





DEAR FRIENDS,

It's not often we get to take a moment and look back at our accomplishments. As we reflect on 2016, we can all take great pride in the amazing progress within The Arc's network. We won't deny we still have much work to do, but each year we are chipping away at the barriers that keep individuals with intellectual and developmental disabilities (I/DD) from living a life included in the community.

This year's report highlights how the connections we are making are promoting inclusion nationwide. Through our national partnerships, our powerful chapter network, and advocacy efforts, we are connecting the dots alongside people with I/DD and their families to make a more inclusive society a reality in all aspects of life.

The Arc's network is nearly 70 years old and we are getting better each year. Thank you for being part of our movement and we hope you enjoy learning about all we achieved in 2016.

Elise McMillan President.

The Arc's Board of Directors

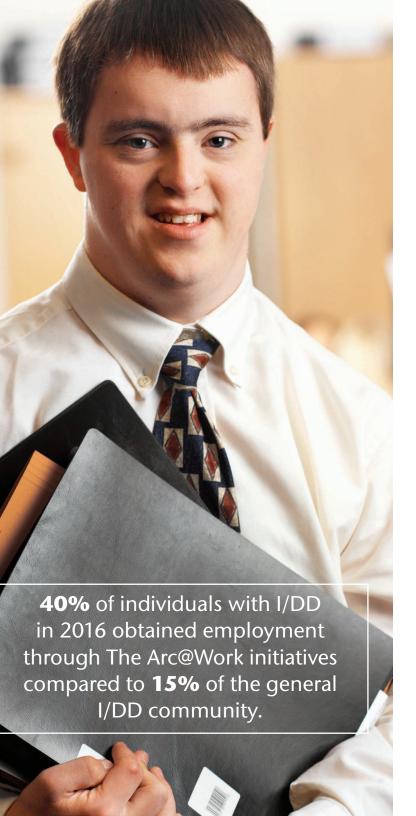
Char Mc Millan

Peter V. Berns Chief Executive Officer,

The Arc

MISSION STATEMENT

The Arc promotes and protects the human rights of people with intellectual and developmental disabilities and actively supports their full inclusion and participation in the community throughout their lifetimes.



THE ARC@WORK

The Arc@Work Connects Employees with Disabilities to Employers Nationwide

Everyone deserves the opportunity to have a meaningful job in their community, earning a competitive wage. Current research shows individuals with I/DD face unemployment rates of over 80%, which is why employment is a major focus of The Arc.

Our approach is simple—start with successful companies or organizations, provide them the resources to become great employers to people with I/DD, and connect them with amazing employees. Individuals with I/DD have the skills to succeed in a variety of careers, we simply forge connections to create more opportunities through The Arc@Work.



Last year, The Arc@Work received a \$245,000 one-year grant from the

Walmart Foundation. This funding is dedicated toward developing innovative programs that place people with I/DD in competitive, integrated employment within their communities. Through this funding The Arc is working with sixteen of our chapters to connect well-qualified job seekers with I/DD to local, regional, and national employers.

At the end of 2016, The Arc@Work was already exceeding the goals of this project. With nearly 500 individuals trained, 144 of them placed in new jobs with an average salary of \$9.63 an hour, and 111 employers hiring individuals with I/DD, we are on track to make real progress in employment.



In 2016, **Baymont Inn & Suites** united with The Arc to open more doors in hospitality for individuals with I/DD. Through this partnership,

The Arc is working to connect Baymont Inn and Suites with passionate candidates to fill the full-time position of "Hometown Host" at locations across the country.

Baymont's new Hometown Host role is a symbol of the brand's emphasis on neighborly service and dedication to community, ensuring guests feel welcome. In addition to serving as a service champion and breakfast attendant, Hometown Hosts from Baymont hotels across the country will participate in a voluntary advisory council, supported by The Arc.

LEARNING LABS

Bridging the Digital Divide

Checking your email, the weather, or your bank balance online is now so mundane for many of us that it is easy to forget how essential these skills have become in our daily lives. Yet, for those with I/DD, these ordinary tasks are sometimes unfamiliar. Acquiring digital literacy skills can serve as a bridge to community participation and make a world of difference in achieving independence.



