

EASTER SEALS FLORIDA, INC.

Financial Statements and Other Financial Information

August 31, 2019

(With Independent Auditor's Report Thereon)

EASTER SEALS FLORIDA, INC.

Financial Statements and Other Financial Information

August 31, 2019

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Independent Auditor's Report

The Board of Directors
Easter Seals Florida, Inc.

We have audited the accompanying financial statements of Easter Seals Florida, Inc. which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals Florida, Inc. as of August 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Easter Seals Florida, Inc.'s 2018 financial statements, and our report dated October 26, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was performed for the purpose of forming an opinion on the financial statements of Easter Seals Florida, Inc. taken as a whole. The accompanying schedule of contract and grant activity and schedule of expenditure of federal awards and state financial assistance are either presented for purposes of additional analysis or 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* and Section 215.97 of the Florida Statutes of the Florida Single Audit Act, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2019 on our consideration of the Easter Seals Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report 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 the 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 Easter Seals Florida, Inc.'s internal control over financial reporting and compliance.

Schatz, Tschang, Whitcomb, Mitchell & Shuilen, LLP

October 25, 2019
Maitland, Florida

EASTER SEALS FLORIDA, INC.

Statements of Financial Position

August 31, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Current assets		
Cash	\$ 124,274	494,272
Investments	1,184,935	923,997
Accounts receivable, net of allowances of \$46,093 and \$58,630	1,787,291	1,562,215
Pledges and planned giving receivable, net of allowances of \$24,137 and \$16,570	188,673	129,020
Prepaid expenses	195,291	204,530
Total current assets	<u>3,480,464</u>	<u>3,314,034</u>
Property and equipment:		
Land and improvements	541,848	533,848
Building and leasehold improvements	6,940,047	6,829,004
Artwork	172,400	172,400
Equipment	925,668	1,010,482
Accumulated depreciation	(4,177,857)	(3,988,677)
Total property and equipment	<u>4,402,106</u>	<u>4,557,057</u>
Other assets	6,915	8,322
Total assets	<u>\$ 7,889,485</u>	<u>7,879,413</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 434,289	404,223
Accrued expenses	402,767	391,592
Deferred revenue	20,195	20,528
Line of credit	100,000	-
Current portion of long term debt	107,182	105,002
Total current liabilities	<u>1,064,433</u>	<u>921,345</u>
Long-term debt, less current portion	450,886	555,046
Total liabilities	<u>1,515,319</u>	<u>1,476,391</u>
Lease commitments		
Net assets:		
Without donor restrictions	5,332,078	5,467,251
With donor restrictions	1,042,088	935,771
Total net assets	<u>6,374,166</u>	<u>6,403,022</u>
Total liabilities and net assets	<u>\$ 7,889,485</u>	<u>7,879,413</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Activities

Year ended August 31, 2019 (with summarized totals for August 31, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Public support and revenue:				
Public support:				
Contributions	\$ 1,129,214	319,074	1,448,288	1,377,447
Special events	604,727	-	604,727	565,231
Less benefit to donors	(139,772)	-	(139,772)	(113,251)
Bequests	(581)	-	(581)	(1,386)
Total public support	<u>1,593,588</u>	<u>319,074</u>	<u>1,912,662</u>	<u>1,828,041</u>
Revenue:				
Program service fees and grants	13,384,527	-	13,384,527	12,704,073
Investment income	48,274	-	48,274	79,655
Miscellaneous income	43,818	-	43,818	464,004
Total revenue	<u>13,476,619</u>	<u>-</u>	<u>13,476,619</u>	<u>13,247,732</u>
Total public support and revenue	15,070,207	319,074	15,389,281	15,075,773
Net assets released from restrictions	<u>212,757</u>	<u>(212,757)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	15,282,964	106,317	15,389,281	15,075,773
Expenses and losses:				
Program services:				
Adult services	2,120,571	-	2,120,571	2,004,149
Camp Challenge	535,217	-	535,217	581,402
Children's services	10,876,447	-	10,876,447	10,346,416
Public health and professional education	399,903	-	399,903	406,124
Total program services	<u>13,932,138</u>	<u>-</u>	<u>13,932,138</u>	<u>13,338,091</u>
Supporting services;				
Fund raising	407,470	-	407,470	402,258
Management and general	973,666	-	973,666	785,552
Total expenses	<u>15,313,274</u>	<u>-</u>	<u>15,313,274</u>	<u>14,525,901</u>
Support for Easter Seals				
National Programs	104,863	-	104,863	98,536
Total expenses	<u>15,418,137</u>	<u>-</u>	<u>15,418,137</u>	<u>14,624,437</u>
Change in net assets	(135,173)	106,317	(28,856)	451,336
Net assets at August 31, 2018	<u>5,467,251</u>	<u>935,771</u>	<u>6,403,022</u>	<u>5,951,686</u>
Net assets at August 31, 2019	<u>\$ 5,332,078</u>	<u>1,042,088</u>	<u>6,374,166</u>	<u>6,403,022</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Functional Expenses

