The Arc Baltimore, Inc.

Financial Report
June 30, 2025

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
The Arc Baltimore, Inc.

Opinion

We have audited the financial statements of The Arc Baltimore, Inc. (Arc), which comprise the statements of financial position as of June 30, 2025 and 2024, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Arc as of June 30, 2025 and 2024, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Arc 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 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 Arc'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arc'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.

RSM US LLP

Baltimore, Maryland
November 12, 2025

The Arc Baltimore, Inc.

Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	**$ 10,721,788**	$ 10,382,441
Cash designated for operating reserves (Note 2)	**3,500,000**	5,500,000
Accounts receivable, net of allowance for credit losses of $15,858 and $31,458, respectively (Note 1)	**1,307,039**	2,340,688
Receivables from government agencies	**5,290,231**	3,651,284
Other receivables	**106,893**	158,696
Residents' funds (Note 1)	**272,230**	312,920
Other current assets	**543,492**	273,013
Total current assets	**21,741,673**	22,619,042
Property and equipment, net (Note 3)	**9,367,227**	8,733,971
Other assets:		
Security deposits	**65,048**	65,048
Letter of credit collateral (Note 10)	**459,482**	450,982
Escrow funds (Notes 7 and 8)	**691,539**	652,455
Board-designated investments (Notes 6 and 13)	**6,427,312**	5,654,759
Right-of-use assets, operating leases (Note 14)	**265,427**	303,252
Total other assets	**7,908,808**	7,126,496
Total assets	**$ 39,017,708**	$ 38,479,509

(Continued)

The Arc Baltimore, Inc.

Statements of Financial Position (Continued)
June 30, 2025 and 2024

	2025	2024
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 3,518,792**	$ 3,841,232
Deferred revenue	**116,605**	42,612
Residents' funds payable (Note 1)	**272,230**	312,920
Current portion of operating lease liabilities (Note 14)	**128,629**	125,089
Current portion of long-term debt (Note 7)	**635,053**	576,396
Total current liabilities	**4,671,309**	4,898,249
Long-term liabilities:		
Long-term debt, net of issuance costs (Note 7)	**3,739,570**	5,521,668
Long-term operating lease liabilities (Note 14)	**136,798**	178,163
Total long-term liabilities	**3,876,368**	5,699,831
Total liabilities	**8,547,677**	10,598,080
Commitments and contingencies (Notes 2, 5, 9 and 10)		
Net assets:		
Without donor restrictions:		
Operating	**22,949,601**	20,925,319
Board-designated for investment (Note 6 and 13)	**6,427,312**	5,654,759
Capital reserves	**1,000,000**	1,000,000
Total net assets without donor restrictions	**30,376,913**	27,580,078
With donor restrictions (Note 12)	**93,118**	301,351
Total net assets	**30,470,031**	27,881,429
Total liabilities and net assets	**$ 39,017,708**	$ 38,479,509

See notes to financial statements.

The Arc Baltimore, Inc.

Statement of Activities
Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2024 Total
Support and revenue:				
Government agencies	**$ 45,840,973**	**$ -**	**$ 45,840,973**	$ 41,981,190
Contracts and other revenue	**7,942,084**	**-**	**7,942,084**	10,248,850
Public support, direct	**393,207**	**13,000**	**406,207**	456,490
Public support, indirect	**17,456**	**-**	**17,456**	21,505
Net assets released from restrictions	**221,233**	**(221,233)**	**-**	-
Total support and revenue	**54,414,953**	**(208,233)**	**54,206,720**	52,708,035
Expenses (Notes 3, 4, 5 and 7):				
Program services:				
Employment and Day	**17,026,349**	**-**	**17,026,349**	16,536,449
Community Living	**24,856,244**	**-**	**24,856,244**	24,101,231
Family and Children	**4,170,164**	**-**	**4,170,164**	3,503,058
Total program services	**46,052,757**	**-**	**46,052,757**	44,140,738
Supporting services:				
Management and general	**6,223,207**	**-**	**6,223,207**	6,086,388
Fundraising	**269,966**	**-**	**269,966**	292,276
Total supporting services	**6,493,173**	**-**	**6,493,173**	6,378,664
Total operating expenses	**52,545,930**	**-**	**52,545,930**	50,519,402
Change in net assets from operating activities	**1,869,023**	**(208,233)**	**1,660,790**	2,188,633
Nonoperating activities:				
Contributions designated for endowment	**21,010**	**-**	**21,010**	30,986
Investment income, net (Note 6)	**751,556**	**-**	**751,556**	641,950
Gain (loss) on sale of property	**155,246**	**-**	**155,246**	(10,838)
Change in net assets	**2,796,835**	**(208,233)**	**2,588,602**	2,850,731
Net assets at beginning of year	**27,580,078**	**301,351**	**27,881,429**	25,030,698
Net assets at end of year	**$ 30,376,913**	**$ 93,118**	**$ 30,470,031**	$ 27,881,429

See notes to financial statements.

The Arc Baltimore, Inc.

