



***The Arc***™

*New Mexico*

**ANNUAL REPORT  
2018 - 2019**

**The Arc of New Mexico**

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## Letter from the CEO

Veronica Chavez Neuman  
Chief Executive Officer  
June 11, 2019

Greetings,

The Arc of New Mexico has gone through a transformation in the past year and one half. I am pleased to share the financial health of The Arc, the accomplishments of its talented staff, and overall state of the organization. Our financial status is healthy.

It is rewarding to see The Arc Team extend their unquestioning and dedicated support. We are working with natural growth to our programs, and toward a plan of strategic initiatives on the horizon. Our more recent initiatives such as the sexual assault advocacy program has generated a movement toward another planned goal of reviving our advocacy presence around the state, and the staff are ready to help.

Our plans for implementing more technology to improve communication especially for department meetings; to enhance the access and support across programs for data collection and reporting to justify and support grant requests; video communication and conferencing for convenience and efficacy; fundraising; and reporting up-to-date information to our oversight agencies and the Board. Accurate data collection is critical to identify gaps where support is needed, and where there are strengths and weaknesses.

We are building up our identity with a marketing strategy of advertisements, media blasts, conference attendance and participation, investment in marketing materials, social media growth, and outreach. At this time, we are on track with the planning and development of a business plan that will include a new plan for reaching out to self-advocate groups. The business plan does, and will, reflect The Arc's values and mission statement.

I hope you will enjoy the contents of this 2018-2019 Report



# TO OUR MEMBERS

## Strategic Highlights

The Arc of New Mexico is fortunate that the community we serve recognizes the value in what we do for them, but also looks to us to do more in advocacy, education, and training. The Arc NM organization has initiated a variety of inspiring plans for growth and development towards its mission. We recognize the importance for continuation of existing services, while simultaneously maintaining our progressive agenda. Our planning includes a vision for business growth, and how it develops successfully depends on the creative minds of The Arc staff and Board members. We do anticipate the need for more space and an environment for training capabilities. For our clients, we envision a sensory room or space or garden. Fortunately, the State of The Arc is strong and ready for notable achievement.

## Clear Mission and focus

The mission of The Arc of New Mexico is to protect the human rights of people with intellectual and developmental disabilities and actively support their full inclusion and participation in the community throughout their lifetimes. We have continued to support this philosophy by focusing on legislative priorities, developing our programs, and implementing new ideas for ensuring these rights are upheld.

## Latest Initiatives

- Sexual Assault advocacy services
- Expanded Down syndrome program activities, with partner sub grants
- Reviving the Pathways to Justice program
- Initiated internal training program for current topics in the I/DD field
- Planned expansion of the Representative Payee program
- Development and implementation of new internal policies and procedures
- Investment in software for efficiency and data collection

## Financial Highlights

For 2019, The Arc was awarded contracts and grants totaling approximately \$1.0M. We have invested in technical tools to support efficiency, fundraising, conference management, and video-conferencing. All things necessary to launch a new sexual assault program, manage the rollout of the new guardianship reporting process, and hire a grants and contracts

manager. We also came under the estimated budget for 2018, with a logical starting point for 2019.

However, the financial market downturn hit us negatively at the end of 2018. After a significant financial upturn in 2017, and what looked like a similar trend for 2018, the end of the year disappointed us.

*Investment assets for The Arc NM dipped in late 2018, then corrected by the first month of 2019. And investments are currently back to performing well!*

## Operating Highlights

Being true to the mission of The Arc, staff have advocated for hundreds of individual's needs from attending IEPs, to finding a home for homeless individuals with I/DD, to supporting a native American traditional burial with remainder funds.

Over the last year, many other individuals benefited from our support under "client assistance" from a few bags of groceries, to furniture, emergency rent and relief from shelters, and burial services from our remainder fund. What is clearly evident is that the need is prodigious for supporting people with intellectual and developmental disabilities in New Mexico. The Arc NM is the non-profit organization with talented employees to take action on that need.

