WAYNE COUNTY CHAPTER, NYSARC, INC.
D/B/A THE ARC WAYNE,
WAYNE HOSTELS HOLDING, INC., AND
ARC OF WAYNE FOUNDATION, INC.

Consolidated Financial Statements as of
December 31, 2024
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Accounting, Consulting & More

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INDEPENDENT AUDITOR'S REPORT

April 8, 2025

To the Boards of Directors of
Wayne County Chapter, NYSARC, Inc. d/b/a The Arc Wayne, Wayne Hostels Holding, Inc. and ARC of Wayne Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of Wayne County Chapter, NYSARC, Inc. d/b/a The Arc Wayne (an unincorporated chapter of NYSARC, Inc.), Wayne Hostels Holding, Inc., and the ARC of Wayne Foundation, Inc. (New York not-for-profit corporations) (collectively, the Organizations), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of activities and change in net assets, functional revenue and expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organizations as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organizations and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in Exhibit I and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Exhibit I and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information
We have previously audited the Organizations' 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2025, on our consideration of the Organizations' 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 Organizations' 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 Organizations' internal control over financial reporting and compliance.

Bonadio & Co., LLP

WAYNE COUNTY CHAPTER, NYSARC, INC. D/B/A THE ARC WAYNE,
WAYNE HOSTELS HOLDING, INC., AND ARC OF WAYNE FOUNDATION, INC.

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,887,330	$ 8,870,791
Client funds	48,169	48,050
Accounts receivable, net of allowance for credit losses of $130,223 and $123,572 at 2024 and 2023, respectively	4,656,722	3,203,613
Current portion of contributions receivable	1,000,000	-
Other current assets	22,360	24,032
Total current assets	14,614,581	12,146,486
PROPERTY AND EQUIPMENT, net	6,485,051	5,428,949
OTHER ASSETS:		
Investment in CCO	75,862	75,862
Investments	7,314,855	6,690,174
Contributions receivable, net of current portion	2,290,800	-
Right-of-use assets	-	653,817
Restricted cash - limited use assets	26,871	41,009
Total other assets	9,708,388	7,460,862
	$ 30,808,020	$ 25,036,297

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 33,357	$ 32,883
Current portion of lease liability	-	268,995
Client funds	48,169	48,050
Accounts payable	449,181	580,222
Accrued expenses	2,018,684	1,732,904
Deferred revenue	189,689	2,179,921
Payable to funder	76,189	95,205
Total current liabilities	2,815,269	4,938,180
LONG-TERM LIABILITIES:		
Lease liability, net of current portion	-	375,959
Long-term debt, net of current portion	345,122	380,654
Total liabilities	3,160,391	5,694,793
NET ASSETS:		
Without donor restrictions	24,302,305	19,287,180
With donor restrictions	3,345,324	54,324
Total net assets	27,647,629	19,341,504
	$ 30,808,020	$ 25,036,297

The accompanying notes are an integral part of these statements.

WAYNE COUNTY CHAPTER, NYSARC, INC. D/B/A THE ARC WAYNE, WAYNE HOSTELS HOLDING, INC., AND ARC OF WAYNE FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
REVENUE AND SUPPORT:				
Program revenue	$ 31,795,774	$ 200	$ 31,795,974	$ 29,538,070
Non-program support	2,180,279	3,290,800	5,471,079	1,358,571
Total revenue and support	33,976,053	3,291,000	37,267,053	30,896,641
EXPENSES:				
Program services	26,339,329	-	26,339,329	26,087,762
Management and general	2,596,974	-	2,596,974	2,429,919
Fundraising	24,625	-	24,625	19,487
Total expenses	28,960,928	-	28,960,928	28,537,168
CHANGE IN NET ASSETS	5,015,125	3,291,000	8,306,125	2,359,473
NET ASSETS - beginning of year	19,287,180	54,324	19,341,504	16,982,031
NET ASSETS - end of year	$ 24,302,305	$ 3,345,324	$ 27,647,629	$ 19,341,504

The accompanying notes are an integral part of these statements.