Year ended August 31, 2019 (with summarized totals for August 31, 2018)

	Program Services					Supporting Services				Total Year Ended August 31, 2019	Total Year Ended August 31, 2018
	Adult Services	Camp Challenge	Children's Services	Public Health and Professional Education	Total Program Services	Fund Raising	Management and General	Direct Benefits to Donors	Total Supporting Service		
Salaries	\$ 1,151,201	188,561	5,424,202	260,245	7,024,209	260,245	656,398	-	916,643	7,940,852	7,509,429
Employee health benefits	130,174	8,723	690,842	23,098	852,837	23,098	58,640	-	81,738	934,575	854,660
Payroll taxes	111,679	19,369	523,028	25,076	679,152	25,076	54,785	-	79,861	759,013	705,545
Total	1,393,054	216,653	6,638,072	308,419	8,556,198	308,419	769,823	-	1,078,242	9,634,440	9,069,634
Professional Fees	31,036	4,666	2,747,545	15,030	2,798,277	15,030	100,308	-	115,338	2,913,615	2,485,270
Benefit to donors	-	-	-	-	-	-	-	139,772	139,772	139,772	113,251
Supplies	103,613	42,209	286,790	965	433,577	965	1,526	-	2,491	436,068	408,426
Marketing	3,253	2,822	3,557	3,041	12,673	3,041	1,282	-	4,323	16,996	19,802
Telephone	33,628	6,170	93,447	5,000	138,245	5,000	16,706	-	21,706	159,951	175,786
Postage	1,554	1,016	14,990	1,777	19,337	1,777	1,274	-	3,051	22,388	25,808
Occupancy	340,360	91,591	522,592	27,699	982,242	27,699	26,197	-	53,896	1,036,138	1,136,563
Printing/Publications	933	29	1,115	5,607	7,684	5,607	253	-	5,860	13,544	11,571
Travel/Vehicle	48,179	2,142	100,171	6,391	156,883	6,391	9,494	-	15,885	172,768	172,666
Meeting/Conference	714	314	5,117	1,920	8,065	1,920	3,619	-	5,539	13,604	14,329
Dues to Other Associations	111	2,257	4,146	1,352	7,866	1,352	471	-	1,823	9,689	11,801
Minor Equipment	17,155	8,126	99,898	3,932	129,111	3,932	9,943	-	13,875	142,986	241,046
Insurance	63,220	19,207	98,865	5,295	186,587	5,295	10,412	-	15,707	202,294	200,899
Miscellaneous	7,264	7,989	32,649	11,012	58,914	11,012	6,539	-	17,551	76,465	69,783
Support of individual clients	14,585	53,682	24,994	-	93,261	-	-	-	-	93,261	112,830
Total before depreciation, bad debt, interest, losses & other	2,058,659	458,873	10,673,948	397,440	13,588,920	397,440	957,847	139,772	1,495,059	15,083,979	14,269,465
Depreciation	51,539	58,329	166,768	2,295	278,931	2,295	8,476	-	10,771	289,702	301,040
Bad debt	9,342	13,027	11,386	-	33,755	7,567	-	-	7,567	41,322	32,412
Interest expense	1,031	4,988	24,345	168	30,532	168	7,343	-	7,511	38,043	33,995
Total expenses	2,120,571	535,217	10,876,447	399,903	13,932,138	407,470	973,666	139,772	1,520,908	15,453,046	14,639,152
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	(139,772)	(139,772)	(139,772)	(113,251)
Total	\$ 2,120,571	535,217	10,876,447	399,903	13,932,138	407,470	973,666	-	1,381,136	15,313,274	14,525,901