## Major contributions and accomplishments

We assessed the status of The Arc New Mexico Foundation and determined that it should continue as a 501(c) 3. An investment account established, and earnings exceed 11% of the basis since the new account was established.

The Board of Directors initiated the development of a Scholarship Program for students in the special services Occupational Training Program at Eastern NM University.

While these initiatives were in progress, we had to revamp our Master Trust department operations, and prepare for a state-imposed examination for certification. We have an excellent trust team to manage and stabilize the "new" trust operations which resulted in our certification! The Representative Payee program has experienced a steady increase in clients over the last few months, and for the first time the program is not operating in the negative. We now have over 330 rep-payee clients. The Guardianship program implemented its new

guardianship reporting process which forced a look at organizational fine-tuning and an awareness for the implementation of a new technology solution for client management. The program is also in the process of ensuring all guardians are certified prior to beginning the job functions as per new state law. The Public Policy department director was immersed in grant writing, advocacy, policy review, and legislative priorities.

Each program had opportunities for professional development during the year and this practice will continue.

During the year, we developed our relationships around the state by attending and presenting at conferences, legislative hearings and meetings, and visiting our rural and diverse communities. Strong advocacy for our clients was evident when legal challenges resulted in favor of their needs, demonstrating our sound support and dedication to our clients.

### **Looking Ahead**

The Arc of New Mexico views the field of disability advocacy will continue to change, and that it will be important to be flexible to adjust to a growing focus on self-advocate independence in decision making. We will need to take a wholistic view of the people we serve and appreciate that partnerships with our peer agencies will be important to ensure the rights of the population we serve throughout their lifetimes.

This may mean more advocacy in areas we do not currently see; beyond the services we provide. For instance, how will The Arc insure we do our part in determining how our services are provided with person centeredness in mind? Another example might be what corporate guardianship would look like if the State enacts laws regarding supported decision-making?

The core services we provide (Guardianship, Representative Payee, and Trusts) will most likely continue, as the need is consistent and significant. But as the population needing services grows in New Mexico, the more concerning issues that will challenge The Arc organization are related to the aging caregiver population, recruitment from the diminishing pool of people entering the disability field, and the cost of supporting people with I/DD to live the life they want.

Finally, there will always be a dependence on changes in federal and state rules regarding Medicaid, Social Security benefits, or basic civil rights that could directly impact our clients with intellectual and developmental disabilities.



# FINANCIAL SUMMARY

As stated earlier, The Arc of New Mexico is in a healthy financial position. As of the first quarter of the year, our statement of cash flows was \$2,501,166 at the end of the period.

Our balance sheet reflected

Total Assets	=	<u>\$2,950,393</u>	(up approx. \$200,000 from December 2018)
Total Liabilities	=	\$ 48,198	
Total Equity	=	\$2,902,194	
Total Liabilities and Equity	=	<u>\$2,950,393</u>	

The Foundation is showing a new balance of \$127,474 in a new investment portfolio, and holding strong in its revenue track.



The Down Syndrome New Mexico Fund provides opportunities for individuals with Down syndrome to learn and enjoy activities at national conferences. This is the group photo from the 2018 Arc National Conference in Nashville.