Statement of Activities
Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government agencies	$ 41,981,190	$ -	$ 41,981,190
Contracts and other revenue	10,248,850	-	10,248,850
Public support, direct	456,490	-	456,490
Public support, indirect	21,505	-	21,505
Net assets released from restrictions	166,583	(166,583)	-
Total support and revenue	52,874,618	(166,583)	52,708,035
Expenses (Notes 3, 4, 5 and 7):			
Program services:			
Employment and Day	16,536,449	-	16,536,449
Community Living	24,101,231	-	24,101,231
Family and Children	3,503,058	-	3,503,058
Total program services	44,140,738	-	44,140,738
Supporting services:			
Management and general	6,086,388	-	6,086,388
Fundraising	292,276	-	292,276
Total supporting services	6,378,664	-	6,378,664
Total operating expenses	50,519,402	-	50,519,402
Change in net assets from operating activities	2,355,216	(166,583)	2,188,633
Nonoperating activities:			
Contributions designated for endowment	30,986	-	30,986
Investment income, net (Note 6)	641,950	-	641,950
Loss on sale of property	(10,838)	-	(10,838)
Change in net assets	3,017,314	(166,583)	2,850,731
Net assets at beginning of year	24,562,764	467,934	25,030,698
Net assets at end of year	$ 27,580,078	$ 301,351	$ 27,881,429

See notes to financial statements.

The Arc Baltimore, Inc.

Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
Staff salaries	$ 28,744,187	$ 3,049,116	$ 166,242	$ 3,215,358	$ 31,959,545
Contract services	2,552,366	1,028,101	43,672	1,071,773	3,624,139
Fringe benefits (Note 4)	5,305,321	582,865	31,813	614,678	5,919,999
Assistance to individuals	1,956,018	227,993	-	227,993	2,184,011
Depreciation and amortization (Note 3)	971,088	268,935	374	269,309	1,240,397
Supported worker salaries	1,756,649	4,305	-	4,305	1,760,954
Rent and lease expense	700,139	51,886	-	51,886	752,025
Supplies, equipment and materials	803,582	162,949	3,738	166,687	970,269
Utilities and telephone	787,634	201,825	428	202,253	989,887
Food	568,507	383	41	424	568,931
Repairs and maintenance	521,785	78,952	-	78,952	600,737
Insurance	891,671	98,503	1,142	99,645	991,316
Miscellaneous	80,897	14,915	20,030	34,945	115,842
Interest (Note 7)	186,189	101,657	-	101,657	287,846
Training and travel	130,170	233,261	2,217	235,478	365,648
Dues, memberships and licenses	20,525	116,140	259	116,399	136,924
Transportation	76,029	1,421	10	1,431	77,460
Total functional expenses	$ 46,052,757	$ 6,223,207	$ 269,966	$ 6,493,173	$ 52,545,930

See notes to financial statements.

The Arc Baltimore, Inc.

Statement of Functional Expenses
Year Ended June 30, 2024

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Staff salaries	$ 26,438,247	$ 2,976,792	$ 186,186	$ 3,162,978	$ 29,601,225
Contract services	3,162,381	1,154,839	30,835	1,185,674	4,348,055
Fringe benefits (Note 4)	5,137,576	589,116	36,977	626,093	5,763,669
Assistance to individuals	1,628,700	120,852	-	120,852	1,749,552
Depreciation and amortization (Note 3)	859,965	253,304	375	253,679	1,113,644
Supported worker salaries	2,318,734	4,060	-	4,060	2,322,794
Rent and lease expense	680,883	68,022	-	68,022	748,905
Supplies, equipment and materials	871,224	153,367	1,559	154,926	1,026,150
Utilities and telephone	682,921	163,611	692	164,303	847,224
Food	569,368	67	-	67	569,435
Repairs and maintenance	591,867	85,548	-	85,548	677,415
Insurance	779,924	93,977	784	94,761	874,685
Miscellaneous	61,473	9,971	30,731	40,702	102,175
Interest (Note 7)	153,855	104,698	-	104,698	258,553
Training and travel	148,226	189,590	3,717	193,307	341,533
Dues, memberships and licenses	18,269	117,255	420	117,675	135,944
Transportation	37,125	1,319	-	1,319	38,444
Total functional expenses	$ 44,140,738	$ 6,086,388	$ 292,276	$ 6,378,664	$ 50,519,402

See notes to financial statements.

The Arc Baltimore, Inc.

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	**$ 2,588,602**	$ 2,850,731
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**1,240,397**	1,113,644
(Decrease) increase in allowance for credit losses	**(15,600)**	623
Net realized and unrealized gain on investments	**(617,764)**	(519,321)
(Gain) loss on sale of property and equipment	**(155,246)**	10,838
Amortization of right-of-use assets	**153,815**	121,785
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**1,049,249**	(769,297)
Receivables from governmental agencies	**(1,638,947)**	(498,856)
Other receivables	**51,803**	(30,185)
Other current assets	**(270,480)**	251,416
Increase (decrease) in:		
Accounts payable and accrued expenses	**(322,440)**	(6,819,410)
Deferred revenue	**73,993**	(3,450)
Lease liabilities	**(153,815)**	(121,785)
Pension liabilities	**-**	(122,180)
Net cash provided by (used in) operating activities	**1,983,567**	(4,535,447)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	**215,000**	89,334
Acquisition of property and equipment	**(1,237,193)**	(1,032,768)
Purchase of investments	**(289,602)**	(254,588)
Proceeds from sale of investments	**134,813**	99,921
Increase in security deposit	**-**	(3,500)
(Increase) decrease in certificates of deposit	**(8,500)**	160,860
Increase in bond escrow funds	**(39,084)**	(33,265)
Net cash used in investing activities	**(1,224,566)**	(974,006)
Cash flows from financing activities:		
Principal payments on long-term debt	**(2,360,789)**	(853,623)
Cash paid for debt issuance costs	**(58,865)**	-
Net cash used in financing activities	**(2,419,654)**	(853,623)
Net decrease in cash and cash equivalents	**(1,660,653)**	(6,363,076)
Cash and cash equivalents:		
Beginning	**15,882,441**	22,245,517
Ending	**$ 14,221,788**	$ 15,882,441

(Continued)

The Arc Baltimore, Inc.