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Cash Flows

Years ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (28,856)	451,336
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	289,702	301,040
Unrealized loss (gain) on investments	(14,287)	(51,120)
Loss on disposal of assets	45,685	2,240
Change in operating assets and liabilities:		
Accounts receivable	(225,076)	(296,719)
Pledges receivable	(59,653)	33,380
Prepaid expenses and other	9,239	25,708
Other assets	1,407	1,406
Accounts payable	30,066	58,757
Accrued expenses	11,175	41,742
Deferred revenue	(333)	(5,698)
Net cash provided by operating activities	<u>59,069</u>	<u>562,072</u>
Cash flows from investing activities:		
Purchase of investments	(246,651)	(42,033)
Acquisition of property and equipment	<u>(180,436)</u>	<u>(386,877)</u>
Net cash used in investing activities	<u>(427,087)</u>	<u>(428,910)</u>
Cash flows from financing activities:		
Draws on line of credit	1,100,000	-
Payments on line of credit	(1,000,000)	-
Payment of principal on long-term debt	<u>(101,980)</u>	<u>(97,461)</u>
Net cash used in financing activities	<u>(1,980)</u>	<u>(97,461)</u>
Increase (decrease) in cash and cash equivalents	(369,998)	35,701
Cash and cash equivalents at beginning of year	<u>494,272</u>	<u>458,571</u>
Cash and cash equivalents at end of year	<u>\$ 124,274</u>	<u>494,272</u>
Supplemental disclosures:		
Interest paid	<u>\$ 38,043</u>	<u>33,995</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(1) Summary of Significant Accounting Policies

(a) General

Easter Seals Florida, Inc. (the Organization) is affiliated with Easter Seals, Inc. The Organization operates Camp Challenge, a year-round recreation and rehabilitation facility located in Central Florida; child care programs which service special needs children from birth to age 3 in West Palm Beach, and four Tampa locations; Early Steps IDEA Part C early intervention services for special needs children from birth to age 3 in Palm Beach, Martin, Indian River, Okeechobee, and St. Lucie Counties; early intervention assessment through healthy beginnings for children birth to 3 in Palm Beach County, outpatient rehabilitation services in Monroe County; Childcare respite programs in Hillsborough County and for Air Force and Navy families with children with disabilities at MacDill Air Force base in Tampa and Patrick Air Force Base in Brevard County; adult day health care services in Gainesville and Winter Park; and vocational services in Brevard, Indian River, Palm Beach and Collier Counties. The Organization also operates a 6-12 grade private school for children with autism and developmental disabilities in Naples. In addition, the Organization conducts advocacy projects and provides management and fund raising advisory services, program planning and evaluation, and technical publications. The Organization is authorized to serve 40 counties in the state of Florida.

(b) Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.
- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(1) Summary of Significant Accounting Policies - Continued

(b) Basis of Presentation - Continued

Contributions received with donor-imposed restrictions that are met in the same year as they are received are reported as unrestricted support. In addition, absent explicit donor stipulations about how long fixed assets must be maintained, the Organization reports expirations of donor restrictions on cash or cash equivalents that must be used to acquire fixed assets when the fixed assets begin construction and/or are required.

The Organization displays revenue in the following two natural classifications:

Revenue---Fees earned for the performance of Organization services.

Public Support---Unconditional gifts to the Organization of cash or other assets in a voluntary nonreciprocal transfer by another entity.

