-8307-1	50,000
School Board of Broward County, Florida	Special Education - Infants Toddlers, and Preschoolers	N/A **	1,246,160
	School of Hire Education	N/A **	241,236
	School of Hire Transportation	N/A **	56,373
United Way	Alternative Behavior Learning Environment	1920-03-02-03	70,000
	Arc Works	1920-03-02-03	143,949
			\$ 5,212,277

** - Contract number not available

See independent auditor's report

Arc Broward, Inc. and Affiliate
Schedule of Activities - Arc Educates

<i>Year ended September 30,</i>	2022	2021
Revenues Without Donor Restrictions:		
Contributions	\$ 260,405	\$ 238,140
Tuition and training revenue	163,694	197,755
Other revenue	12,069	15,558
Total Revenues Without Donor Restrictions	436,168	451,453
Operating Expenses		
Personnel Expenses		
Salaries	254,934	191,203
Payroll taxes	15,811	12,510
Workers compensation	5,610	4,622
Employee benefits	16,264	13,107
Other personnel expenses	1,122	2,231
	293,741	223,673
General and Administrative expense		
MIS support	4,986	4,735
Insurance	2,133	1,842
Office supplies and expense	4,790	3,672
Licenses and permits	3,899	6,158
Telephone	2,366	1,977
Meetings and travel	5,965	1,005
Memberships	17,750	10,150
Marketing	1,761	864
Miscellaneous	-	1,900
	43,650	32,303
Transportation Expenses		
Insurance	2,327	1,604
Fuel	957	369
Maintenance	1,526	1,342
Tolls and tag	2	-
	4,812	3,315
Program Expenses		
Contracted services	17,327	32,958
Program supplies	13,299	19,810
Food, supplies and food services	4,921	5,710
	35,547	58,478
Plant Operations		
Property insurance	4,831	4,158
Security expense	92	91
Utilities	7,326	6,106
Housekeeping supplies	1,222	534
Facilities expense	4,990	2,380
	18,461	13,269
Allocations	57,098	48,283
Total Operating Expenses	453,309	376,006
Change in Net Assets	\$ (17,141)	\$ 75,447

See independent auditor's report