Statements of Cash Flows (Continued)
Years Ended June 30, 2025 and 2024

	2025	2024
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 287,846**	$ 258,553
Supplemental schedule of noncash investing and financing activities:		
Vehicles and equipment acquired through notes payable	**$ 670,853**	$ 890,896
Supplemental cash flow information related to leases is as follows:		
Right-of-use assets obtained in exchange for operating lease obligations:		
Operating leases	**$ 102,512**	$ 206,722

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Arc Baltimore, Inc. (Arc) organizes and operates programs that provide residential, vocational, employment and other social services to individuals with developmental disabilities and their families.

Arc's Employment and Day Program provides on-site job coaching, training and ongoing support to supported workers with jobs at Baltimore companies. These employees are both independently placed, as well as working in supervised crews, working in areas such as janitorial and landscape, hotel housekeeping and other assembling or packing projects. In addition, the four day/employment centers provide people an opportunity for growth through a combination of work, volunteer and leisure opportunities within their respective communities.

Arc's Community Living Program enables adults to live in homes and communities of their own choosing through a continuum of community-based services that maximizes growth and independence. The individuals are contributing and engaged members of their neighborhood.

Arc's Family and Children Program supports children, adults and their families through treatment foster care, respite care, in-home family supports and training, parent training programs, seminars and support groups, recreational and summer camp opportunities, special education advocacy and an information and referral hotline.

For the years ended June 30, 2025 and 2024, approximately 85% and 80%, respectively, of Arc's total support and revenue was received from the State of Maryland.

A summary of Arc's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Not-for-Profit Entities topic of the Accounting Standards Codification (Codification or ASC). Arc is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Represent resources that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations. Arc has designated certain net assets without donor restrictions for future long-term capital investment projects.

Net assets with donor restrictions: Represent resources whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Arc pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified purposes.

Credit risk: Arc has funds on deposit with a financial institution in excess of federally insured amounts. Arc has not experienced any losses on cash accounts, and management believes it is not exposed to significant credit risk on cash.

Cash and cash equivalents: Arc considers money market funds and certificates of deposit, which are highly liquid and mature within three months, to be cash equivalents. Cash designated for operating reserves represents amounts set aside to assist with potential funding shortages and billing delays during full implementation of the statewide new rate system which began on July 1, 2024.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Escrow funds: Escrow funds include amounts for mortgage purposes and for debt service purposes (see Notes 7 and 8). Escrow funds for mortgage purposes represent deposits for taxes, insurance and repairs. The balance in the account related to mortgage escrow funds at June 30, 2025 and 2024, was $221,332 and $201,935, respectively.

Investments in marketable securities: Investments with a readily determinable fair value are reported at fair value in the statements of financial position. Gains and losses on investments are reported in the statements of activities as part of investment income (see Note 6).

Arc invests in a professionally managed portfolio that contains mutual funds, money market funds and common stock. Such investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the financial statements.

Board-designated investments: Board-designated investments consist of a separate investment account, which is composed of gifts without donor restrictions designated by the board of directors to be held for long-term investment.

Residents' funds: Arc acts in an agency capacity regarding the holding of residents' cash funds.

Accounts receivable: Accounts receivable consist of amounts due to Arc from agencies and companies related to Arc's programs providing services to developmentally disabled individuals.

Accounts receivable are carried at original invoice amount, less an estimate made for credit losses. The allowance for credit losses was $15,858 and $31,458 at June 30, 2025 and 2024, respectively. The allowance for credit loss represents an estimate of credit losses over the lifetime of the receivable. The estimation process is based on historical experience, current conditions, asset-specific characteristics, and reasonable and supportable forecasts about future economic and market conditions. Arc will continue to monitor and evaluate the adequacy of the allowance for credit losses on the receivables on a regular basis and will make adjustments as necessary in response to changes in economic conditions and credit quality indicators. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Contract balances: The timing of revenue recognition may not align with the right to invoice a customer. Arc records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue is recognized in advance of the right to invoice, a contract receivable is recorded. Contract receivables reflected below consist mainly of accounts receivable, receivables from government agencies, and other receivables on the statements of financial position. If payment is received prior to the recognition of revenue, a contract liability is recorded, which is reflected as deferred revenue on the statements of financial position.

Contract balances consist of the following at June 30:

	2025	2024	2023
Contract receivables	$ 6,704,163	$ 6,082,947	$ 4,814,996
Contract liability (deferred revenue)	293,602	474,823	7,251,887

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Property and equipment and depreciation: Property and equipment purchased by Arc is recorded at cost. Donated property and equipment is recorded at its fair value at the date of the gift. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method as follows:

	Estimated Useful Lives
Buildings and improvements	15-25 years
Leasehold improvements	Shorter of lease term or 2-4 years
Furniture, fixtures and equipment	5-10 years
Vehicles	5 years

Land and buildings purchased with state funds prior to fiscal year 2022 are owned by Arc, subject to the provision that if the property is transferred within 20 years following the purchase, a pro rata share of the state funds must be returned to the granting state agency. It is the intent of management to hold the properties for at least 20 years.