WAYNE COUNTY CHAPTER, NYSARC, INC. D/B/A THE ARC WAYNE,
WAYNE HOSTELS HOLDING, INC., AND ARC OF WAYNE FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions				Total	
	Program	Management and General	Fundraising	With Donor Restrictions	2024	2023
PROGRAM REVENUE:						
Medicaid fees	$ 16,578,378	$ -	$ -	$ -	$ 16,578,378	$ 16,082,667
New York State Dept. of Education	3,323,547	-	-	-	3,323,547	3,038,557
Contract sales	3,111,242	-	-	-	3,111,242	3,233,437
Participant fees	2,954,644	-	-	-	2,954,644	2,836,962
Medicare fees	1,328,049	-	-	-	1,328,049	1,268,420
Government grants and fees -						
VESID	188,519	-	-	-	188,519	125,016
OPWDD direct contract	615,397	-	-	-	615,397	1,113,309
Wayne County - welfare to work	37,110	-	-	-	37,110	69,414
SNAP benefits	244,049	-	-	-	244,049	300,043
IDEA	167,024	-	-	-	167,024	240,615
Other	2,327,888	14,042	-	-	2,341,930	428,587
Prior year revenue (expense), net	241,234	-	-	-	241,234	114,380
Rental income	1,148	2,125	-	-	3,273	53,990
Other	554,356	107,022	-	200	661,578	632,673
Total program revenue	31,672,585	123,189	-	200	31,795,974	29,538,070
NON-PROGRAM SUPPORT:						
Investment income, net	96,422	834,584	-	-	931,006	1,248,356
Contributions	60,162	1,189,111	-	3,290,800	4,540,073	110,215
Total non-program support	156,584	2,023,695	-	3,290,800	5,471,079	1,358,571
Total revenue and support	31,829,169	2,146,884	-	3,291,000	37,267,053	30,896,641
EXPENSES:						
Salaries	15,660,723	1,386,791	-	-	17,047,514	17,075,510
Fringe benefits	3,993,518	253,175	-	-	4,246,693	4,076,322
Supplies, materials, and expensed equipment	724,790	338,987	-	-	1,063,777	1,031,197
Client wages and benefits	976,007	-	-	-	976,007	932,246
Depreciation	665,198	65,506	-	-	730,704	747,580
Food	677,616	-	-	-	677,616	688,212
Repairs and maintenance	656,849	50,262	-	-	707,111	652,175
Utilities and telephone	508,624	40,985	-	-	549,609	573,248
Subcontract - raw materials	381,656	-	-	-	381,656	393,559
Contract services	209,058	273,510	-	-	482,568	438,988
Participant transportation	628,669	-	-	-	628,669	601,793
Insurance	290,419	53,278	-	-	343,697	320,921
Occupancy	280,268	5,444	-	-	285,712	277,629
Participant incidentals	218,435	-	-	-	218,435	204,324
Provision for credit losses	136,488	-	-	-	136,488	127,986
Staff travel	153,262	3,807	-	-	157,069	150,640
Interest	5,582	-	-	-	5,582	9,875
Other	172,167	125,229	24,625	-	322,021	234,963
	26,339,329	2,596,974	24,625	-	28,960,928	28,537,168
Administration allocation	2,010,059	(2,010,059)	-	-	-	-
Total expenses	28,349,388	586,915	24,625	-	28,960,928	28,537,168
CHANGE IN NET ASSETS - 2024	$ 3,479,781	$ 1,559,969	$ (24,625)	$ 3,291,000	$ 8,306,125	
CHANGE IN NET ASSETS - 2023	$ 1,360,216	$ 1,018,544	$ (19,487)	$ 200		$ 2,359,473

The accompanying notes are an integral part of these statements.

WAYNE COUNTY CHAPTER, NYSARC, INC. D/B/A THE ARC WAYNE,
WAYNE HOSTELS HOLDING, INC., AND ARC OF WAYNE FOUNDATION, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 8,306,125	$ 2,359,473
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Provision for credit losses	136,488	127,986
Depreciation	730,704	747,580
Gain on sale of property and equipment	(26,261)	(42,265)
Gains on investments	(465,147)	(606,414)
Amortization of debt placement fees	812	812
Write-off of debt placement fees	(11,358)	-
Amortization of reoffering premium	8,367	-
Changes in:		
Accounts receivable	(1,589,597)	998,470
Contributions receivable	(3,290,800)	-
Other current assets	1,672	(343)
Lease liability	8,863	(8,863)
Accounts payable	(131,041)	168,559
Accrued expenses	285,780	196,653
Deferred revenue	(1,990,232)	2,055,616
Net cash flow from operating activities	1,974,375	5,997,264
CASH FLOW FROM INVESTING ACTIVITIES:	.	
Purchases of property and equipment	(1,832,792)	(1,665,605)
Proceeds from sale of property and equipment	72,247	89,729
Purchases of investments	(1,104,901)	(2,047,631)
Proceeds from sale of investments	945,367	1,905,209
Net cash flow from investing activities	(1,920,079)	(1,718,298)
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(32,879)	(104,833)
Increase (decrease) in payable to funder	(19,016)	22,591
Net cash flow from financing activities	(51,895)	(82,242)
CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	2,401	4,196,724
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	8,911,800	4,715,076
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - end of year	$ 8,914,201	$ 8,911,800

1. THE ORGANIZATIONS

NYSARC, Inc. d/b/a The Arc New York is organized under the Not-for-Profit Corporation Law of New York State. Wayne County Chapter, NYSARC, Inc. d/b/a The Arc Wayne (the Arc) is an unincorporated chapter of NYSARC, Inc. The Arc is organized for the purpose of providing a variety of programs for disabled children and adults in Wayne County, New York.

Wayne Hostels Holding, Inc. (WHHI) is a New York not-for-profit corporation organized to acquire real property located in Wayne County, New York, and to construct and lease facilities to the Arc. In 2024, WHHI submitted a Plan of Dissolution to the Office of the New York State Attorney General. The Arc received the letter of approval for dissolution dated December 13, 2024. As such, the transfer of assets and liabilities from WHHI to the Arc is expected to occur in 2025.