In 2016, through a partnership with Comcast NBCUniversal. NBCUNIVERSAL six chapters of The Arc narrowed the digital divide for their

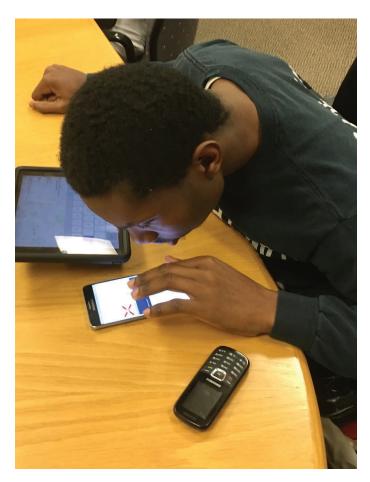
constituents with I/DD by hosting Learning Labs. In total, 204 Learning Labs were held, serving 375 individuals. Hosting these Learning Labs were The Arc Baltimore; Easter Seals Arc of Northeast Indiana, Inc.; The Arc of Prince George's County (MD); New Star Services (IL); The Arc of San Francisco; and The Arc of Lane County (OR).

In these classroom-based settings, students learned digital literacy skills meant to translate into opportunities. The tiered 30-lesson curriculum, while varied by chapter, mostly centered on employment skills such as typing, emailing, and using online organizational tools. The Arc plans to assess the effectiveness of the Learning Lab curriculum and expand the program to any interested chapters. Through this national initiative, The Arc will keep individuals with I/DD up-to-date with the latest technology.



Through a grant from Google.org, The Arc is developing a recommendation

system that will help people with I/DD easily identify technologies that will match with their support needs and help them lead more independent lives. With this funding from **Google.org**, we laid the groundwork to develop an online coaching service to enable people with I/DD to learn to use technology from qualified instructors who deliver coaching through video conference sessions. Thanks to this ongoing partnership. we are making powerful connections that will empower individuals with I/DD to access and utilize technology to live more inclusive lives in the community.





VOLUNTEERING INTHE COMMUNITY

Community Inclusion through Service

Dr. Martin Luther King, Jr. once said, "Life's most persistent and urgent question is, 'What are you doing for others?'" Over the years, members of the disability community have wanted to answer that question for themselves. There is a common misperception that individuals with disabilities are the ones in need of assistance, not the ones who serve others in their community. Within The Arc's network, we know there are many ways in which individuals with I/DD contribute to their communities, including through volunteerism.

In early 2016, The Arc took steps to change this misperception with a grant from the Corporation for National and Community Service to develop service projects around the country that celebrated the teachings of Dr. Martin Luther King, Jr.

This project, which was executed on the Martin Luther King, Jr. Day of Service, addressed a critical need in many communities: food insecurity. Participating chapters worked with local volunteer groups and hunger-focused organizations to develop projects that brought together volunteers with and without disabilities to provide food assistance to people in need.

By year's end, our chapters engaged 705 volunteers with and without disabilities who gave over 5,700 hours of their time to feed more than 10,000 people in their communities. Their contributions left lasting impacts that will ensure that people with I/DD will be recognized for all they provide to enrich communities across the country.





THE ARC@SCHOOL

Helping Students with Disabilities and Their Parents Navigate Special Education Advocacy

A successful IEP is the foundation for a future in the community, leading a life of one's own choosing.

Some of the most important victories of the disability rights movement have been securing access to an appropriate and inclusive education for students with disabilities through the Individuals with Disabilities Education Act (IDEA), Section 504 of the Rehabilitation Act, and the Americans with Disabilities Act (ADA).

Together, these laws protect students from discrimination and guarantee a free appropriate public education in the least restrictive environment through an individualized education program (IEP).

Written annually by educators, parents, and students, IEPs describes students' educational goals, as well as the services they need to achieve those goals. High-quality IEPs can provide a pathway to graduation, post-secondary education, employment, and a successful transition to adult life in the community. Weak, generic IEPs may result in students who pursue the same goals every year, aren't challenged, and don't plan effectively for life after high school.