Valuation of long-lived assets: Arc reviews the carrying value of long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Debt issuance costs: In November 2010, Arc incurred debt issuance costs that are being amortized on a straight-line basis over the life of the debt (20 years). In both August 2018 and June 2025, Arc incurred additional debt issuance costs from refinancing that are being amortized on a straight-line basis over the life of the debt. Amortization expense is $25,361 and $24,396 for the years ended June 30, 2025 and 2024, respectively. Accumulated amortization was $327,553 and $302,192 at June 30, 2025 and 2024, respectively.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Fair value of financial instruments: The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and current maturities of long-term debt approximate fair value because of the short maturity of these instruments. The carrying amount of long-term debt approximates fair value because the interest rates on these instruments fluctuate with market interest rates offered to Arc for debt with similar terms and maturities. Investments are valued at fair value.

Revenue recognition: Arc's revenue is primarily derived from conditional grants and third-party reimbursements from various state and local government agencies and from services subcontracted to customers on a fee-for-service basis.

Arc recognizes contract revenue using a five-step process that includes (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations, and (5) recognizing revenue when (or as) each performance obligation is satisfied.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Arc has a contract with the State of Maryland (the State) to provide residential services, day services, employment services and personal supports services to individuals with intellectual and developmental disabilities. These revenues are recognized at a point in time as services are provided. The transaction price is based on predetermined rates by the State for each individual supported. Arc's contract revenue with the State Highway Administration and Maryland Transportation Authority for janitorial, landscaping and policing services are recognized at a point in time as services are provided. The transaction price is based on annual or monthly costs as stated in the contract agreements.

Unconditional contributions are recognized as revenue upon receipt, or when unconditional promises to give are received. Contribution revenue is recorded as increases in net assets without donor restrictions, unless the use is limited by time or donor-imposed restrictions. Conditional contributions are recognized when donor-imposed conditions are substantially met. These revenues are subject to right of return if funds are not spent and also have barriers that must be met in order to be entitled to the funds. Accordingly, amounts received, but not yet recognized as revenue, are classified as deferred revenue in the statements of financial position. There were no additional revenues to be earned on various conditional grants as of June 30, 2025 and 2024.

State and local grants are deemed to be earned and reported as revenue when Arc has incurred expenditures in compliance with the specific grant restrictions. Grant expenditures made, pending reimbursement, are recorded as accounts receivable. Grant funds received, but not spent, are recorded as deferred revenue. State and local grant amounts not expended in accordance with specific grant restrictions prior to the expiration of the grant period are refundable and recorded as a payable.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited. Salaries and benefits are allocated on the basis of time and effort. Occupancy expenses are allocated based on the square footage occupied related to the respective function. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Arc.

Income taxes: Arc is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, Arc qualifies for charitable contributions deductions under Section 170(c)(2)(B) and has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of IRS §509(a). Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. There was no unrelated business income for 2025 and 2024.

Arc has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, Arc may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management evaluated Arc's tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Leases: Arc determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) Arc obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Arc also considers whether its service arrangements include the right to control the use of an asset.

Arc elected the package of practical expedients under the transition guidance within Topic 842, in which Arc does not reassess: (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases.

Arc made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, Arc made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Arc has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to Arc, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Subsequent events: Subsequent events have been evaluated through November 12, 2025, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

The following reflects Arc's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or internal designations. As part of Arc's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, Arc has a committed line of credit in the amount of $1,500,000, which it could draw upon (see Note 9). Arc also has a board-designated endowment of $6,427,312 and $5,654,759 as of June 30, 2025 and 2024, respectively. Although Arc does not intend to spend from the endowment other than amounts appropriated for general expenditure as part of its annual approval process, amounts from the endowment could be made available if necessary and approved by the board of directors.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2025 and 2024 are as follows:

	2025	2024
Cash and cash equivalents	$ 14,221,788	$ 15,882,441
Accounts receivable, net	1,307,039	2,340,688
Receivables from government agencies	5,290,231	3,651,284
Other receivables	106,893	158,696
Residents' funds	272,230	312,920
Certificate of deposit	459,482	450,982
Escrow funds	691,539	652,455
Board-designated investments	6,427,312	5,654,759
	28,776,514	29,104,225
Less:		
Restrictions by donors	(93,118)	(301,351)
Residential funds	(272,230)	(312,920)
Certificate of deposit with bank securing letters of credit	(459,482)	(450,982)
Escrow funds	(691,539)	(652,455)
Deferred revenue	(116,605)	(42,612)
Amounts due to the State of Maryland	(293,602)	(474,823)
Board-designated endowment funds, primarily for long-term investing	(6,427,312)	(5,654,759)
Amounts set aside for operating reserves	(3,500,000)	(5,500,000)
Amounts set aside for capital reserves	(1,000,000)	(1,000,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 15,922,626	$ 14,714,323

In the 2014 Maryland General Assembly, legislation was passed for the Developmental Disabilities Administration (DDA) to conduct a comprehensive rate study, which would result in revised rates for Maryland providers. Due to the pandemic, the State approved an extension of the new rate system long-term services and support (LTSS) which began July 1, 2024, for all providers. Under the new rate system LTSS, services were converted from a daily billing rate to a 15-minute billing rate, several new waiver services were created, and the payment system was altered from prospective to fee-for-service. During 2019, the DDA performed an analysis of the new rates and indicated the administration required an additional appropriation to fully fund the new rates. As of fiscal year 2025, the DDA has been unable to achieve the level of appropriations required to fully fund the new rates; therefore, funding for several services in LTSS is grossly inadequate to cover the required costs to provide these services. Arc has appropriately created operating reserves of $3,500,000 and $5,500,000 at June 30, 2025 and 2024, to assist with these funding shortfalls with the DDA during full implementation of the statewide new rate system which began July 1, 2024.