Revenue and public support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period made or received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. The Organization records all noncash contributions in excess of \$5,000, or if the Organization would have otherwise purchased the asset. In addition, the Organization receives a significant amount of contributed time related to various program services and fundraising campaigns.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(1) **Summary of Significant Accounting Policies - Continued**

(c) **Basis of Presentation - Continued**

These contributed services are recorded at their estimated fair value at the date of service if they meet the following criteria: (a) the services would have otherwise been purchased by the Organization, and (b) the services required specialized skills. For the year ended August 31, 2019, the Organization received approximately \$263,000 in donated goods, services and the use of facilities.

(c) **Investments**

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which is considered a fair measure of the value at the date of donation).

(d) **Land, Buildings and Equipment**

Land and improvements, buildings and leasehold improvements, and equipment are stated at cost, or estimated market value at the date of receipt if donated, less accumulated depreciation. The Organization's artwork collection consists of paintings, sculpture and photographs which were donated to the Organization during 2003. The collections are displayed at the Organization's West Palm Beach Igoe-Amar Child Development Center. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from 3 to 50 years. All property expenditures in excess of \$2,500 are capitalized; maintenance and renewals are charged to expense as incurred.

(e) **Public Support and Revenue**

All contributions are considered available for the general programs of the Organization, unless specifically restricted by the donor.

In accordance with the terms of an affiliation agreement between the Organization and Easter Seals, Inc., a flat fee is paid annually to the national organization for support of certain programs and other activities.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(1) Summary of Significant Accounting Policies - Continued

(f) Long-Lived Assets

The Organization follows the policy of lifting restrictions on contributions of cash and other assets received for the acquisition of long-lived assets when the long-lived assets are acquired.

(g) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(h) Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are both allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

(i) Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents as of August 31, 2019 and 2018 is \$931,281 and \$824,964 of cash and cash equivalents restricted for specific purposes.

(j) Income Taxes

The Organization is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(1) Summary of Significant Accounting Policies - Continued

(j) Income Taxes - Continued

The Organization has adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of August 31, 2019, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2016 to 2018 are open to examination by federal authorities.

(k) Financial Instruments Fair Value and Concentration of Business and Credit Risk

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, deferred revenue approximates fair value because of the immediate or short-term maturity of these financial statements. The carrying amount reported in the accompanying statement of financial position for line of credit and long-term debt approximates fair value because actual interest rates do not significantly differ from current rates offered for instruments with similar characteristics.

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of accounts and pledges/bequests receivable which amount to approximately \$1,976,000. The Organization performs prescreening of its patients prior to performing services and generally does not require collateral. Grants and contracts receivable, as applicable, arise as a result of the agreements with third parties to provide specified services. The grants and contracts are monitored on a monthly basis and are not collateralized. The Organization maintains its cash balances at certain financial institutions in which balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(1) Summary of Significant Accounting Policies - Continued

(l) Prior Year Comparative Data

The financial statements include certain prior year summarized comparative information. This information has been presented in order to provide an understanding of changes in the Organization's financial position and activities. The prior year information in the statement of activities is presented in total but not by net asset class and, as such, does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In addition, certain amounts have been reclassified in order to conform with the current year's presentation.

(m) Subsequent Events

The Organization has evaluated subsequent events through October 25, 2019. All subsequent events requiring recognition as of October 25, 2019 have been incorporated into the accompanying financial statements.

(n) Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

(2) Liquidity and Availability

As of August 31, 2019, the Organization has \$2,204,492 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. Financial assets subject to donor or other restrictions that make them unavailable for general expenditure within one year of the balance sheet date were \$1,080,681 as of August 31, 2019. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(2) **Liquidity and Availability - Continued**

The following table reflects the Organization's financial assets as of August 31, 2019 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$ 124,274
Investments	1,184,935
Pledges and accounts receivable	<u>1,975,964</u>
Total financial assets	3,285,173
Restricted cash	(931,281)
Pledges receivable greater than one year	<u>(149,400)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,204,492</u>

(3) **Fair Value Measurements and Investments**

Generally accepted accounting principles defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements which currently applies to all financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. These principles also establish a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value using three levels of inputs as follows:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3: inputs that are unobservable (for example, cash flow modeling based on assumptions)

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(3) Fair Value Measurements and Investments - Continued

The Organization did not change its valuation techniques during the year and continues to use Level 1 inputs to measure the fair value of its investments.