ARC of Wayne Foundation, Inc. (the Foundation) is a New York not-for-profit corporation organized and operated to exclusively support the Arc. The Foundation supports the Arc through fundraising activities, solicitation of gifts, grants, bequests, trust remainders, gifts and donations, and managing, administering, and distributing funds, and other assets for the sole benefit of the Arc. NYSARC, Inc., by and through the Board of Directors of the Arc, is the sole corporate member of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Arc, WHHI, and the Foundation (collectively, the Organizations). Certain officers of the Arc's Board of Directors comprise the Board of Directors of WHHI and the Foundation. Significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Basis of Accounting

The Organizations' consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by functional expense classification or net asset classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the consolidated financial statements of the Organizations for the year ended December 31, 2023, from which the summarized information was obtained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting
The Organizations report activities and the related net assets using the following net asset categories:

- **Without Donor Restrictions**
  The Organizations' net assets without donor restrictions are available for use without donor-imposed restrictions. These funds are used to account for all resources which are intended for current operating activities. To the extent that funds remain at the end of any year, they are available to fund the Organizations' future operating activities.

- **With Donor Restrictions**
  Net assets with donor restriction are available for use by the Organizations but are limited by donor-imposed stipulations that expire, donor imposed stipulations that can be fulfilled or removed by actions of the Organizations pursuant to those stipulations.

Cash and Cash Equivalents and Restricted Cash
Cash and cash equivalents and restricted cash consist of bank demand deposit and money market accounts. The Organizations' bank accounts may, at times, exceed federally insured limits. Certain Arc and WHHI bank demand deposit accounts are covered by collateral agreements with their bank. The amount of uninsured, uncollateralized accounts was $6,881,468 at December 31, 2024. The Organizations have not experienced any losses in such accounts and believe that they are not exposed to any risk on cash and cash equivalents and restricted cash.

Client Funds
Client funds consist of bank demand deposit accounts separate from the Arc's cash accounts, which may, at times, exceed federally insured limits. The Arc has not experienced any losses in such accounts and believes that they are not exposed to any risk on client funds. These funds are held by the Arc on behalf of consumers pursuant to representative payee agreements.

Property and Equipment
Property and equipment are recorded at cost if purchased or at the fair market value at the date of donation. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 25 years. The Organizations capitalize all expenditures for property and equipment in excess of $5,000 that have useful lives in excess of 2 years.

Investments
Investments are stated at fair value based on quoted market prices.

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organizations. Unobservable inputs are inputs that reflect the Organizations' assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Organizations have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 – Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value of the Organizations' cash equivalents, exchange traded funds, mutual funds, and fixed income are based on quoted market prices (Level 1).

There were no changes in valuation techniques in 2024 and 2023.

Revenue and Receivables

Revenue from Medicaid and other third-party payers are recognized at approved rates when the Arc satisfies their performance obligations under contracts by providing services to individuals. The Arc's performance obligations include: providing preschool services, community habilitation, day habilitation, residential services, integrated workshops, and other services to individuals with intellectual and/or other developmental disabilities. The transaction price is based on established charges for services provided. These rates are determined by allowable expenditures in rate-setting periods.

The Arc expects to collect established charges. The Arc performs an assessment of individuals' ability to pay for the services provided prior to performing services. Based on this, the Arc determined that that there are no implicit price concessions provided to individuals.

Revenue under Medicaid and third-party payer agreements are subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Settlements with third-party payers 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 services using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer, and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Receivables (Continued)

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. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. As of December 31, 2024 and 2023, the Arc had outstanding payables to Medicaid funders in the amount of $76,189 and $95,205, respectively.

Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Participant fees represent the clients' personal contributions towards the cost of goods and services provided by the Arc. Charges are regulated by federal and state law.

Fees for service revenue is recognized based on approved rates when the Arc satisfies their performance obligations under contracts by transferring services to individuals.

Workshop sales, which are included as contract sales in the accompanying consolidated statement of functional revenue and expenses, are recognized as goods are shipped or as the Arc satisfies their performance obligations under contracts.

Performance obligations for all of the Arc's services are provided and consumed at a point in time, not over time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

Revenues are charged and collected routinely throughout the month. Amounts that remain uncollected at the end of the month are recorded as accounts receivable. The allowance for credit losses receivable is estimated by management based on periodic reviews of the collectability of specific accounts receivable considering historical experience and expected future economic conditions. Accounts receivable are written off when they are determined to be uncollectible.

The Arc reviews individual contracts at the time of performance, in order to determine estimated uncollectable accounts due from third-party payers or private pay individuals. Based on this, the Arc determined that there are no implicit price concessions.

Allowance for Credit Losses

The Organizations' accounts receivables are primarily derived from services provided to disabled children and adults, many of which are covered by some form of insurance, either from commercial carriers or governmental payers. The Organizations recognize an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist, and receivables are evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible.