# FINANCIAL STATEMENTS

## Statement of Financial Position

As of Q1, April 30, 2019

	<u>Apr 30, 19</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
10100 · US Bank-Operating Account	133,988.37
10300 · Fiserve-Excess Operating	889,020.26
10400 · ACF - Endowment	34,074.98
10500 · First Trust Endowment	135,282.20
10600 · GAP-First Trust	349,979.29
10700 · Billy Jordan Fund-First Trust	616,181.20
10800 · First Trust - LEF Fund	215,166.09
10850 · ARC NM Foundation	127,473.97
<b>Total Checking/Savings</b>	<u>2,501,166.36</u>
<b>Accounts Receivable</b>	
13100 · Accounts Receivable	220,674.43
13150 · Allowance for uncollectable AR	-16,141.34
<b>Total Accounts Receivable</b>	<u>204,533.09</u>
<b>Other Current Assets</b>	
16000 · Prepays	6,785.04
<b>Total Other Current Assets</b>	<u>6,785.04</u>
<b>Total Current Assets</b>	<u>2,712,484.49</u>
<b>Fixed Assets</b>	
15000 · Furniture and Equipment	545,827.70
17000 · Accumulated Depreciation	-309,094.44
<b>Total Fixed Assets</b>	<u>236,733.26</u>
<b>Other Assets</b>	
18611 · Employee Travel Advance	200.00
<b>Total Other Assets</b>	<u>200.00</u>
<b>TOTAL ASSETS</b>	<u><u>2,949,417.75</u></u>

## LIABILITIES & EQUITY

### Liabilities

#### Current Liabilities

##### Accounts Payable

20100 · Accounts Payable	46,142.01
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<b>Total Accounts Payable</b>	<u>46,142.01</u>
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##### Other Current Liabilities

##### 24000 · Payroll Liabilities

24210 · Health Payable	302.43
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24215 · Dental Payable	-6.25
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24250 · Retirement Plan Payable	1,631.41
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24255 · Flex Health Payable	521.93
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<b>Total 24000 · Payroll Liabilities</b>	<u>2,449.52</u>
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24260 · Superior Vision Payable	-393.16
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<b>Total Other Current Liabilities</b>	<u>2,056.36</u>
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<b>Total Current Liabilities</b>	<u>48,198.37</u>
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<b>Total Liabilities</b>	<u>48,198.37</u>
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### Equity

31100 · Fund Balance - Temp Restricted	278,698.00
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31200 · Fund Balance - Permanently Res	191,559.00
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31300 · Fund balance - Designated endow	104,487.00
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31400 · Fund Balance - Unrestricted	1,664,641.47
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32000 · Unrestricted Net Assets	470,456.23
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Net Income	191,377.68
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<b>Total Equity</b>	<u>2,901,219.38</u>
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<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>2,949,417.75</u></u>
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# NOTES TO FINANCIAL STATEMENTS

## Debt

The Arc of New Mexico is currently in a debt-free position.

## Investments

We have been careful with The Arc's investments, while certifying that our investment policies emphasize only socially responsible investments.

## Going Concern

Policies around guardianship and overall support for persons with intellectual and developmental disabilities continue to change. The Arc NM will always need to be at the forefront of knowledge of proposed policies, and any possible threats to the focus of our mission.

*The Arc's Representative Payee program is now supporting over 325 people.*

## Contingent Liabilities

When The Arc NM determines its relocation plan, it may incur some short-term liability to settle in our new environment. Depending on the overall cost and funding contribution, the company may also discover a revenue source.

"The noblest pleasure is  
the joy of understanding"

– Leonardo da Vinci

## Takeaways

The Arc NM will need to position itself as an influencer for change in the disability supports community. We must be at the table when change is forthcoming as an advocacy agency to ensure the rights of individuals with I/DD.

# INDEPENDENT AUDITOR'S REPORT

## Auditor's Report

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Arc as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Section I – Financial Statement Findings

None.

### Section II – Summary Schedule of Prior Year Audit Findings

#### 2017-001 – Disbursement Approval

*Finding:* In testing 40 cash disbursement we noted that two transactions were not approved, and three transactions did not have a check request form to review. Additionally, during our testwork on credit cards, six out of 27 credit card expense reports were not approved by a supervisor.

*Current status:* No longer determined to be a significant deficiency or material weakness.

