

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORTS**

**JUNE 30, 2019 AND 2018**

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**

**JUNE 30, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Easterseals Northeast Central Florida, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Easterseals Northeast Central Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 from 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 Easterseals Northeast Central Florida, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is 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 our report dated September 23, 2019, on our consideration of Easterseals Northeast Central Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Easterseals Northeast Central Florida, Inc.'s 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 Easterseals Northeast Central Florida, Inc.'s internal control over financial reporting and compliance.



Olivari & Associates  
Certified Public Accountants And Consultants

Ormond Beach, Florida  
September 23, 2019

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

|  | <b>2019</b>                      |                               |                     | <b>2018</b>                      |                               |                     |
|--|----------------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|---------------------|
|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               |
| <b><u>Assets</u></b>                     |                                  |                               |                     |                                  |                               |                     |
| Current assets                           |                                  |                               |                     |                                  |                               |                     |
| Cash and cash equivalents                | \$ 135,464                       | \$ 147,174                    | \$ 282,638          | \$ 319,915                       | \$ 153,169                    | \$ 473,084          |
| Accounts receivable, net                 | 819,653                          | -                             | 819,653             | 704,766                          | -                             | 704,766             |
| Pledges and other receivables            | 156,935                          | -                             | 156,935             | 125,860                          | 262                           | 126,122             |
| Certificates of deposit                  | -                                | 1,035,567                     | 1,035,567           | -                                | 1,035,567                     | 1,035,567           |
| Prepaid expenses & other current assets  | 79,137                           | -                             | 79,137              | 81,199                           | -                             | 81,199              |
| Total current assets                     | <u>1,191,189</u>                 | <u>1,182,741</u>              | <u>2,373,930</u>    | <u>1,231,740</u>                 | <u>1,188,998</u>              | <u>2,420,738</u>    |
| Inter-fund receivable (payable)          | (2,169)                          | 2,169                         | -                   | 1,120                            | (1,120)                       | -                   |
| Property and equipment, net              | <u>1,911,477</u>                 | <u>-</u>                      | <u>1,911,477</u>    | <u>2,053,858</u>                 | <u>-</u>                      | <u>2,053,858</u>    |
| Total Assets                             | <u>\$ 3,100,497</u>              | <u>\$ 1,184,910</u>           | <u>\$ 4,285,407</u> | <u>\$ 3,286,718</u>              | <u>\$ 1,187,878</u>           | <u>\$ 4,474,596</u> |
| <b><u>Liabilities and Net Assets</u></b> |                                  |                               |                     |                                  |                               |                     |
| Current liabilities                      |                                  |                               |                     |                                  |                               |                     |
| Accounts payable                         | \$ 182,949                       | \$ -                          | \$ 182,949          | \$ 186,164                       | \$ -                          | \$ 186,164          |
| Accrued expenses                         | 518,238                          | -                             | 518,238             | 346,684                          | -                             | 346,684             |
| Deferred revenue                         | 251,977                          | 7,176                         | 259,153             | 305,980                          | 7,176                         | 313,156             |
| Line of Credit                           | 199,000                          | -                             | 199,000             | 140,000                          | -                             | 140,000             |
| Total current liabilities                | <u>1,152,164</u>                 | <u>7,176</u>                  | <u>1,159,340</u>    | <u>978,828</u>                   | <u>7,176</u>                  | <u>986,004</u>      |
| Total liabilities                        | <u>1,152,164</u>                 | <u>7,176</u>                  | <u>1,159,340</u>    | <u>978,828</u>                   | <u>7,176</u>                  | <u>986,004</u>      |
| Net Assets                               |                                  |                               |                     |                                  |                               |                     |
| Without donor restrictions               | 1,940,501                        | -                             | 1,940,501           | 2,307,890                        | -                             | 2,307,890           |
| With donor restrictions                  | -                                | 1,185,566                     | 1,185,566           | -                                | 1,180,702                     | 1,180,702           |
| Total net assets                         | <u>1,940,501</u>                 | <u>1,185,566</u>              | <u>3,126,067</u>    | <u>2,307,890</u>                 | <u>1,180,702</u>              | <u>3,488,592</u>    |
| Total Liabilities and Net Assets         | <u>\$ 3,092,665</u>              | <u>\$ 1,192,742</u>           | <u>\$ 4,285,407</u> | <u>\$ 3,286,718</u>              | <u>\$ 1,187,878</u>           | <u>\$ 4,474,596</u> |