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis as of August 31, 2019 based on the level of input utilized to measure fair value:

	<u>Level</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	1	\$ 979,440	1,183,685
Other	3	1,250	1,250
		<u>\$ 980,690</u>	<u>1,184,935</u>

The components of total investment return as of August 31, 2019 were as follows:

Investment income	\$ 33,987
Net unrealized gain on investments reported at fair value	<u>14,287</u>
	<u>\$ 48,274</u>

(4) Pledges and Planned Giving Receivable

Pledges receivable, net of discount to present value (at a rate of 3.0%) and allowance for uncollectible contributions are as follows:

Receivable in less than one year	\$ 54,100
Receivable in one to five years	<u>158,710</u>
	212,810
Less discount to present value	<u>(13,962)</u>
	198,848
Less: allowance for uncollectible contributions	<u>(10,175)</u>
Pledges receivable, net	<u>\$ 188,673</u>

The discount will be recognized as contribution income as the discount is amortized using an effective date yield over the duration of the pledge.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(5) **Line of Credit**

The Organization has a line of credit, secured by substantially all assets, under which it may borrow up to \$1,000,000 at the bank's prime rate plus 0.5%, subject to a floor of 4%, expiring March 28, 2020. There were outstanding borrowings of \$100,000 on the line of credit agreement at August 31, 2019.

(6) **Long-Term Debt**

Long-term debt at August 31, 2019 consists of the following:

Promissory note, secured by certain property located in Sorrento, Florida, due in monthly payments of \$10,822 including interest at 4.48% commencing in August 2014 through July 2024 when all remaining principal and interest is due. Total borrowings under this agreement amount to \$558,068 at August 31, 2019.

Future maturities of long-term debt are as follows:

<u>Year ended August 31,</u>	
2020	\$ 107,182
2021	112,084
2022	117,209
2023	122,570
2024	99,023
	<u>\$ 558,068</u>

(7) **Net Assets**

The expenditures for each year are financed principally by program revenue and campaign funds received during each year. Expenditures for programs and operations are budgeted at the beginning of each year along with projected support and revenues from the applicable fund.

Net assets without donor restrictions may be specifically designated by the Board of Directors or generally designated for unfunded commitments, program supplementation, and operating contingencies.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(7) **Net Assets - Continued**

Perpetually restricted net assets at August 31, 2019 consist of the following:

Leon G. Yeuell Camp Challenge Scholarship Fund	\$ 19,447
Weissman Guardian Angel Scholarship Fund	10,010
Coyle Campership Fund	25,000
Gulf Coast Region Endowment	6,350
General Endowment	<u>50,000</u>
	110,807

Purpose restricted net assets at August 31, 2019 consist of the following:

Transportation Service - Brevard	28,889
Dreyfus Family Endowment Campaign	450,091
Ogle bequest – general endowment	300,000
Early Intervention Services and Equipment – Visually Impaired – Palm Beach County	49,628
Daybreak Center flooring	19,000
Miller Center air conditioners	55,746
Other	<u>27,927</u>
Total net assets with donor restrictions	<u>\$ 1,042,088</u>

(8) **Lease Commitments**

The Organization leases facilities under long-term operating leases. Rental expense for all operating leases was approximately \$411,000 for the year ended August 31, 2019. Future minimum payments applicable to long-term leases for years subsequent to August 31, 2019 are approximately as follows: \$261,000 for 2020 and \$151,000 for 2021, \$133,000 for 2022, and \$34,000 for 2023. These amounts do not include the anticipated renewal of the leases as they expire.

(9) **Net Assets Released from Restrictions**

During the year ended August 31, 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, expiration of certain time restrictions or by occurrence of other events specified by donors.