The estimated allowance for credit losses is based on historical, current, and expected future conditions. The historical component is derived from a review of the Organizations' historical losses based on gross realization and the aging of receivables along with a review of specific resident balances. No significant improvements or deteriorations are expected in the future economic conditions, therefore, no related adjustments to historical loss percentage was made as of December 31, 2024 and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

Contributions receivable are recorded at their estimated net present value based on anticipated future cash flow using a 5.00% discount rate and are reported as net assets with donor restrictions. The difference between the outstanding contribution balances and their net present value is recorded as a reduction to contributions receivable and is recognized as contribution revenue over the term of the related pledges. The Organization records an allowance for uncollectible pledges based on a review of specific outstanding pledges. Contributions receivable are written off after all collection efforts are exhausted. Management determined no allowance for uncollectable pledges was deemed necessary at December 31, 2024.

Debt Placement Fees

Debt placement fees represent costs incurred to obtain long-term financing and are netted against long-term debt in the consolidated balance sheet. These costs are recognized as interest expense on a straight-line basis over the term of the related debt.

Grants

The Arc recognizes revenue from government grants as revenue when eligible costs are incurred, or services are performed when barriers stipulated by the grant agreement are met and no right of return or right of refusal to transfer assets exists. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue is recorded when cash advances exceed support and revenue earned.

Allocation of Certain Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Those expenses include salaries, benefits, occupancy, purchased services, travel, professional services, and office expenses. Salaries and benefits are directly charged wherever possible and practical and are otherwise allocated based on time and effort. Occupancy, depreciation, and repairs and maintenance related expenses are allocated based on square footage used. Office expenses are either directly charged or allocated based on the same allocation as salaries and benefits. Other expenses otherwise not noted are directly charged on a transactional basis.

Donated Services

Volunteers have donated significant amounts of time in support of the Organizations' activities. However, the value of these services is not reflected in the accompanying consolidated financial statements, as they do not meet the criteria for recognition as set forth under GAAP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

NYSARC, Inc., WHHI, and the Foundation are not-for-profit corporations and are exempt from income taxes as organizations qualified under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service (IRS) has also classified them as entities that are not private foundations. The Arc is an unincorporated chapter of NYSARC, Inc. covered by an IRS group ruling.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

3. LIQUIDITY

The Organizations are substantially supported by revenue generated by operations and some contributions without donor restrictions. The Organizations hold financial assets for specific purposes and thus some financial assets reported may not be available for general expenditure within one year of the balance sheet date. As part of the Organizations' liquidity management, it structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

The Organizations' financial assets available to meet cash needs for general expenditures within one year are as follows at December 31:

	2024	2023
Financial assets at December 31*	$ 24,300,609	$ 18,929,499
Less: Financial assets unavailable for general expenditures within one year:		
Client funds	(48,169)	(48,050)
Restricted cash - limited use assets	(26,871)	(41,009)
Investment in CCO	(75,862)	(75,862)
Subject to satisfaction of donor restrictions	(3,345,324)	(54,324)
Financial assets available to meet cash needs for general expenditures within one year	$ 20,804,383	$ 18,710,254

**Total assets, less nonfinancial assets (other current assets, property and equipment, and right of use assets)*

3. LIQUIDITY (Continued)

The Organizations maintain sufficient cash and investments that are readily available for general expenditures. Additionally, the Organizations' ability to meet its cash needs, is further dependent, in part, on timely collection of its accounts receivable. The Organizations accounts receivable are due primarily from government funders, such as New York State, various New York Counties, and third-party payers, including Medicaid and private insurers. The Organizations employ procedures specifically designed to collect from these payers as quickly as possible. However, timeliness of payment from these payers varies and is sometimes difficult to predict.

Should liquidity issues arise, the Arc maintains a $950,000 line of credit. There were no amounts outstanding on the line of credit as of December 31, 2024 and 2023.

4. ACCOUNTS RECEIVABLE

The Organizations' accounts receivable consisted of the following at December 31:

	2024	2023
Medicaid	$ 3,197,370	$ 1,717,714
NYS OPWDD	181,317	230,365
NYS SED	839,264	667,213
Workshop	446,523	610,918
Other	122,471	100,975
	4,786,945	3,327,185
Less: Allowance for credit losses	(130,223)	(123,572)
	$ 4,656,722	$ 3,203,613

The Organizations' accounts receivable and deferred revenue balance were $4,330,069 and $124,305, respectively, as of December 31, 2022.