The accompanying independent auditors' report and notes  
should be read with these financial statements.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019 AND 2018**

|  | <b>2019</b>                      |                               |                     | <b>2018</b>                      |                               |                     |
|--|----------------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|---------------------|
|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               |
| <b><u>Operating revenues and gains</u></b> |                                  |                               |                     |                                  |                               |                     |
| Public support:                            |                                  |                               |                     |                                  |                               |                     |
| Contributions                              | \$ 43,113                        | \$ 10,000                     | \$ 53,113           | \$ 145,589                       | \$ -                          | \$ 145,589          |
| Fundraising                                | 151,087                          | -                             | 151,087             | 177,518                          | -                             | 177,518             |
| Bequests and memorial gifts                | 40,859                           | -                             | 40,859              | 13,420                           | -                             | 13,420              |
| Donated services and materials             | 11,944                           | -                             | 11,944              | 20,073                           | -                             | 20,073              |
| Total public support                       | 247,003                          | 10,000                        | 257,003             | 356,600                          | -                             | 356,600             |
| Revenue:                                   |                                  |                               |                     |                                  |                               |                     |
| Federal and State grants                   | 3,201,179                        | -                             | 3,201,179           | 3,089,329                        | -                             | 3,089,329           |
| Medicaid                                   | 599,449                          | -                             | 599,449             | 726,436                          | -                             | 726,436             |
| Program service fees and revenue           | 4,811,667                        | -                             | 4,811,667           | 4,567,278                        | -                             | 4,567,278           |
| Investment income, net                     | 5                                | 10,886                        | 10,891              | 19                               | 7,972                         | 7,991               |
| Other income                               | 61,001                           | -                             | 61,001              | 59,105                           | -                             | 59,105              |
| Inter-fund income (expense)                | -                                | -                             | -                   | -                                | -                             | -                   |
| Total revenue                              | 8,673,301                        | 10,886                        | 8,684,187           | 8,442,167                        | 7,972                         | 8,450,139           |
| Net assets released from restrictions      | 16,022                           | (16,022)                      | -                   | 9,042                            | (9,042)                       | -                   |
| Total operating revenues and gains         | 8,936,326                        | 4,864                         | 8,941,190           | 8,807,809                        | (1,070)                       | 8,806,739           |
| <b><u>Operating expenses</u></b>           |                                  |                               |                     |                                  |                               |                     |
| Program services:                          |                                  |                               |                     |                                  |                               |                     |
| Public health and education                | 123,709                          | -                             | 123,709             | 108,485                          | -                             | 108,485             |
| Professional education and training        | 24,742                           | -                             | 24,742              | 21,697                           | -                             | 21,697              |
| Direct services                            | 8,408,606                        | -                             | 8,408,606           | 8,016,858                        | -                             | 8,016,858           |
| Total program services                     | 8,557,057                        | -                             | 8,557,057           | 8,147,040                        | -                             | 8,147,040           |
| Supporting services:                       |                                  |                               |                     |                                  |                               |                     |
| Management and general                     | 606,527                          | -                             | 606,527             | 535,578                          | -                             | 535,578             |
| Fundraising                                | 98,967                           | -                             | 98,967              | 86,790                           | -                             | 86,790              |
| Membership                                 | 41,164                           | -                             | 41,164              | 38,940                           | -                             | 38,940              |
| Total program and supporting services      | 9,303,715                        | -                             | 9,303,715           | 8,808,348                        | -                             | 8,808,348           |
| Increase (decrease) in net assets          | (367,389)                        | 4,864                         | (362,525)           | (539)                            | (1,070)                       | (1,609)             |
| Net assets, beginning of year              | 2,307,890                        | 1,180,702                     | 3,488,592           | 2,308,429                        | 1,181,772                     | 3,490,201           |
| Net assets, end of year                    | <u>\$ 1,940,501</u>              | <u>\$ 1,185,566</u>           | <u>\$ 3,126,067</u> | <u>\$ 2,307,890</u>              | <u>\$ 1,180,702</u>           | <u>\$ 3,488,592</u> |