Through a grant from the **AT&T Foundation**, The Arc created The Arc@School in 2016 to build the skills and knowledge of lay advocates throughout The Arc's network to ensure the best educational outcomes for students with I/DD. In 2016, The Arc@School:

Created an Online Resource Center, thearcatschool.org, which
provides information for students, parents, educators, and
advocates about IEPs, special education law, and students'
and parents' rights, as well as a resource directory to help
families connect with a special education advocate in
their state.

- Completed an assessment and wrote a report, located on The Arc@School's website, of existing special education advocacy practices, including a scan of academic research journals, identification of existing advocacy training programs, conversations with key stakeholders, and outreach to special education advocates in The Arc's chapter network.
- Equal access to education is a fundamental right and an important building block for a strong society. For students with I/DD, a high-quality education can make an enormous difference in the quality of life and degree of independence they enjoy in adulthood. Special education advocacy helps ensure that students' potential is recognized, their rights are respected, and they receive the services and supports to which they are entitled. The Arc@School is excited to continue advancing the state of knowledge and practice in this field.

CENTER FOR FUTURE PLANNING

What Does the Future Hold? Planning Ahead for Your Life in the Community

Planning for the future is challenging – but it is necessary and possible. For families that include a person with I/DD, The Arc's Center for Future Planning® supports and encourages preparation for the future so that when parents or other caregivers are no longer able to provide support, the person with a disability is prepared to live a full life in the community, as independently as possible.

In 2016, the Center for Future Planning continued its important work, enhancing features on its website like the Build Your Plan® tool, and focusing on supporting aging caregivers by training human services professionals on the ground to help families overcome barriers to planning.

The Build Your Plan online tool provides users with advice targeted to their situations rather than requiring them to wade through information that is not relevant to them. The tool also enables them to create a record of the decisions they make as they learn about the future



planning process. The tool allows families to explore the six areas of future planning and provides them with referrals to local and national resources. In 2016, the Center added features to the tool that enable families to share and print their plans and a feature that can remind users to update plans.

The Center created and piloted a training for human services professionals to strengthen their future planning knowledge and skills. Working with the National Council on Aging, Lutheran Services of America, the Association of Jewish Family and Children's Agencies, The Arc of North Carolina, and The Arc of Tennessee, the effort trained 94 human services professionals to engage families in future planning. The Arc and its partners then disseminated information about future planning to more than 241,000 people. The trained professionals conducted outreach to families and reported that they assisted nearly 200 families to advance future plans for their family members with I/DD.

The Arc will continue to raise awareness of the importance of future planning to ensure adults with disabilities live productive lives in the community.



PUBLIC POLICY

Connecting The Arc's Network to the Halls of Congress

To know The Arc is to know our rich history of public policy advocacy. Led by our outstanding five-person public policy team, The Arc continued its decades-long commitment to federal public policy issues, with focus on civil rights, community-based long-term supports and services, direct support professionals, education, employment, training and wages, health care, Medicaid, and Social Security—including Supplemental Security Income (SSI).

While there wasn't substantial legislation affecting people with disabilities passed in 2016, there was still much work done with Members of Congress and their staff to lay the groundwork for the future regarding:

- ► Protections for people with I/DD in the health care system under the Affordable Care Act and the Medicaid program;
- ► Protections and improvements for people using Social Security disability benefits or SSI benefits;
- ▶ Prohibitions on the use of restraints and seclusion:
- ► Appropriate community-based supports using federal funding;
- ► Ensuring fair treatment of people with I/DD in criminal justice reform; and
- Continued progress in integrated employment for people with I/DD who are leaving the school systems.

When headlines filled with newsflashes about the threat of the Zika virus, The Arc stepped in to lead the disability community's involvement in pushing for adequate federal funding and a policy response due to the potentially devastating impact of the virus on children and their families.

During the 2016 Disability Policy Seminar we were able to help fund the travel of advocates from five chapters across the country. One of those advocates was Noah Seidel. While Noah is well known in Washington state—leading a 250-person self-advocate group—this was his first time attending this national event in Washington, DC.