Changes in the allowance for credit losses were as follows for the years ended December 31:

	2024	2023
Beginning balance	$ 123,572	$ 113,455
Provision for credit losses	136,488	127,986
Write-offs	(129,837)	(117,869)
Ending balance	$ 130,223	$ 123,572

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected as follows in the years ending December 31:

2025	$ 1,000,000
2026	1,000,000
2027	1,000,000
2028	1,000,000
	4,000,000
Less: Unamortized discount on contributions receivable	(709,200)
Less: Current portion	(1,000,000)
	$ 2,290,800

6. INVESTMENTS

Investments consisted of the following at December 31:

	2024	2023
Cash equivalents	$ 100,175	$ 57,445
Exchange traded funds	5,618,122	5,115,237
Mutual funds	1,596,558	1,450,494
Fixed Income	-	66,998
	$ 7,314,855	$ 6,690,174

The Organizations' investments are measured at fair value on a recurring basis based on the following inputs at December 31, 2024:

Description	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 100,175	$ -	$ -	$ 100,175
Exchange traded funds	5,618,122	-	-	5,618,122
Mutual funds	1,596,558	-	-	1,596,558
	$ 7,314,855	$ -	$ -	$ 7,314,855

The Organizations' investments are measured at fair value on a recurring basis based on the following inputs at December 31, 2023:

Description	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 57,445	$ -	$ -	$ 57,445
Exchange traded funds	5,115,237	-	-	5,115,237
Mutual funds	1,450,494	-	-	1,450,494
Fixed Income	66,998	-	-	66,998
	$ 6,690,174	$ -	$ -	$ 6,690,174

7. INVESTMENT IN CCO

The Arc is a member of Collaborative of NY Holdings, LLC (CONYH), which is a member of Person Centered Services Holding Company, LLC (HoldCo., LLC). HoldCo., LLC is the sole corporate member of Person Centered Services Care Coordination Organization, LLC, a Care Coordination Organization (CCO) approved by New York State Office for People with Developmental Disabilities (OPWDD). The CCO provides Health Home Care management services.

As a result, the Arc made a capital contribution to CONYH. The capital contribution has been recorded as a long-term investment, at cost. The investment in the CCO was $75,862 at both December 31, 2024 and 2023, which is the initial contribution made.

In 2024 and 2023, the Arc received distributions from CONYH of $108,818 and $459,310, respectively, which are recorded as investment income on the accompanying consolidated statement of functional revenue and expenses.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2024	2023
Land	$ 606,920	$ 606,920
Buildings and improvements	16,764,506	15,150,430
Furniture and equipment	2,165,956	3,758,360
Contributed property and equipment	1,483,753	2,020,958
Construction in progress	267,096	583,865
	21,288,231	22,120,233
Less: Accumulated depreciation	(14,803,180)	(16,691,584)
	$ 6,485,051	$ 5,428,949

Depreciation expense for the Organizations for the years ended December 31, 2024 and 2023 was $730,704 and $747,580, respectively.

9. FINANCING ARRANGEMENTS

Long-term debt consisted of the following at December 31:

	2024	2023
Dormitory Authority of the State of New York (DASNY) bonds, payable in annual installments of $42,285 bearing interest of rates at 1.07% increasing to 2.65% over the life of the bond, through July 2035, collateralized by the related building.	$ 386,953	$ 419,832
Less: Unamortized debt placement fees	(8,474)	(6,295)
Less: Current portion	(33,357)	(32,883)
	$ 345,122	$ 380,654

Future maturities of long-term debt are as follows for the years ending December 31:

2025	$ 33,357
2026	33,605
2027	34,218
2028	34,883
2029	35,616
Thereafter	215,274
	$ 386,953

Line of Credit
The Arc may borrow up to $950,000 under the terms of a bank line of credit agreement. Amounts borrowed bear interest at the Wall Street Journal prime rate minus .50% with a floor of 7.00%. There were no amounts outstanding under the terms of this agreement as of December 31, 2024 and 2023.

This line of credit agreement is subject to annual review and approval by the bank. Borrowings under the terms of this line of credit are collateralized by the Arc's accounts receivable and fixed assets.

Restricted Cash - Limited Use Assets
In connection with the issuance of the bonds, a portion of the loan proceeds were withheld from the Organizations and will be used to fund the final debt payments. The total amount held in limited use assets was $26,871 and $41,009 as of December 31, 2024 and 2023, respectively.

Reoffering Premium
Reoffering premium represents bond proceeds received in excess of the par value of the bonds and is recognized as interest expense over the term of the bonds on a straight-line basis.

Supplemental Cash Flow Information
Interest paid by the Organizations in 2024 and 2023 under the terms of all financing arrangements was approximately $4,800 and $9,900, respectively.

10. INTERCOMPANY TRANSACTIONS

Lease Arrangements
The Arc pays rent to WHHI in accordance with month-to-month leases, for the use of a supervised apartment facility and buildings in Newark, New York. Total rent expense related to these arrangements in 2024 and 2023 was $50,417 and $53,750, respectively. This rent expense and income is eliminated in the accompanying consolidated financial statements.

Commitments
The Arc is the guarantor for WHHI on a DASNY bond payable totaling $380,654 at December 31, 2024.

11. RETIREMENT PLAN

The Arc New York Affiliated Employers 401(k) Plan (the Affiliated Plan) covers all employees who have completed one year of service. The Arc's contribution percentage was up to 4% of the employee's base salary in 2024 and 2023. Expense recognized by the Arc under the terms of the plan was $327,828 and $321,756 in 2024 and 2023, respectively.