The accompanying independent auditors' report and notes  
should be read with these financial statements.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

|   | Program Services           |   |                     |                              | Supporting Services       |                   |                  | Total               |                     |
|---|----------------------------|---|---------------------|------------------------------|---------------------------|-------------------|------------------|---------------------|---------------------|
|   | Public Health<br>Education | Professional<br>Education<br>and Training | Direct<br>Services  | Total<br>Program<br>Services | Management<br>and General | Fund<br>Raising   | Membership       | 2019                | 2018                |
| Salaries and benefits                             | \$ 76,483                  | \$ 15,297                                 | \$ 5,333,699        | \$ 5,425,479                 | \$ 443,313                | \$ 61,187         | \$ -             | \$ 5,929,979        | \$ 5,499,454        |
| Professional fees                                 | 23,419                     | 4,683                                     | 2,113,285           | 2,141,387                    | 42,052                    | 18,735            | -                | 2,202,174           | 2,092,798           |
| Supplies  | 1,574                      | 315                                       | 225,717             | 227,606                      | 6,311                     | 1,259             | -                | 235,176             | 299,869             |
| Telecommunications                                | 225                        | 45  | 58,052              | 58,322                       | 2,116                     | 180               | -                | 60,618              | 59,369              |
| Postage and shipping                              | 334                        | 66  | 10,918              | 11,318                       | 794                       | 267               | -                | 12,379              | 13,096              |
| Occupancy   | 2,052                      | 410                                       | 304,009             | 306,471                      | 26,039                    | 1,642             | -                | 334,152             | 320,546             |
| Small equipment and maintenance                   | 118                        | 24  | 30,562              | 30,704                       | 4,855                     | 95                | -                | 35,654              | 56,210              |
| Printing and publications                         | 4,519                      | 904                                       | 3,789               | 9,212                        | 23,389                    | 3,615             | -                | 36,216              | 33,577              |
| Membership fees                                   | -                          | -   | -                   | -                            | -                         | -                 | 41,164           | 41,164              | 38,940              |
| Travel  | 153                        | 31  | 117,652             | 117,836                      | 1,062                     | 123               | -                | 119,021             | 100,821             |
| Conferences and meetings                          | 821                        | 164                                       | 8,370               | 9,355                        | 13,141                    | 657               | -                | 23,153              | 20,064              |
| Specific assistance                               | 7,697                      | 1,539                                     | 3,252               | 12,488                       | 100                       | 6,158             | -                | 18,746              | 26,380              |
| Interest  | 338                        | 68  | 18,762              | 19,168                       | 4,503                     | 270               | -                | 23,941              | 12,085              |
| Donated services and materials                    | 2,508                      | 502                                       | 4,255               | 7,265                        | 2,673                     | 2,006             | -                | 11,944              | 20,073              |
| Bad debt expense                                  | -                          | -   | 16,979              | 16,979                       | -                         | -                 | -                | 16,979              | 5,973               |
| Other   | 1,048                      | 210                                       | 8,446               | 9,704                        | 5,191                     | 839               | -                | 15,734              | 17,602              |
| Depreciation                                      | 1,922                      | 384                                       | 117,401             | 119,707                      | 25,637                    | 1,537             | -                | 146,881             | 152,475             |
| Insurance   | 498                        | 100                                       | 33,458              | 34,056                       | 5,351                     | 397               | -                | 39,804              | 39,016              |
|   | <u>123,709</u>             | <u>24,742</u>                             | <u>8,408,606</u>    | <u>8,557,057</u>             | <u>606,527</u>            | <u>98,967</u>     | <u>41,164</u>    | <u>9,303,715</u>    | <u>8,808,348</u>    |
| Allocation of Management<br>and general           | <u>9,897</u>               | <u>1,979</u>                              | <u>586,733</u>      | <u>598,609</u>               | <u>(606,527)</u>          | <u>7,918</u>      | <u>-</u>         | <u>-</u>            | <u>-</u>            |
| Total program and supporting<br>services expenses | <u>\$ 133,606</u>          | <u>\$ 26,721</u>                          | <u>\$ 8,995,339</u> | <u>\$ 9,155,666</u>          | <u>\$ -</u>               | <u>\$ 106,885</u> | <u>\$ 41,164</u> | <u>\$ 9,303,715</u> | <u>\$ 8,808,348</u> |