Note 3. Property and Equipment

The following is a summary of property and equipment at June 30, 2025 and 2024:

	2025	2024
Land	$ 1,971,654	$ 1,971,654
Buildings and improvements	23,515,804	22,525,300
Furniture, fixtures and vehicles	17,044,339	16,184,426
Leasehold improvements	148,609	280,221
Construction in progress	41,038	144,124
	42,721,444	41,105,725
Accumulated depreciation	(33,354,217)	(32,371,754)
	$ 9,367,227	$ 8,733,971

Depreciation expense was $1,215,036 and $1,089,248 for the years ended June 30, 2025 and 2024, respectively.

Note 4. Pension Plans

Defined contribution plan: Arc participates in a contributory 403(b) plan, whereby all employees who have completed 90 days of service are eligible to make employee contributions, and employees with one year of service are eligible to receive employer contributions. Eligible employees may elect to make pre-tax contributions to the 403(b) plan subject to the annual maximum amount allowed by the IRC. Arc makes an initial contribution of 2% to 5% of compensation to all eligible employees based on the years of service for each employee. In addition, Arc will match employee contributions as follows:

a) 100% of the first 1% of employee contributions.

b) 50% of any employee contribution greater than 1% with a total match not to exceed 3% of an employee's compensation during any 403(b) plan year.

Total expense under the 403(b) plan for the years ended June 30, 2025 and 2024, was $904,783 and $804,117, respectively.

Deferred compensation plan: In February 2020, Arc established a 457(b) plan, whereby a select group of employees are eligible to participate. Total expense under the 457(b) plan was $50,044 and $45,648 for the years ended June 30, 2025 and 2024, respectively. Total plan assets and liabilities were $207,898 and $142,147 for the years ended June 30, 2025 and 2024, respectively.

Noncontributory defined benefit plan: Arc had a noncontributory defined benefit pension plan (the Pension Plan) for the benefit of substantially all employees that were employed when the Pension Plan was frozen in 2003 as to participation, benefit service and accrued benefits. In February 2020, the board of directors approved to begin the termination process of the Pension Plan. On September 21, 2020, the IRS issued a favorable determination letter to terminate the plan. Arc commenced the termination process on October 15, 2020. Arc distributed all assets from the plan as of June 30, 2024. There was no remaining pension liability as of June 30, 2025 and 2024.

Note 5. Commitments and Contingencies

Litigation: Arc has certain pending legal proceedings that generally involve staffing and service issues. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by Arc. In the opinion of management, such proceedings are substantially covered by insurance, and the ultimate disposition of such proceedings is not expected to have a material adverse effect on Arc's financial position, activities or cash flows.

Note 6. Board-Designated Investments

Board-designated investments as of June 30 consisted of the following:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Money market funds	$ 139,938	$ 139,938	$ 115,757	$ 115,756
Mutual funds	3,540,713	4,040,828	3,395,255	3,587,980
Common stock	1,352,615	2,246,546	1,278,572	1,951,023
	$ 5,033,266	$ 6,427,312	$ 4,789,584	$ 5,654,759

Codification Topic 958 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Topic 958 also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

Arc is governed subject to its governing documents. The board of directors has determined that the majority of Arc's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with Arc.

Under the terms of the governing documents, the board of directors has the ability to distribute so much of the corpus of the endowment investments as the board of directors, in its sole discretion, shall determine. As a result of the ability to distribute corpus, all endowment contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes. The endowment account contains no contributions that are classified as restricted.

Endowment investment and spending policies: Endowment funds are invested to produce maximum total return consistent with prudent risk limits. The Executive Committee of the board of directors will be the oversight committee for the uses of the endowment fund.

Endowment net assets are included in net assets without donor restrictions. Changes in endowment net assets are as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Endowment net assets, beginning of year	$ 5,654,759	$ 4,980,771
Contributions	155,810	131,959
Realized and unrealized gains, net	617,764	519,321
Investment income, net of fees	133,792	122,629
Endowment distribution	(134,813)	(99,921)
Endowment net assets, end of year	$ 6,427,312	$ 5,654,759

Note 7. Long-Term Obligations

Long-term obligations consisted of the following at June 30:

	2025	2024
Bank loans	$ 2,796,041	$ 4,795,396
Various mortgages payable, collateralized by deeds of trust on the respective properties; interest at rates ranging between 4.00% and 6.5%, payable monthly with various maturity dates through March 2034	601,728	704,205
Various notes payable, collateralized by vehicles; interest at rates ranging between 6.44% and 9.03%; payable monthly with various maturity dates through July 2028	1,156,710	744,816
Subtotal	4,554,479	6,244,417
Less debt issuance costs, net of amortization	(179,856)	(146,353)
Long-term debt, net	4,374,623	6,098,064
Less current portion	(635,053)	(576,396)
	$ 3,739,570	$ 5,521,668

Certain land, buildings and improvements, and automobiles and trucks are pledged as collateral for long-term debt.