12. WORKERS' COMPENSATION TRUST

The Arc was a participant in a self-insurance Trust (the Trust) with other participating organizations. The Trust voluntarily ceased effective December 31, 2011. Under the Trust agreement, each participating organization has joint and several liability for trust obligations. As of December 31, 2024, the Trust managers believe they have managed the Trust to have enough assets to cover future claims, however they are unable to guarantee there will not be any additional assessments in the future. Any additional liability will be recorded when known due to the amount not being estimable as of both December 31, 2024 and 2023.

13. RENTAL AGREEMENTS

The Arc leases office space to an unrelated tax-exempt organization. The original agreement was for three years through September 30, 2022, and was extended through September 30, 2023. Subsequent to the expiration of the agreement, the two parties entered into month-to-month agreements for the office space which ended in February 2024. Rental income received under the terms of this agreements was $2,125 and $25,500 for the years ended December 31, 2024 and 2023, respectively.

14. PAYMENTS TO AFFILIATED AGENCIES

In accordance with an affiliation agreement, the Arc is required to pay an annual assessment to NYSARC, Inc. Total payments to NYSARC, Inc. for dues and administrative fees were approximately $74,700 and $76,400 for the years ended December 31, 2024 and 2023, respectively.

15. COMMITMENTS AND CONTINGENCIES

Third-Party Payers

Service providers that are funded by Medicaid and other governmental payers have become the subject of increased scrutiny with respect to reimbursements they have received for service provision. Specific areas often reviewed by these payers include appropriate billing practices, technical regulatory compliance, etc.

The Arc has reviewed its internal records and policies with respect to such matters. However, since the laws and regulations governing funding of its programs are extremely complex and subject to interpretation, it is difficult to definitively estimate the ultimate liability, if any, that may be incurred by the Arc related to such matters.

NYSARC Contingencies

The Arc is a participant in the Dormitory Authority of the State of New York (DASNY) bond program. Bonds are secured by a pledge and assignment of DASNY's security interest in the pledged revenues of participating chapters. Pledged revenues consist of all public funds payable to NYSARC and its participating chapters, by the federal government, receipts, revenues, income, gifts, grants, assistance, bequests, and other monies; whether now owned or to be received in the future while these bonds are outstanding; excluding any gifts, grants, or bequests received subject to restrictions upon the use that is inconsistent with the pledging of said amounts as collateral.

16. WORKFORCE STABILIZATION FUNDS

In 2024 and 2023, the Arc received approximately $326,000 and $526,000, respectively, under the enhanced Federal Medicaid Assistance Program (eFMAP), which was established under the American Rescue Plan to provide financial relief to Home and Community Based Services employees that worked throughout the COVID-19 pandemic. The eFMAP funds are required to be distributed as formula-based payments to certain employees for longevity and retention, within 90 days and 180 days of their receipt, respectively. During 2024 and 2023, the Arc recognized approximately $326,000 and $526,000, respectively, as revenue and a corresponding amount as salaries and wages expense in the accompanying consolidated statement of activities and change in net assets related to eFMAP funding received and spent.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 8, 2025, which is the date the accompanying consolidated financial statements were available to be issued.