The accompanying independent auditors' report and notes  
should be read with these financial statements.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|  | Program Services        |                                     |                     |                        | Supporting Services    |                  |                  | Total Expenses      |
|--|-------------------------|-------------------------------------|---------------------|------------------------|------------------------|------------------|------------------|---------------------|
|  | Public Health Education | Professional Education and Training | Direct Services     | Total Program Services | Management and General | Fund Raising     | Membership       |                     |
| Salaries and benefits                          | \$ 63,787               | \$ 12,757                           | \$ 4,973,933        | \$ 5,050,477           | \$ 397,948             | \$ 51,029        | \$ -             | \$ 5,499,454        |
| Professional fees                              | 23,546                  | 4,709                               | 2,019,906           | 2,048,161              | 25,800                 | 18,837           | -                | 2,092,798           |
| Supplies                                       | 1,255                   | 251                                 | 289,996             | 291,502                | 7,363                  | 1,004            | -                | 299,869             |
| Telecommunications                             | 105                     | 21                                  | 56,830              | 56,956                 | 2,329                  | 84               | -                | 59,369              |
| Postage and shipping                           | 375                     | 75                                  | 11,472              | 11,922                 | 874                    | 300              | -                | 13,096              |
| Occupancy                                      | 1,906                   | 381                                 | 287,805             | 290,092                | 28,929                 | 1,525            | -                | 320,546             |
| Small equipment and maintenance                | 353                     | 71                                  | 44,475              | 44,899                 | 11,028                 | 283              | -                | 56,210              |
| Printing and publications                      | 7,326                   | 1,465                               | 7,667               | 16,458                 | 11,258                 | 5,861            | -                | 33,577              |
| Membership fees                                | -                       | -                                   | -                   | -                      | -                      | -                | 38,940           | 38,940              |
| Travel   | 114                     | 23                                  | 99,602              | 99,739                 | 991                    | 91               | -                | 100,821             |
| Conferences and meetings                       | 926                     | 185                                 | 8,661               | 9,772                  | 9,551                  | 741              | -                | 20,064              |
| Specific assistance                            | 5,719                   | 1,144                               | 14,812              | 21,675                 | 129                    | 4,576            | -                | 26,380              |
| Interest                                       | 88                      | 18                                  | 10,118              | 10,224                 | 1,790                  | 71               | -                | 12,085              |
| Donated services and materials                 | -                       | -                                   | 10,092              | 10,092                 | 9,981                  | -                | -                | 20,073              |
| Bad debt expense                               | -                       | -                                   | 5,973               | 5,973                  | -                      | -                | -                | 5,973               |
| Other  | 1,273                   | 255                                 | 13,323              | 14,851                 | 1,733                  | 1,018            | -                | 17,602              |
| Depreciation                                   | 1,055                   | 211                                 | 128,964             | 130,230                | 21,401                 | 844              | -                | 152,475             |
| Insurance                                      | 657                     | 131                                 | 33,229              | 34,017                 | 4,473                  | 526              | -                | 39,016              |
|  | <u>108,485</u>          | <u>21,697</u>                       | <u>8,016,858</u>    | <u>8,147,040</u>       | <u>535,578</u>         | <u>86,790</u>    | <u>38,940</u>    | <u>8,808,348</u>    |
| Allocation of Management and general           | <u>10,187</u>           | <u>2,037</u>                        | <u>515,205</u>      | <u>527,429</u>         | <u>(535,578)</u>       | <u>8,149</u>     | <u>-</u>         | <u>-</u>            |
| Total program and supporting services expenses | <u>\$ 118,672</u>       | <u>\$ 23,734</u>                    | <u>\$ 8,532,063</u> | <u>\$ 8,674,469</u>    | <u>\$ -</u>            | <u>\$ 94,939</u> | <u>\$ 38,940</u> | <u>\$ 8,808,348</u> |

The accompanying independent auditors' report and notes  
should be read with these financial statements.