Purpose and time restrictions accomplished	<u>\$ 212,757</u>
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EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(10) Endowments

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA. Any amount not appropriated for expenditure will be reclassified, subject to the original endowment restrictions imposed by the donor. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

The externally controlled endowment and beneficial interest held by third party are invested according to third party decisions; the Organization has no control over the investment policy.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy the endowment assets are invested in a manner that focuses on long-term capital appreciation while achieving predictable and modest current income requirements.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2019

(10) Endowments - Continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policies and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year approximately 4% to 5% of the trailing 36-month average balance of the combined endowment funds. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

OTHER FINANCIAL INFORMATION

EASTER SEALS FLORIDA, INC.

EASTER SEALS FLORIDA, INC.

Schedule of Contract and Grant Activity

Year ended August 31, 2019

<u>Grantor/Program Title</u>	<u>Contract Number</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue August 31, 2018</u>	<u>Cash Received</u>	<u>Reimbursable Expenditures</u>	<u>Accrued Revenue at August 31, 2019</u>
Federal and State Contracts and Grants						
APD Legislative Grant	ACX35	\$ 50,000	\$ 4,167	45,833	41,666	-
Florida D.O.H. Children's Medical Services	COQ26	\$5,191,774	421,667	421,667	-	-
Florida D.O.H. Children's Medical Services A.H.C.A. (Medicaid)	COQ26	\$5,191,774	-	4,795,457	5,159,984	364,527
Florida Department of Transportation	N/A	N/A	-	275,336	275,336	-
Florida Department of Transportation	G0081	N/A	-	49,334	49,995	661
Florida Department of Transportation	G0081	N/A	2,957	3,443	486	-
U.S.D.A. - Adult Day Care Programs	Y-4074	N/A	2,842	5,172	2,330	-
U.S.D.A. - Adult Day Care Programs	Y-4074	N/A	-	26,000	29,787	3,787
U.S.D.A. - Children's Programs Tampa	I-1073	N/A	14,838	30,637	18,236	2,437
U.S.D.A. - Children's Programs Tampa	I-1073	N/A	-	159,588	173,655	14,067
U.S.D.A. - Children's Programs WPB	I-3489	N/A	1,358	2,303	945	-
U.S.D.A. - Children's Programs WPB	I-3489	N/A	-	16,072	18,605	2,533
Total Federal and State			\$ 447,829	5,830,842	5,771,025	388,012
Local Contracts and Grants						
Family Care - 39th St. Cluster Home	N/A	N/A	702	7,560	7,452	594
Children's Services Council - Palm Beach County	09-607	\$1,799,697	206,004	1,659,749	1,756,092	302,347
Children's Services Council - Palm Beach County	N/A	N/A	1,810	9,500	9,570	1,880
Children's Services Council - Palm Beach County	N/A	N/A	-	487,041	588,311	101,270
Children's Services Council - Martin County	N/A	\$ 64,063	7,350	63,900	63,821	7,271
Children's Services Council - St. Lucie County	N/A	\$ 197,000	23,175	198,194	195,354	20,335
Children's Services Council - Lake County	N/A	N/A	-	-	175,000	175,000
Head Start	N/A	N/A	54,870	889,657	892,879	58,092
CMS - Title XXI	N/A	N/A	-	28,382	28,382	-
Department of Children and Families	N/A	N/A	1,560	4,140	2,580	-
Seniors First	N/A	N/A	1,762	18,765	18,450	1,447
State of Florida - Voc Rehabilitation	VR5080	N/A	24,764	-	(16,423)	8,341

EASTER SEALS FLORIDA, INC.