Interest expense relating to long-term debt of $287,846 and $258,553 was charged to operations for the years ended June 30, 2025 and 2024, respectively.

Bank loan: Arc entered into a bank loan on November 17, 2010, in the amount of $5,790,000. The bank loan had a variable interest rate based on the one-month London Interbank Offered Rate (LIBOR), plus 205 basis points, multiplied by an adjustable margin rate factor. The additional basis points could increase to as much as 225 basis points depending on the results of the debt service coverage ratio prepared at June 30 and December 31 annually. The bank loan is subjected to other nonfinancial covenants that would not have an effect on the interest rate. Principal and interest payments were scheduled based on a 20-year amortization table. The maturity date of the underlying bonds was November 17, 2030.

On August 1, 2018, Arc refinanced its bank loan. As part of the refinance, certain provisions of the original agreement were amended. The interest rate has been amended to the Medium-Term Fixed Rate of 3.9% with principal payments being amortized based on a 22-year straight-line basis.

On June 23, 2025, Arc refinanced its bank loan. As part of the refinance, certain provisions of the original agreement were amended. The interest rate has been amended to the Medium-Term Fixed Rate of 4.62% with principal payments being amortized based on a 15-year straight-line basis.

Arc entered into a second bank loan on December 21, 2020, in the amount of $2,200,000. The loan bears interest at a fixed rate of 3.25% and has a maturity date of December 21, 2025. The remaining balance of $1,714,167 was paid off in full on June 23, 2025.

Note 7. Long-Term Obligations (Continued)

Principal maturities for all long-term obligations are due in future years as follows:

	Bank Loans	Mortgages Payable	Notes Payable	Total
Years ending June 30:				
2026	$ 184,354	$ 102,454	$ 348,245	$ 635,053
2027	184,354	96,699	375,563	656,616
2028	184,354	90,276	345,785	620,415
2029	184,354	86,470	87,117	357,941
2030	184,354	73,972	-	258,326
Thereafter	1,874,271	151,857	-	2,026,128
	$ 2,796,041	$ 601,728	$ 1,156,710	$ 4,554,479

Bond issuance costs associated with the bank loan equal $507,410 and $448,545 for the years ended June 30, 2025 and 2024, respectively, and are being amortized over the life of the transaction. Total accumulated amortization was $327,553 and $302,192 as of June 30, 2025 and 2024, respectively. The net issuance costs of $179,856 and $146,353 were netted against long-term debt on the statements of financial position at June 30, 2025 and 2024, respectively.

Note 8. Escrow Funds

In connection with the bank loans (see Note 7), Arc is required to retain certain loan proceeds in the amount of at least $405,520 in a separate fund. Arc maintained a balance of $470,207 and $450,520 in a separate fund as of June 30, 2025 and 2024, respectively.

Note 9. Line of Credit

Arc renewed its $1,500,000 revolving line of credit in February 2025, which bears interest at a fluctuating rate per annum of 2% above the Secured Overnight Financing Rate (SOFR), and matures on February 15, 2027. As of June 30, 2025 and 2024, there was no outstanding balance.

Note 10. Letter of Credit

As of June 30, 2025, Arc had available a stand-by letter of credit totaling $323,148 through October 1, 2026, in accordance with an agreement with the State of Maryland. The letter of credit can be used by the State if Arc fails to pay self-insured unemployment compensation claims. There are no outstanding borrowings at June 30, 2025 and 2024, related to the stand-by letter of credit. The letter of credit was collateralized by a certificate of deposit in the amount of $459,482 and $450,982 as of June 30, 2025 and 2024, respectively.

Subsequent to year-end, in September 2025, the letter of credit was extended through October 1, 2027, with all other terms and conditions remaining unchanged.

Note 11. Government Agencies

Revenue is recognized from federal and state grants and reimbursement for services is provided by state agencies based on per diem rates. Subsequent to year-end, regulatory reports are submitted and final determinations are made regarding over or underpayments. As of June 30, 2025 and 2024, Arc had accrued a liability of $293,602 and $474,823, respectively, for the potential adjustments, which is included in accounts payable and accrued expenses on the statements of financial position.

Receivables from government agencies represent billings, grants and reimbursements (overpayments) associated with various programs.

Note 12. Net Assets With Donor Restrictions

Net assets with donor restrictions were $93,118 and $301,351 at June 30, 2025 and 2024, respectively. Within these net assets, $0 and $211,890 is restricted for the purchase of residences as of June 30, 2025 and 2024, respectively. The remaining $93,118 and $89,461 as of June 30, 2025 and 2024, respectively, are restricted contributions for the purchase of furnishings and the Family Fund. Net assets with donor restrictions released from restrictions for the years ended June 30, 2025 and 2024, were for the following:

	2025	2024
Orems Road House	$ -	$ 166,583
Garvey and Sonn residence purchases	211,890	-
Pritchett Bequest—furnishings	9,343	-
Total	$ 221,233	$ 166,583

Note 13. Fair Value Measurements

Arc defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and within a fair value hierarchy. The fair value hierarchy gives the highest rank to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest rank to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities and holdings in mutual funds are types of investments included in Level 1.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments that are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds and over-the-counter derivatives.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Note 13. Fair Value Measurements (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Arc's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by Arc:

Level 1: Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: Arc has no Level 2 assets or liabilities at June 30, 2025 and 2024.