"Meeting other advocates at the Seminar was a great experience."

"People with disabilities are taking larger leadership roles in the I/DD civil rights movement, and the Disability Policy Seminar was a place where many of them could learn about federal issues and how that connects to the work they are doing in their state. While there, I was able to connect with people from other states that have passed legislation that I want to work on in Washington. Meeting other advocates at the Seminar was a great experience and helped me create a network of people that I hope to work with for years to come!" said Noah of his experience.



CRIMINAL JUSTICE

National Center for Criminal Justice and Disability®: Connecting Individuals with I/DD to Justice

In 2016, The Arc's National Center for Criminal Justice and Disability® (NCCJD) pressed forward on its mission to build the capacity of criminal justice professionals to respond to gaps in services for people with I/DD. It significantly extended its reach by producing four webinars, nearly 20 presentations across the country, three newsletters, and an expanded website. Collectively, these outreach measures touched nearly half a million people.

Yet, it was NCCJD®'s signature initiative, Pathways to Justice® (PTJ), which made the boldest steps forward. A pilot program chapter, The Arc Pikes Peak Region, and its newly created multidisciplinary response team seized an opportunity to intervene on behalf of an accused offender with I/DD. A 19-year-old with autism encountered a female who stated she was of age. In reality, she was 13. The PTJ team reached out to the local crime unit, ascertaining the suspect would not be questioned without representation and an I/DD advocate. This early intervention ensured the individual obtained proper due process and appropriate support through every step of the judicial process. NCCJD will continue its march toward justice in the years to come.

LEGAL ADVOCACY

Enforcing the Laws Built by the Disability Rights Movement

The Arc is actively involved in legal advocacy work, including participating as plaintiff, counsel, and *amici* in disability rights impact litigation pertaining to the rights of people with I/DD across the country.

In 2016, The Arc drafted or participated in six *amicus* (friend of the court) briefs before the U.S. Supreme



Court, Fourth Circuit Court of Appeals, and the Supreme Courts of Michigan and Connecticut in cases involving the prohibition on execution of capital defendants with intellectual disability; the rights of students with disabilities under the Individuals with Disabilities Education Act; the rights of parents with disabilities under the Americans with Disabilities Act (ADA), the obligations of private contractors of state and local government entities under the ADA; and accessibility issues in the Social Security Administration's notification and review process.

The Arc also works directly with chapters to enforce the rights of people with I/DD nationwide. In 2016, The Arc, with co-counsel Relman, Dane & Colfax and Community Legal Aid Society, represented The Arc of Delaware in a disability housing discrimination cases against a property owner's association (POA). The administrative complaint claimed that the POA violated the Fair Housing Act (FHA) when it refused to approve the chapter's acquisition of property meant to house four individuals with I/DD in a single family home in the community. Once the state issued a finding of discrimination, the parties reached a settlement requiring the POA to train its members on the FHA, submit compliance reports, and award damages to the chapter. Cases like this are important because without the vigorous enforcement of disability rights laws, decades of work to ensure that those with disabilities can live in the community free from discrimination could be eroded.

HEALTH ON THE GO

VGo: Connecting Individuals with I/DD to Healthcare in their Communities

Individuals with I/DD often have difficulty accessing healthcare. Fortunately, an innovative technique—telehealth—is revolutionizing that reality. In 2016, The Arc Macon (GA) and The Arc Gloucester (NI) introduced this technology in residential and day programs with a grant from the Verizon Foundation, Dubbed "Dr. V", VGo is a robotic device allowing individuals to obtain routine medical treatment from a nurse in





a remote location. With just a touch of a button, nurses at chapters of The Arc offered clients customized care and guidance for many common ailments. Thanks to "Dr. V", as 2016 closed, 141 participants in this program had received increased access to healthcare services.



The Arc's Catalyst Awards were created to recognize individuals, businesses, and other organizations that are catalysts for achievement in the lives of people with intellectual and developmental disabilities (I/DD). Each honoree has done something remarkable that helps fulfill The Arc's mission to promote and protect the human rights of people with I/DD.