Schedule of Contract and Grant Activity, Continued

Year ended August 31, 2019

<u>Grantor/Program Title</u>	<u>Contract Number</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue August 31, 2018</u>	<u>Cash Received</u>	<u>Reimbursable Expenditures</u>	<u>Accrued Revenue at August 31, 2019</u>
Veteran's Administration	N/A	N/A	62,871	328,213	384,796	119,454
Board of County Commissioners - CAPP	N/A	N/A	3,608	28,964	29,388	4,032
Altrusa House of Gainesville, Inc.	N/A	N/A	1,723	21,429	21,082	1,376
Step Up for Students - PLSA	N/A	N/A	19,362	69,547	56,441	6,256
Med-Waiver (APD)	N/A	N/A	47,707	562,821	570,251	55,137
Med-Waiver (CDC)	N/A	N/A	-	54,970	58,295	3,325
Early Learning Coalition - PBC - Title XX	N/A	N/A	10,036	91,049	102,593	21,580
Children's Board of Hillsborough County - ASO Funds	N/A	N/A	1,638	23,304	22,674	1,008
Hillsborough County Early Learning Coalition - Title XX	N/A	N/A	17,293	195,936	194,960	16,317
Hillsborough County School Board - Teen Parent	N/A	N/A	48,705	378,235	416,363	86,833
Brevard County School Board	SSA15-021-KO	N/A	-	75	75	-
Medicaid - Managed Care	N/A	N/A	16,758	130,552	136,753	22,959
Child Care Aware Air Force	N/A	N/A	4,000	51,000	56,600	9,600
McKay Scholarships	N/A	N/A	19,877	70,727	75,100	24,250
Child Care Aware Navy	N/A	N/A	2,120	7,760	5,640	-
Total local contracts and grants			577,695	5,381,470	5,694,979	891,204
Other corporate contracts and grants			595,321	885,771	844,618	554,168
Total			<u>\$ 1,620,845</u>	<u>12,098,083</u>	<u>12,310,622</u>	<u>1,833,384</u>

EASTER SEALS FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended August 31, 2019

Federal Grantor/Pass-through Entity Federal Program Title	Period of Award	CFDA/CSFA Number	Grantee/ Contract Number	Federal/State Expenditures
U.S. Department of Education				
Pass-through State of Florida Department of Health				
Children's Medical Services Program - Treasure Coast				
Sp. Ed.- Grants for Infants & Families-IDEA Part C	7/1/18 - 6/30/19	84.181	COQZL	\$ 1,981,508
Children's Medical Services Program - Treasure Coast				
Sp. Ed.- Grants for Infants & Families-IDEA Part C	7/1/18 - 6/30/20	84.181	COQZL	<u>346,840</u>
Subtotal - U.S. Department of Education				<u>\$ 2,328,348</u>
U.S. Department of Health and Human Services				
Pass-through Hillsborough County Board of County Commissioners				
Head Start	9/1/18 - 8/31/19	93.600	-	<u>\$ 892,879</u>
Pass-through State of Florida Department of Health				
Pass-through Hillsborough County Early Learning Coalition				
Social Services Block Grant - Title XX of the Social Security Act	9/1/18 - 8/31/19	93.667	-	<u>\$ 194,960</u>
Pass-through Palm Beach County Early Learning Coalition				
Social Services Block Grant - Title XX of the Social Security Act	9/1/18 - 8/31/19	93.667	-	<u>\$ 102,593</u>
Subtotal - Department of Health and Human Services				<u>\$ 1,190,432</u>
U.S. Department of Agriculture				
Pass-through State of Florida Department of Health				
Child and Adult Care Food Programs	10/1/18 - 9/30/19	10.558	I-1073	\$ 173,655
Child and Adult Care Food Programs	10/1/18 - 9/30/19	10.558	I-3489	<u>18,605</u>
Subtotal - Department of Agriculture				<u>\$ 192,260</u>
Total Federal Programs				<u>\$ 3,711,040</u>

EASTER SEALS FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended August 31, 2019

Federal Grantor/Pass-through Entity Federal Program Title	Period of Award	CFDA/CSFA Number	Grantee/ Contract Number	Federal/State Expenditures
State Financial Assistance:				
State of Florida Department of Health				
Children's Medical Services Program - Treasure Coast Maintenance of Effort for CFDA 84.181	7/1/18 - 6/30/19	-	COQZL	\$ 3,235,630
Children's Medical Services Program - Treasure Coast Maintenance of Effort for CFDA 84.181	7/1/19 - 6/30/20	-	COQZL	<u>500,559</u>
Subtotal - State of Florida Department of Health				<u>\$ 3,736,189</u>
State of Florida Department of Transportation				
Operating Grant	2017-18	20.513	-	\$ 3,443
	2018-19	20.513	60081	<u>49,334</u>
Subtotal - State of Florida Department of Transportation				<u>52,777</u>
Total - State Projects				<u>\$ 3,788,966</u>

EASTER SEALS FLORIDA, INC.