WAYNE COUNTY CHAPTER, NYSARC, INC. D/B/A THE ARC WAYNE
WAYNE HOSTELS HOLDING, INC., AND ARC OF WAYNE FOUNDATION, INC

CONSOLIDATING SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	Program Services						
	Roosevelt Center	Day Services	Community Services	Residential Services	Clinic	Other	Total Program The Arc
PROGRAM REVENUE:							
Medicaid fees	$ -	$ 5,056,007	$ 237,783	$ 10,634,986	$ 649,602	$ -	$ 16,578,378
New York State Dept. of Education	3,323,547	-	-	-	-	-	3,323,547
Contract sales	-	3,111,242	-	-	-	-	3,111,242
Participant fees	80,850	19,023	1,110,728	1,457,506	-	286,537	2,954,644
Medicare fees	-	-	-	-	1,328,049	-	1,328,049
Government grants and fees -			-				-
VESID	-	188,519	-	-	-	-	188,519
OPWDD direct contract	-	-	615,397	-	-	-	615,397
Wayne County - welfare to work	-	-	-	-	-	37,110	37,110
SNAP benefits	-	-	-	244,049	-	-	244,049
IDEA	167,024	-	-	-	-	-	167,024
Other	-	34,232	-	-	-	2,293,656	2,327,888
Prior year revenue, net	254,190	(37,246)	10,821	10,250	3,219	-	241,234
Rental income	-	-	-	-	-	1,148	1,148
Other	195,857	146,840	22,506	(23,760)	96,075	17,862	455,380
Total program revenue	4,021,468	8,518,617	1,997,235	12,323,031	2,076,945	2,636,313	31,573,609
NON-PROGRAM SUPPORT:							
Investment (loss) income, net	-	-	-	-	-	-	-
Contributions	-	-	-	60,162	-	-	60,162
Total non-program support	-	-	-	60,162	-	-	60,162
RELEASE OF RESTRICTIONS	-	-	-	-	-	-	-
Total revenue and support	4,021,468	8,518,617	1,997,235	12,383,193	2,076,945	2,636,313	31,633,771
EXPENSES:							
Salaries	2,445,281	4,154,975	1,263,910	6,216,872	881,828	697,857	15,660,723
Fringe benefits	638,625	1,038,433	353,514	1,366,030	257,347	339,569	3,993,518
Supplies, materials, and expensed			-				-
equipment	51,472	227,887	17,134	287,114	37,133	103,799	724,539
Client wages and benefits	-	976,007	-	-	-	-	976,007
Depreciation	13,954	319,174	1,130	202,100	435	95,328	632,121
Food	97,703	203,377	-	359,735	-	16,801	677,616
Repairs and maintenance	110,026	212,386	11,396	293,318	15,936	13,787	656,849
Utilities and telephone	70,811	143,447	17,438	251,188	14,999	10,741	508,624
Subcontract - raw materials	-	381,656	-	-	-	-	381,656
Contract services	7,285	-	3,450	23,569	170,424	4,330	209,058
Participant transportation	-	473,986	11,232	143,451	-	-	628,669
Insurance	24,747	143,795	13,931	98,632	7,811	1,503	290,419
Occupancy	35,318	3,486	1,534	211,926	74,084	4,337	330,685
Participant incidentals	-	-	168,228	50,207	-	-	218,435
Provision for credit losses	-	5,252	-	-	124,033	7,203	136,488
Staff travel	2,267	44,283	80,353	20,646	5,364	349	153,262
Interest	-	-	-	-	-	-	-
Other	39,471	10,927	7,077	32,605	6,185	28,573	124,838
	3,536,960	8,339,071	1,950,327	9,557,393	1,595,579	1,324,177	26,303,507
Administration allocation	208,876	561,570	31,887	626,662	211,776	369,288	2,010,059
Total operating expenses	3,745,836	8,900,641	1,982,214	10,184,055	1,807,355	1,693,465	28,313,566
CHANGE IN NET ASSETS - 2024	$ 275,632	$ (382,024)	$ 15,021	$ 2,199,138	$ 269,590	$ 942,848	$ 3,320,205
CHANGE IN NET ASSETS - 2023	$ (214,153)	$ (633,687)	$ 135,806	$ 1,407,531	$ 362,541	$ 149,639	$ 1,207,677

Without Donor Restrictions											
Management and General			WHHI	Foundation						Total	
Central Administration	Chapter	Total Without Donor Restrictions The Arc	Program	Program	Management and General	Fundraising	Eliminations	Total	With Donor Restrictions The Arc	2024	2023
$ -	$ -	$ 16,578,378	$ -	$ -	$ -	$ -	$ -	$ 16,578,378	$ -	$ 16,578,378	$ 16,082,667
-	-	3,323,547	-	-	-	-	-	3,323,547	-	3,323,547	3,038,557
-	-	3,111,242	-	-	-	-	-	3,111,242	-	3,111,242	3,233,437
-	-	2,954,644	-	-	-	-	-	2,954,644	-	2,954,644	2,836,962
-	-	1,328,049	-	-	-	-	-	1,328,049	-	1,328,049	1,268,420
-	-	188,519	-	-	-	-	-	188,519	-	188,519	125,016
-	-	615,397	-	-	-	-	-	615,397	-	615,397	1,113,309
-	-	37,110	-	-	-	-	-	37,110	-	37,110	69,414
-	-	244,049	-	-	-	-	-	244,049	-	244,049	300,043
-	-	167,024	-	-	-	-	-	167,024	-	167,024	240,615
-	14,042	2,341,930	-	-	-	-	-	2,341,930	-	2,341,930	428,587
-	-	241,234	-	-	-	-	-	241,234	-	241,234	114,380
-	2,125	3,273	-	-	-	-	-	3,273	-	3,273	53,990
-	107,022	562,402	50,417	98,976	-	-	(50,417)	661,378	200	661,578	632,673
-	123,189	31,696,798	50,417	98,976	-	-	(50,417)	31,795,774	200	31,795,974	29,538,070
-	834,584	834,584	37,669	58,753	-	-	-	931,006	-	931,006	1,248,356
-	1,189,111	1,249,273	-	-	-	-	-	1,249,273	3,290,800	4,540,073	110,215
-	2,023,695	2,083,857	37,669	58,753	-	-	-	2,180,279	3,290,800	5,471,079	1,358,571
-	-	-	-	-	-	-	-	-	-	-	-
-	2,146,884	33,780,655	88,086	157,729	-	-	(50,417)	33,976,053	3,291,000	37,267,053	30,896,641
984,757	402,034	17,047,514	-	-	-	-	-	17,047,514	-	17,047,514	17,075,510
220,865	32,310	4,246,693	-	-	-	-	-	4,246,693	-	4,246,693	4,076,322
		-									
338,785	202	1,063,526	251	-	-	-	-	1,063,777	-	1,063,777	1,031,197
-	-	976,007	-	-	-	-	-	976,007	-	976,007	932,246
59,304	6,202	697,627	33,077	-	-	-	-	730,704	-	730,704	747,580
-	-	677,616	-	-	-	-	-	677,616	-	677,616	688,212
49,515	747	707,111	-	-	-	-	-	707,111	-	707,111	652,175
40,411	574	549,609	-	-	-	-	-	549,609	-	549,609	573,248
-	-	381,656	-	-	-	-	-	381,656	-	381,656	393,559
273,510	-	482,568	-	-	-	-	-	482,568	-	482,568	438,988
-	-	628,669	-	-	-	-	-	628,669	-	628,669	601,793
52,944	334	343,697	-	-	-	-	-	343,697	-	343,697	320,921
5,444	-	336,129	-	-	-	-	(50,417)	285,712	-	285,712	277,629
-	-	218,435	-	-	-	-	-	218,435	-	218,435	204,324
-	-	136,488	-	-	-	-	-	136,488	-	136,488	127,986
3,360	447	157,069	-	-	-	-	-	157,069	-	157,069	150,640
-	-	-	5,582	-	-	-	-	5,582	-	5,582	9,875
23,111	99,085	247,034	2,185	45,144	3,033	24,625	-	322,021	-	322,021	234,963
2,052,006	541,935	28,897,448	41,095	45,144	3,033	24,625	(50,417)	28,960,928	-	28,960,928	28,537,168
(2,052,006)	41,947	-	-	-	-	-	-	-	-	-	-
-	583,882	28,897,448	41,095	45,144	3,033	24,625	(50,417)	28,960,928	-	28,960,928	28,537,168
$ -	$ 1,563,002	$ 4,883,207	$ 46,991	$ 112,585	$ (3,033)	$ (24,625)	$ -	$ 5,015,125	$ 3,291,000	$ 8,306,125	
$ -	$ 1,021,148	$ 2,228,825	$ 14,312	$ 138,227	$ (2,604)	$ (19,487)	$ -	$ 2,359,273	$ 200		$ 2,359,473