2016 Catalyst Award Winners:

Educator of the Year: Pablo Juárez

Foundation Philanthropist of the Year: The Ruderman Family Foundation

Television Show of the Year: Born This Way (Presented to the cast, Bunim/Murray Productions, and A&E)

Corporate Advocate of the Year: Nike, Tobie Hatfield and Matthew Walzer

Author of the Year: Steve Silberman

Self-Advocate of the Year: Connor Long

Community Advocate of the Year: Patti Saylor and Erica Wheeler

Corporate Foundation Philanthropist of the Year: Google.org

Regional Business Employer of the Year: Giant Eagle

The 2016 Catalyst Award Winners:

Back Row (from I to r): Jay Ruderman, Shira Ruderman, Jonathan Murray, Jeremy Shapira, Pablo Juárez, Steve Silberman, Nick Cain, Tobie Hatfield. Second Row (from I to r): Rachel Osterbach, Megan Bomgaars, Steven Clark, John Tucker, Connor Long, Patti Saylor, Matthew Walzer, Heidi Burgett. Front Row (from I to r): Elena Ashmore, Christina

Sanz, Sean McElwee, Erica Wheeler



Convention attendees network and enjoy the Florida weather.



Kim Keprios, The Arc Greater Twin Cities, facilitates a conversation between brothers Walter and Owen Suskind.

NATIONAL CONVENTION & INTERNATIONAL FORUM

Each year, The Arc puts on a national convention which plays host to world renowned advocates, self-advocates, experts in the disability community, caregivers, direct support professionals, family members of individuals with I/DD, and leaders from The Arc's chapter network. In 2016, The Arc had the honor of once again partnering with Inclusion International to host the 2016 National Convention and International Forum in Orlando, Florida. The event was a rousing success with nearly 1000 advocates from across the globe joining together to "Shape the Future".



The cast of A&E's hit show Born This Way celebrate their Catalyst Award win.

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PRO BONO **SPOTLIGHT**

The Arc of the United States appreciates that, instead of monetary support, some organizations provide a contribution of services. We would like to extend a heartfelt thank you to **Comcast NBCUniversal** for production of a Public Service Announcement and media support services valued at \$1,101,129.35. Additionally, we are grateful to the following organizations that provided pro bono legal services: **DLA Piper, LLP (US)** valued at \$125,000.00; **Akin Gump Strauss Hauer & Feld LLP** valued at \$57,720.00; **Taylor & Sexton LLC** valued at \$40,830.00; **Halloran & Sage LLP** valued at \$13,300.00; and **Katten Muchin Rosenman LLP** valued at \$12,500.



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The Arc of San Diego

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The Arc of Ventura County

The Arc of Wabash County Inc.

AUDITORS LETTER

To the Board of Directors
The Arc of the United States
The Foundation of The Arc of the United States
Washington, D.C.

We have audited the accompanying combined financial statements of The Arc of the United States (The Arc) and The Foundation of The Arc of the United States (the Foundation), collectively the Organizations, which comprise the combined statement of financial position as of December 31, 2016, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of December 31, 2016, and the combined change

in their net assets and their combined cash flows for they earthen ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organizations' 2015 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Schedule of The Arc of the United States' Expenditures of Federal Awards, on page I-23 as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10,2017 on our consideration of The Arc of the United States' 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 those reports is 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Arc of the United States' internal control over financial reporting and compliance.