The following represents the Arc's financial assets at December

Financial assets at year end:	<u>2018</u>
Cash and cash equivalents	\$ 201,590
Receivables	184,126
Investments	1,950,769
Assets limited to use:	
Held for permanent endowment	<u>191,559</u>
Total financial assets	<u>2,528,044</u>
Less amounts not available to be used within one year:	
Receivables schedule to be collected in more than one year	(26,000)
Contractual or donor-imposed restrictions:	
Endowment fund	(191,559)
Other donor restrictions	<u>(354,255)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,956,230</u>

**The Arc of New Mexico and Affiliates**  
**Consolidated Statements of Financial Position**  
**December 31,**

	2018	2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 201,590	\$ 198,846
Grants and accounts receivable, net	184,126	237,988
Prepays and other assets	5,790	6,279
Total current assets	391,506	443,113
Investments	1,950,769	2,004,746
Investments held for permanent endowment	191,559	191,559
Property, furniture and equipment, net	236,734	253,257
Total assets	\$ 2,770,568	\$ 2,892,675
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 21,130	\$ 18,153
Accrued expenses	31,947	68,446
Total current liabilities	53,077	86,599
Net assets without donor restrictions:		
Undesignated	2,039,012	2,098,789
Board designated	132,665	132,665
Total net assets without donor restrictions	2,171,677	2,231,454
Net assets with donor restrictions:		
Purpose restricted	354,255	383,063
Endowment fund	191,559	191,559
Total net assets with donor restrictions	545,814	574,622
Total net assets	2,717,491	2,806,076
Total liabilities and net assets	\$ 2,770,568	\$ 2,892,675

**The Arc of New Mexico and Affiliates**  
**Consolidated Statements of Activities**  
**For the Year Ended December 31, 2018**  
**(With summarized financial information for the year ended December 31, 2017)**

	Without Donor Restrictions	With Donor Restrictions			Totals 2018	Totals 2017
		Program Restrictions	Endowment Funds	Totals		
<b>Revenue and support</b>						
Grants and contracts	\$ 797,185	\$ -	\$ -	\$ -	\$ 797,185	\$ 812,996
Client services	520,718	-	-	-	520,718	498,093
Contributions	149,641	13,426	-	13,426	163,067	222,970
Miscellaneous	3,528	-	-	-	3,528	7,943
Investment income (loss)	(101,401)	(42,234)	-	(42,234)	(143,635)	279,940
Special events	-	-	-	-	-	29,538
Sale of salvage and thrift merchandise	-	-	-	-	-	3,161
Total revenue and support	1,369,671	(28,808)	-	(28,808)	1,340,863	1,854,641
<b>Expenses</b>						
Program services						
Personal representation	916,576	-	-	-	916,576	1,030,652
Empowerment and community building	217,745	-	-	-	217,745	245,336
Public policy	64,893	-	-	-	64,893	91,049
Total program expenses	1,199,214	-	-	-	1,199,214	1,367,037
Supporting services						
Management and general	191,426	-	-	-	191,426	172,983
Fundraising	38,808	-	-	-	38,808	41,654
Total supporting services expenses	230,234	-	-	-	230,234	214,637
Total expenses	1,429,448	-	-	-	1,429,448	1,581,674
Change in net assets	(59,777)	(28,808)	-	(28,808)	(88,585)	272,967
Net assets, beginning of year	2,231,454	383,063	191,559	574,622	2,806,076	2,533,109
<b>Net assets, end of year</b>	<b>\$ 2,171,677</b>	<b>\$ 354,255</b>	<b>\$ 191,559</b>	<b>\$ 545,814</b>	<b>\$ 2,717,491</b>	<b>\$ 2,806,076</b>

**Consolidated Statements of Functional Expenses**  
**For the Year Ended December 31, 2018**  
 (With summarized financial information for the year ended December 31, 2017)