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended August 31, 2019

(1) **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal and state financial assistance and federal and state cost reimbursement contracts of Easter Seals Florida, Inc. Easter Seals Florida, Inc. generally receives federal and state awards from pass-through entities.

Federal program and state project expenditures included in the accompanying schedule are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and Section 215.97 of the Florida Statutes of the Florida Single Audit Act and Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, Schedule of Expenditures of State Financial Assistance.

(2) **Major Federal Programs and Major State Projects**

Major Federal programs and major state projects are identified in the Summary of Audit Results section of the Schedule of Findings and Questioned Costs.

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

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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*

To the Board of Directors
Easter Seals Florida, 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 financial statements of Easter Seals Florida, Inc., which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Easter Seals Florida, Inc.'s internal control over financial reporting (internal control) to determine the 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 Easter Seals Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Easter Seals Florida, Inc.'s 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Easter Seals Florida, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schatz, Tschoff, Whitcomb, Mitchell & Shulman, LLP

October 25, 2019
Maitland, Florida

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and the Florida Single Audit Act

To the Board of Directors
Easter Seals Florida, Inc.

Report on Compliance for Each Major Federal Program

We have audited Easter Seals Florida, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and in the State of Florida *State Projects Compliance Supplement* that could have a direct and material effect on each of Easter Seals Florida, Inc.'s major federal programs and state projects for the year ended August 31, 2019. Easter Seals Florida, Inc.'s major federal program is identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Easter Seals Florida, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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 of America; 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* and Section 215.97 of the

Florida Statutes of the Florida Single Audit Act. Those standards, the Uniform Guidance and the Florida Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on test basis, evidence about Easter Seals Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Easter Seals Florida, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Easter Seals Florida, Inc. complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended August 31, 2019.

Report on Internal Control Over Compliance

Management of Easter Seals Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Easter Seals Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Florida Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Easter Seals Florida, Inc.'s 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 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 or State Project 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 the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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 and the Florida Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Schatz, Fiebigg, Whitcomb, Mitchell & Shulman, LLP

October 25, 2019
Maitland, Florida

Easter Seals Florida, Inc.
Schedule of Findings and Questioned Costs
Year ended August 31, 2019

i. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Easter Seals Florida, Inc.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements and as 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 financial statements of Easter Seals Florida, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs and the major state project were disclosed during the audit in the Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and the Florida Single Audit Act.
5. The auditor's report on compliance for the major federal programs and major state projects for Easter Seals Florida, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to major federal award programs and state projects that are required to be reported in accordance with Section 510(a) of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General (See AG Rule 10.654(1)(h)(4)).
7. The programs tested as major federal programs and as the major state project were:
 - a. The Federal program under the U.S. Department of Education - CFDA# 84.181 - Special Education Grants for Infants and Families – IDEA Part C.
 - b. The State of Florida Department of Health State Project – Maintenance of Effort for CFDA# 84.181.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Auditee did qualify as a low-risk auditee.

Easter Seals Florida, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year ended August 31, 2019

ii. **Findings – Financial Statements**

None

iii. **Findings and Questioned Costs – Major Federal Programs**

None

iv. **Findings and Questioned Costs – Major State Projects**

None

v. **Other Issues**

No Summary Schedule of Prior Audit Findings (See AG Rule 10.656(3)(d)(5)) is required because there are no prior audit findings related to Federal programs or State projects; no Corrective Action Plan (See AG Rules 10.656(3)(d)(6)) is required because there are no findings required to be reported under the Federal and Florida Single Audit Acts.