

THE ARC OF PRINCE GEORGE'S COUNTY, INC.

GRANT AUDIT
October 2014

OFFICE OF AUDITS AND INVESTIGATIONS
Prince George's County
Upper Marlboro, Maryland



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

October 2014

The County Council and County Executive
of Prince George's County, Maryland

Council Resolution 51-1991, adopted June 25, 1991, requires the Office of Audits and Investigations to perform random financial audits of grants and transfer payments appropriated in the Non-Departmental section of the County's Approved Annual Current Expense Budget.

We have examined the books and records of

THE ARC OF PRINCE GEORGE'S COUNTY, INC.,

for the period July 1, 2012, through June 30, 2013. Our examination included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances.

We noted no matters involving the Prince George's County grant to The Arc of Prince George's County, Inc., that led us to believe that the County grant funds were used for other than their intended purpose.

This report, in our opinion, fulfills the requirements of Council Resolution 51-1991 to perform random financial audits of grants and transfer payments made pursuant to the Non-Departmental section of the Prince George's County, Maryland, Fiscal Year 2013 Approved Operating Budget.

A blue ink signature of David H. Van Dyke, CPA, County Auditor.

David H. Van Dyke, CPA
County Auditor

A black ink signature of Natalie M. Beckwith, MPA, Auditor-In-Charge.

Natalie M. Beckwith, MPA
Auditor-In-Charge

The Arc of Prince George's County

The Prince George's County Government awarded The Arc of Prince George's County, Inc., (The Arc) six grants totaling \$39,500 in fiscal year 2013. These awards were issued from November of 2012 through June of 2013. This funding was to be used expressly to support The Arc's transportation, recreation, and respite care services. A summary of the grants awarded is as follows:

<u>Award Date</u>	<u>Grant Award Amount</u>
11/28/2012	\$3,000
12/12/2012	2,000
02/22/2013	1,000
04/08/2013	30,000
04/12/2013	2,500
06/28/2013	<u>1,000</u>
Total Amount Awarded	<u>\$39,500</u>

The Arc of Prince George's County is a self-supported organization, receiving funds from grants and fundraising activities. The Arc has been in existence for 62 years and provides an array of services to individuals living with intellectual and developmental disabilities and their families throughout the County. The Arc is incorporated as a 501(c) (3) non-profit organization.

The Arc currently provides services to its target population in four core areas; Family Services, Residential Services, Employment Services, and Adult Day Services. Included in these core services are case management, advocacy, respite care, community living support, job placement coaching, and adult day care.

We examined the books and records maintained by The Arc and included tests of the accounting records and other auditing procedures, as we determined necessary. Consideration was given to the fact that the records of the organization were reviewed and included in the scope of the financial audit conducted by Mullen, Sondberg, Wimbish, and Stone, P.A., Independent Auditors for the period ending June 30, 2013. Although their audit revealed some material weaknesses and significant deficiencies, the rendered opinion concluded that the financial statements fairly represented The Arc's financial position. The findings that were identified by their independent auditors during the audit were reviewed and considered while conducting our examination. Our examination included a review of expenditures and supporting documentation to ensure that payment amounts were properly approved and corresponded to related invoices. We noted no instances that led us to believe that County grant funds were used for other than their intended purpose.

The attached Statement of Revenues and Expenditures for the period ending June 30, 2013, shows the activities of the organization for the period in which the grant funds were received.

THE ARC OF PRINCE GEORGE'S COUNTY, INC.
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIOD ENDING JUNE 30, 2013
(ACCRUAL BASIS)

	<u>2013</u>
REVENUES:	
County Grant Payments	\$ 39,500
Other Grants	4,060,196
Program Service Fees	19,915,294
Program Consumer Fees	1,169,814
Contributions	257,428
Thrift Store Contributions	155,030
Contract Revenues	131,546
Miscellaneous	61,643
Fundraising	52,525
Realized / Unrealized gain on investments	49,642
Other Fees	32,617
Donated Rent	28,200
United Way	26,960
Investment Income	26,194
Gain on sale disposal of property	12,147
Memberships	11,679
Theft Reimbursement	168,169
Total Revenues	<u>\$ 26,198,584</u>
 EXPENDITURES:	
Salaries	14,957,597
Payroll Taxes	1,516,515
Employee Benefits	1,879,937
Specific Assistance	2,557,756
Rent	891,956
Depreciation / Amortization	664,518
Vehicle Expense	573,997
Transporation Service	562,030
Professional Fees	478,911
Food	453,966
Utilities	363,260
Supplies	302,281
Interest Expense	253,691
Janitorial/Maintenance	243,681

(Expenditures Con't)

Telephone	185,818
Training	101,124
Insurance	92,438
Travel	82,204
Miscellaneous	70,967
Office Expense	62,049
Repairs	60,942
National Dues	46,052
Taxes and Permits	35,731
Bad Debts	32,731
Postage and Shipping	30,378
Donated Rent	28,200
Equipment Maintenance	27,703
Purchases - Small Equipment	22,990
Conferences and Awards	21,202
Printing and Publications	18,436
Membership Dues	14,880
Registration Fees	12,091
Advertising	5,105
Total Expenditures	<u>\$ 26,651,137</u>
Excess Revenue Over/(Under) Expenditures	<u>\$ (452,553)</u>