The accompanying notes are an integral part of this schedule.

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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*

April 8, 2025

To the Boards of Directors of
Wayne County Chapter, NYSARC, Inc. d/b/a The Arc Wayne, Wayne Hostels Holding, Inc. and ARC of Wayne Foundation, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Wayne County Chapter, NYSARC, Inc. d/b/a The Arc Wayne (an unincorporated chapter of NYSARC, Inc.), Wayne Hostels Holding, Inc., and the ARC of Wayne Foundation, Inc. (New York not-for-profit corporations) (collectively, the Organizations), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organizations' 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 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.

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(Continued)

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*
(Continued)

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organizations' consolidated 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 consolidated 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 Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

April 8, 2025

To the Boards of Directors of
Wayne County Chapter, NYSARC, Inc. d/b/a The Arc Wayne, Wayne Hostels Holding, Inc. and ARC of Wayne Foundation, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Wayne County Chapter, NYSARC, Inc. d/b/a The Arc Wayne (an unincorporated chapter of NYSARC, Inc.), Wayne Hostels Holding, Inc., and the ARC of Wayne Foundation, Inc. (collectively, the Organizations) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organizations' major federal programs for the year ended December 31, 2024. The Organizations' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organizations complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 Organizations 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 federal program. Our audit does not provide a legal determination of the Organizations' 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 Organizations' federal programs.

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(Continued)

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 Organizations' 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 Organizations' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Organizations' 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 Organizations' 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Internal Control over Compliance
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 federal program 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 federal program 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bonadio & Co., LLP

WAYNE COUNTY CHAPTER, NYSARC, INC. D/B/A THE ARC WAYNE, WAYNE HOSTELS HOLDING, INC., AND ARC OF WAYNE FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/ Pass-through Grantor/Program Title	Federal AL Number	Contract/ Grant Number	Federal Expenditures
U.S. Department of the Treasury			
Passed through NYS Office for People with Developmental Disabilities:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	OPD01-T00023GG	$ 1,942,290

The accompanying notes are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Wayne County Chapter, NYSARC, Inc. d/b/a The Arc Wayne (an unincorporated chapter of NYSARC, Inc.), Wayne Hostels Holding, Inc., and the ARC of Wayne Foundation, Inc. (collectively, the Organizations) under programs of the federal government for the year ended December 31, 2024 and has been prepared in accordance with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organizations, it is not intended to, and does not, present the financial position, change in net assets, or cash flows of the Organizations.

2. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Organizations have elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

A. SUMMARY OF AUDITOR'S RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on whether the consolidated financial statements of the Organizations are presented in accordance with accounting principles generally accepted in the United States of America.

2. No material weaknesses or significant deficiencies relating to the audit of the consolidated financial statements are reported in the 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*.

3. No instances of noncompliance material to the consolidated financial statements of the Organizations, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The Independent Auditor's Report on Compliance for Each Major Federal Program for the Organizations expresses an unmodified opinion.

6. There were no audit findings relative to the major federal award programs for the Organizations that are required to be reported in this schedule in accordance with the Uniform Guidance 2 CFR Section 200.516(a).

7. The program tested as a major program was:

    - AL No. 21.027-Coronavirus State and Local Fiscal Recovery Funds

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Organizations were determined to not be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM

None.