gelman Kozarberg & Freedman

AUDITORS REPORT

Combined Statement Of Financial Position As Of December 31, 2016

ASSETS		LIABILITIES AND NET ASSETS		
CURRENT ASSETS		CURRENT LIABILITIES		
Cash and cash equivalents	\$1,124,356	Accounts payable and accrued liabilities	\$501,746	
Investments	11,709,874	Deferred revenue	10,695	
Accounts receivable and advances, net		Deferred rent, current	46,434	
of allowance for doubtful accounts of		Due to related parties	20,958	
\$85,000 and \$85,606, for 2016 and 2015, respectively	415,619	Total current liabilities	579,833	
Grants receivable	661,149			
Prepaid expenses	75,929	LONG-TERM LIABILITIES		
Total current assets	13,986,927	Deferred rent, net of current portion	924,797	
		Deferred compensation	91,508	
FIXED ASSETS		Total long-term liabilities	1,016,305	
Land	238,755	Total liabilities	1,596,138	
Furniture and equipment	2,304,396	NET ASSETS		
Less: Accumulated depreciation and	2,543,151	Unrestricted:		
amortization	(1,262,040)	Undesignated	1,859,631	
Net fixed assets	1,281,111	Board-designated	609,682	
		Total unrestricted net assets	2,469,313	
OTHER ASSETS		Temporarily restricted	10,310,119	
Other assets	8,120	Permanently restricted	2,135,542	
Investments held for beneficial interest in		Total net assets	14,914,974	
perpetual trust	1,143,446			
Deferred compensation investments	91,508	TOTAL LIABILITIES AND NET ASSETS	\$16,511,112	
Total other assets	1,243,074			

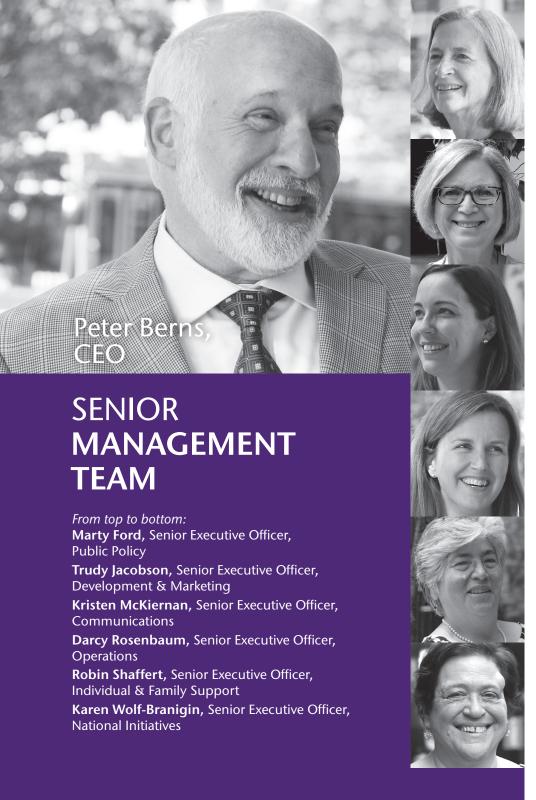
\$16,511,112

TOTAL ASSETS

AUDITORS REPORT

Combined Statement Of Activities And Change In Net Assets For The Year Ended December 31, 2016

REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	\$1,136,072	\$1,815,122	_	\$2,951,194
Grant	1,398,154	_	_	1,398,154
Investment income (loss)	514,869	295,409	_	810,278
Bequest income	19,911	_	_	19,911
Contributed services	1,352,789	_	_	1,352,789
Affiliation and chapter fees	2,574,771	_	_	2,574,771
Royalty income	66,977	_	_	66,977
Registration fees	830,094	_	_	830,094
Program service fees	232,071	_	_	232,071
Other (loss) income	(11,899)	6,425	_	(5,474)
Net gain (loss) in perpetual trust	_	_	17,782	17,782
Net assets released from donor restrictions	2,382,739	(2,382,739)	_	_
Total Revenue	10,496,548	(265,783)	17,782	10,248,547
EXPENSES				
Program Services:				
Chapter Leadership and Development	\$1,352,780	_	_	\$1,352,780
Public Education	1,678,759	_	_	1,678,759
Public Policy	1,138, 048	_	_	1,138, 048
Program Innovation	4, 703,886	_	_	4,703,886
Total Program Services	8,873,473			8,873,473
Supporting Services:				
Management and General	800,352	_	_	800,352
Fundraising	667,546	_	_	667,546
Total Supporting Services	1,467, 898			1,467, 898
Total Expenses	10,341,371	_	_	10,341,371
Change in net assets	155,177	(265,783)	17,782	(92,824)
Net assets at beginning of year	2,314,136	10,575,739)	2,117,760	15,007,798
Net Assets At End of Year	\$2,469,313	\$10,310,119	\$2,135,542	\$14,914,974



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