	Personal Representation	Empowerment and Community Building	Public Policy	Total Program Services
Salaries and wages	\$ 506,880	\$ 66,033	\$ 34,554	\$ 607,467
Professional services	99,334	16,412	7,302	123,048
Payroll taxes and benefits	127,610	16,624	8,699	152,933
Travel	33,816	43,165	4,535	81,516
Meeting and conferences	6,125	52,476	415	59,016
Supplies and postage	32,449	4,227	2,212	38,888
Insurance	23,878	3,111	1,628	28,617
Telephone and utilities	19,864	2,588	1,354	23,806
Brokerage fees	15,057	1,961	1,026	18,044
Depreciation and amortization	12,231	1,593	834	14,658
Miscellaneous	8,398	1,094	573	10,065
Stipends	5,094	5,094	-	10,188
Repairs and maintenance	6,867	895	468	8,230
Rent	6,303	821	430	7,554
National affiliation dues	5,168	673	352	6,193
Advertising	4,187	546	285	5,018
Client assistance	1,312	171	89	1,572
Printing	1,010	132	69	1,211
Web services	993	129	68	1,190
Bad debt	-	-	-	-
	<u>\$ 916,576</u>	<u>\$ 217,745</u>	<u>\$ 64,893</u>	<u>\$ 1,199,214</u>

	Management and General	Fundraising	Total Support Services	2018 Total	2017 Total
	\$ 77,313	\$ -	\$ 77,313	\$ 684,780	\$ 735,131
	61,525	38,808	100,333	223,381	244,019
	19,464	-	19,464	172,397	165,424
	9,134	-	9,134	90,650	108,280
	2,977	-	2,977	61,993	83,146
	4,949	-	4,949	43,837	24,455
	3,642	-	3,642	32,259	42,995
	3,030	-	3,030	26,836	36,343
	2,297	-	2,297	20,341	18,982
	1,865	-	1,865	16,523	17,988
	1,289	-	1,289	11,354	12,383
	-	-	-	10,188	30,094
	1,047	-	1,047	9,277	12,519
	961	-	961	8,515	13,499
	788	-	788	6,981	6,537
	639	-	639	5,657	1,832
	200	-	200	1,772	556
	154	-	154	1,365	5,743
	152	-	152	1,342	5,607
	-	-	-	-	16,141
	<u>\$ 191,426</u>	<u>\$ 38,808</u>	<u>\$ 230,234</u>	<u>\$ 1,429,448</u>	<u>\$ 1,581,674</u>

## Statement of Cash Flows

### The Arc of New Mexico and Affiliates Consolidated Statements of Cash Flows For the Years Ended December 31,

	2018	2017
<b>Cash flows from operating activities</b>		
Cash received from grants and contracts	\$ 798,371	\$ 811,296
Cash received from client services	587,992	363,201
Cash received from contributions	148,469	224,018
Cash received from others	3,528	7,943
Cash received from special events	-	29,538
Cash paid to employees and suppliers	(1,445,958)	(1,599,724)
Interest and dividends received	101,097	66,210
Net cash provided (used) by operating activities	<u>193,499</u>	<u>(97,518)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	651,462	273,968
Purchases of property and equipment	-	(11,785)
Purchase of investments	(842,217)	(321,196)
Net cash provided (used) by investing activities	<u>(190,755)</u>	<u>(59,013)</u>
Net increase (decrease) in cash and cash equivalents	2,744	(156,531)
Cash and cash equivalents, beginning of year	198,846	355,377
Cash and cash equivalents, end of year	<u>\$ 201,590</u>	<u>\$ 198,846</u>
<b>Reconciliation of change in net assets to net cash provided (used) by operating activities</b>		
Change in net assets	\$ (88,585)	\$ 272,967
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	16,523	17,988
Bad debt	-	16,141
Realized and unrealized (gain) losses on investments	244,732	(213,730)
Changes in assets and liabilities		
Grants and accounts receivable	53,862	(138,705)
Prepays and other assets	489	(18)
Accounts payable	2,977	2,618
Accrued expenses	(36,499)	(54,779)
Total adjustments	<u>282,084</u>	<u>(370,485)</u>
Net cash provided (used) by operating activities	<u>\$ 193,499</u>	<u>\$ (97,518)</u>