Level 3: Arc has no Level 3 assets or liabilities at June 30, 2025 and 2024.

The following tables present Arc's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2025 and 2024:

	June 30, 2025			
Board-Designated Investments	Total	Level 1	Level 2	Level 3
Mutual funds:				
International	$ 1,472,974	$ 1,472,974	$ -	$ -
Growth	752,987	752,987	-	-
Fixed income	1,814,867	1,814,867	-	-
Total mutual funds	4,040,828	4,040,828	-	-
Common stock	2,246,546	2,246,546	-	-
	6,287,374	$ 6,287,374	$ -	$ -
Cash and cash equivalents	139,938			
Total board-designated investments	$ 6,427,312			

	June 30, 2024			
Board-Designated Investments	Total	Level 1	Level 2	Level 3
Mutual funds:				
International	$ 1,252,633	$ 1,252,633	$ -	$ -
Growth	660,449	660,449	-	-
Fixed income	1,674,898	1,674,898	-	-
Total mutual funds	3,587,980	3,587,980	-	-
Common stock	1,951,023	1,951,023	-	-
	5,539,003	$ 5,539,003	$ -	$ -
Cash and cash equivalents	115,756			
Total board-designated investments	$ 5,654,759			

Note 14. Leases

Operating leases: Arc leases a portion of its facilities, automobiles and equipment, which are treated as operating leases for financial reporting purposes. Facility lease terms generally expire through March 2027, with options to renew for additional periods. Under the terms of the facility leases, Arc is responsible for the payment of real estate taxes and other operating expenses. Additionally, Arc leases certain automobiles and equipment with minimum lease terms of one year with options to renew. Rent expense charged to operations amounted to $646,979 and $620,780 for facilities and $105,046 and $128,125 for equipment and automobiles for the years ended June 30, 2025 and 2024, respectively.

Operating lease ROU assets and lease liabilities as of June 30, 2025 and 2024, consisted of the following:

	2025	2024
Assets:		
Operating lease assets	$ 265,427	$ 303,252
Liabilities:		
Operating lease liabilities	$ 265,427	$ 303,252

The components of lease expense for the years ended June 30, 2025 and 2024, are as follows:

	2025	2024
Operating lease cost	$ 153,815	$ 121,785
Short-term lease cost	598,210	627,120
Total lease cost	$ 752,025	$ 748,905

The lease term and discount rate for operating leases are as follows at June 30, 2025 and 2024:

	2025	2024
Weighted-average remaining lease term for operating leases	2.32 years	2.96 years
Weighted-average discount rate for operating leases	4.48%	4.17%

Future undiscounted cash flows and reconciliation to the operating lease liabilities recognized on the statement of financial position as of June 30, 2025, is as follows:

Years ending June 30:	
2026	$ 136,550
2027	87,903
2028	44,424
2029	8,512
Total minimum obligations	277,389
Less imputed interest	(11,962)
Present value of lease liabilities	$ 265,427

Independent Auditor's Report on the Supplementary Information

Board of Directors
The Arc Baltimore, Inc.

We have audited the financial statements of The Arc Baltimore, Inc. (Arc) as of and for the year ended June 30, 2025, and have issued our report thereon, dated November 12, 2025, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the budget information on page 29 marked unaudited, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The budgeted information on page 29 marked unaudited has not been subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for the budget information on page 29 marked unaudited, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Baltimore, Maryland
November 12, 2025

The Arc Baltimore, Inc.

Supplemental Schedule of Revenue and Expenses
Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Program Services			
	Employment and Day	Community Living	Family and Children	Total Program Services
Support and revenue:				
Government agencies	$ 13,996,619	$ 26,635,492	$ 4,876,894	$ 45,509,005
Contracts and other revenue	5,710,546	1,113,974	14,204	6,838,724
Public support, direct	15,550	2,660	36,990	55,200
Public support, indirect	-	-	17,456	17,456
Total support and revenue	19,722,715	27,752,126	4,945,544	52,420,385
Expenses:				
Staff salaries	9,677,493	17,299,541	1,767,153	28,744,187
Supported worker salaries	1,756,649	-	-	1,756,649
Fringe benefits	1,971,742	2,999,084	334,495	5,305,321
Supplies, equipment and materials	594,176	201,579	7,827	803,582
Contracted services	1,171,081	1,350,998	30,287	2,552,366
Assistance to individuals	8,525	16,198	1,931,295	1,956,018
Depreciation and amortization	501,452	465,407	4,229	971,088
Transportation	69,684	4,967	1,378	76,029
Food	20,144	548,055	308	568,507
Dues, memberships and licenses	11,184	6,654	2,687	20,525
Interest	72,963	110,973	2,253	186,189
Insurance	536,235	340,389	15,047	891,671
Utilities and telephone	295,325	475,248	17,061	787,634
Rent and lease expense	55,985	634,835	9,319	700,139
Repairs and maintenance	165,078	352,104	4,603	521,785
Training and travel	61,837	43,798	24,535	130,170
Administration and support	1,791,681	2,446,190	427,798	4,665,669
Miscellaneous	56,796	6,414	17,687	80,897
Total expenses	18,818,030	27,302,434	4,597,962	50,718,426
Change in net assets from operating activities	$ 904,685	$ 449,692	$ 347,582	$ 1,701,959