**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

|   | <b>2019</b>  | <b>2018</b> |
|---|--------------|-------------|
| <b>Cash flows from operating activities</b>   |              |             |
| Change in net assets  | \$ (362,525) | \$ (1,609)  |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |              |             |
| Depreciation  | 146,881      | 152,475     |
| Bad debt expense- net of recoveries   | 16,711       | 5,973       |
| Provision for Medicaid and third party insurance discounts  | (15,614)     | (12,916)    |
| <i>(Increase) decrease in certain assets:</i>   |              |             |
| Accounts receivable   | (115,984)    | (369,938)   |
| Pledges and other receivables   | (30,813)     | 88,366      |
| Prepaid expenses and other current assets   | 2,062        | (8,357)     |
| <i>Increase (decrease) in certain liabilities:</i>  |              |             |
| Accounts payable  | (3,215)      | (92,499)    |
| Accrued expenses  | 171,554      | 22,393      |
| Deferred revenue  | (54,003)     | 192,658     |
| Total adjustments   | 117,579      | (21,845)    |
| Net cash used by operating activities   | (244,946)    | (23,454)    |
| <br><b>Cash flows from investing activities</b>   |              |             |
| Purchases of certificates of deposit  | (1,035,567)  | (1,035,567) |
| Proceeds from maturity of certificates of deposit   | 1,035,567    | 1,035,572   |
| Purchases of property and equipment   | (4,500)      | (49,387)    |
| Net cash used in investing activities   | (4,500)      | (49,382)    |
| <br><b>Cash flows from financing activities</b>   |              |             |
| Proceeds from line of credit borrowings   | 3,863,000    | 3,362,000   |
| Principal payments on line of credit borrowings   | (3,804,000)  | (3,222,000) |
| Net cash provided in financing activities   | 59,000       | 140,000     |
| <br><b>Net increase (decrease) in cash and cash equivalents</b>                                       | (190,446)    | 67,164      |
| <br><b>Cash and cash equivalents, beginning of period</b>   | 473,084      | 405,920     |
| <br><b>Cash and cash equivalents, end of period</b>   | \$ 282,638   | \$ 473,084  |
| <br><b>Supplemental disclosure of cash flow information</b>   |              |             |
| Cash paid during the period for interest  | \$ 23,941    | \$ 12,085   |

The accompanying independent auditors' report and notes should be read with these financial statements.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 – Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Easterseals Northeast Central Florida, Inc., formerly known as Easter Seal Society of Volusia and Flagler Counties, Inc., (the Organization), which affect significant elements of the accompanying financial statements.

(a) **Organization**—The accompanying financial statements include the accounts of Easterseals Northeast Central Florida, Inc. (the Organization) and Easterseals Charter School (the School). The Organization has a controlling financial interest and an economic interest in the School. The School is a division of the Organization. As such, the School’s results of operations are reported in the accompanying financial statements. All significant interdepartmental accounts and transactions have been eliminated in the Organizations financial statements. Easterseals Northeast Central Florida, Inc. is a not-for-profit corporation that provides services to children and adults with disabilities or other special needs and their families. The Organization offers a broad range of services including the following: physical, occupational, speech and language therapies; autism services; specialized infant hearing screening; pre-school; camping and recreation; deaf and hard of hearing services; local early steps services; and family and community education. These programs are operated at various locations in Volusia, Flagler, Putnam, Lake and Sumter Counties in the State of Florida.

The general operating authority of the School is contained in Section 1002.33 of the Florida Statutes. The School operates under a charter with the sponsoring school district, which is the Volusia County School Board, Florida (the District) and began operations in September 2005. The current charter was renewed effective July 1, 2018 through June 29, 2023, and may be renewed in increments of five years by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to the Florida Statutes, in the event the School is dissolved or terminated, any unencumbered public funds (excluding unencumbered capital outlay funds) and all School property purchased with public funds automatically revert to the District. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools. During the term of the charter, the District may also terminate the charter if good cause is demonstrated in accordance with the terms of the charter.