Support and Administration	2025 Totals	2024 Totals
$ 331,968	$ 45,840,973	$ 41,981,190
1,103,360	7,942,084	10,248,850
351,007	406,207	456,490
-	17,456	21,505
1,786,335	54,206,720	52,708,035
3,215,358	31,959,545	29,601,225
4,305	1,760,954	2,322,794
614,678	5,919,999	5,763,669
166,687	970,269	1,026,150
1,071,773	3,624,139	4,348,055
227,993	2,184,011	1,749,552
269,309	1,240,397	1,113,644
1,431	77,460	38,444
424	568,931	569,435
116,399	136,924	135,944
101,657	287,846	258,553
99,645	991,316	874,685
202,253	989,887	847,224
51,886	752,025	748,905
78,952	600,737	677,415
235,478	365,648	341,533
(4,665,669)	-	-
34,945	115,842	102,175
1,827,504	52,545,930	50,519,402
$ (41,169)	$ 1,660,790	$ 2,188,633

The Arc Baltimore, Inc.

Supplemental Schedule of Revenue and Expenses
Year Ended June 30, 2024

	Program Services			
	Employment and Day	Community Living	Family and Children	Total Program Services
Support and revenue:				
Government agencies	$ 10,504,993	$ 27,160,881	$ 4,085,970	$ 41,751,844
Contracts and other revenue	7,501,187	1,139,452	-	8,640,639
Public support, direct	5,600	23,900	41,663	71,163
Public support, indirect	-	-	21,505	21,505
Total support and revenue	18,011,780	28,324,233	4,149,138	50,485,151
Expenses:				
Staff salaries	8,961,313	15,993,745	1,483,189	26,438,247
Supported worker salaries	2,318,734	-	-	2,318,734
Fringe benefits	1,975,726	2,870,675	291,175	5,137,576
Supplies, equipment and materials	648,499	217,477	5,248	871,224
Contracted services	1,051,591	2,081,164	29,626	3,162,381
Assistance to individuals	6,028	11,304	1,611,368	1,628,700
Depreciation and amortization	435,562	420,817	3,586	859,965
Transportation	29,911	1,978	5,236	37,125
Food	3,851	565,517	-	569,368
Dues, memberships and licenses	5,791	6,609	5,869	18,269
Interest	50,150	101,325	2,380	153,855
Insurance	481,334	289,981	8,609	779,924
Utilities and telephone	255,328	411,956	15,637	682,921
Rent and lease expense	60,274	617,619	2,990	680,883
Repairs and maintenance	150,691	435,624	5,552	591,867
Training and travel	59,042	66,302	22,882	148,226
Administration and support	1,646,065	2,283,521	333,526	4,263,112
Miscellaneous	42,624	9,138	9,711	61,473
Total expenses	18,182,514	26,384,752	3,836,584	48,403,850
Change in net assets from operating activities	$ (170,734)	$ 1,939,481	$ 312,554	$ 2,081,301

Support and Administration	Totals
$ 229,346	$ 41,981,190
1,608,211	10,248,850
385,327	456,490
-	21,505
2,222,884	52,708,035
3,162,978	29,601,225
4,060	2,322,794
626,093	5,763,669
154,926	1,026,150
1,185,674	4,348,055
120,852	1,749,552
253,679	1,113,644
1,319	38,444
67	569,435
117,675	135,944
104,698	258,553
94,761	874,685
164,303	847,224
68,022	748,905
85,548	677,415
193,307	341,533
(4,263,112)	-
40,702	102,175
2,115,552	50,519,402
$ 107,332	$ 2,188,633

The Arc Baltimore, Inc.

Schedule of Foster Care and Treatment
Foster Care Revenue and Expenses
Year Ended June 30, 2025

	Treatment Foster Care	
	Actual	Budget (Unaudited)
Revenue:		
Fee for service	$ 1,436,530	$ 1,474,000
	1,436,530	1,474,000
Allowable expenses:		
Administrative and support services	117,308	144,700
Assistance	611,206	556,500
Contracted services	7,812	10,000
Depreciation	2,349	2,000
Dues, memberships and licenses	2,680	8,000
Equipment rental and lease repairs	1,507	3,000
Food	-	-
Fringe benefits	84,753	94,700
Insurance	6,483	40,000
Miscellaneous	12,573	13,500
Repairs and maintenance	2,743	5,200
Salary	442,891	516,300
Supplies	4,428	4,700
Travel and transportation	12,560	17,500
Utility	10,433	10,800
Total allowable expenses	1,319,726	1,426,900
Excess of revenue over allowable expenses	116,804	47,100
Excess of revenue over expenses	$ 116,804	$ 47,100
Child care months	314	
Actual cost of care per month	$ 4,203	
Contracted monthly fees	$ 4,580	Treatment rate
Conversion of revenue from accrual basis to cash basis:		
Fee for service revenue—accrual basis	$ 1,436,530	
Fee for service receivable, beginning balance	136,765	
Fee for service receivable, ending balance	(131,006)	
Fee for service revenue—cash basis	$ 1,442,289	