(b) **Basis of accounting**—The Organization follows standards of accounting and financial reporting prescribed by the Financial Accounting Standards Board (the FASB) for voluntary health and welfare agencies. References to the Generally Accepted Accounting Principles (GAAP) in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC. The Organization uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, State, and local government and public grants are recorded as revenue when performance occurs under the terms of the grant agreement.

(c) **Basis of presentation**—Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958, Not-for-Profit Entities Presentation of Financial Statements. Under those standards, the Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets changes therein are classified and reported as follows:

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 1 – Summary of Significant Accounting Policies (continued):**

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

In general, net assets without donor restrictions of the Organization may be used at the discretion of the Organization’s management and the Board of Directors to support the Organization’s purposes and operations, including the investment in property and equipment.

**Net Assets With Donor Restrictions** – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

When the donor stipulated the investment of the gift corpus in perpetuity, the income generated from the investment of corpus is available for the Organization’s operations in accordance with the donor restrictions. Appreciation related to the net assets with donor restrictions, if not specifically restricted otherwise, follows the donor’s income restriction and is included in the appropriate net asset class based on existence or absence of donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of donor restrictions on net assets that are temporary in nature (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. It is the Organization’s policy to record donor-restricted contributions on which restrictions are met in the same reporting period as contributions without donor restrictions.

(d) **Cash and cash equivalents**—For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents.

Investments in certificates of deposit with donor restrictions are not classified as cash and cash equivalents because these highly liquid investments have original purchase maturities in excess of three months.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 1 – Summary of Significant Accounting Policies (continued):**

(e) **Accounts receivable**—Accounts receivable include balances due from contracts and clients for various program services performed during the course of normal operations, and are carried at their estimated collectible amounts. Contract related receivables are due primarily from governmental units under the terms of various contracts. Due to the nature of these agencies, no allowance for uncollectible amounts has been established on contract related receivables. The Organization regularly reviews the average outstanding client receivable balances for the fiscal year and estimates collectability. The Organization provides for these estimated uncollectible amounts through a charge to earnings and a credit to an allowance for discounts or an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Third party insurance revenues, including Medicaid revenues are reported net of discounts and applicable allowances. Accounts receivable balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the applicable allowance accounts and a credit to accounts receivable. The Organization does not accrue interest income on outstanding receivable balances.

(f) **Pledges receivable**—Unconditional promises to give are recognized as revenues when an unconditional promise to give is made (pledge receivable) or when cash is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

At June 30, 2019 and 2018, the Organization had \$2,755 and \$6,475 of pledges receivable, respectively. There were no allowances associated with these current pledges receivable. These amounts are included in pledges and other receivables in the accompanying statements of financial position.

The Organization had no conditional promises to give at June 30, 2019 or 2018.

(g) **Investments and fair value of financial instruments**—Cash and cash equivalents and certificates of deposit are reported at their fair market value. Investments in marketable debt and equity securities with readily determined fair value are reported at their fair value. To calculate realized gain or loss on the disposition of investments and unrealized gains and losses, cost is determined by specific identification. All gains and losses and ordinary income from investments are accounted for as unrestricted revenue unless it is restricted for a specified purpose by the donor of the related investment. Other financial instruments consist mainly of accounts receivable and accounts payable. The carrying amounts of these financial instruments approximate fair value due to either their short-term nature or their relationship to market rates of interest. At June 30, 2019 and 2018 and for the years then ended, the Organization did not hold any marketable debt or equity securities.

(h) **Property and equipment**—The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment. The estimated fair value of donated assets is simultaneously capitalized and recognized as unrestricted support unless the use of such contributed assets is restricted by donor-imposed restrictions.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 1 – Summary of Significant Accounting Policies (continued):**

Property and equipment are carried at cost for purchased assets and at fair market value at date of donation for donated assets. Depreciation is calculated using the straight-line method over the following estimated lives:

|                                   |              |
|-----------------------------------|--------------|
| Building and improvements         | 5 – 39 years |
| Furniture, fixtures and equipment | 3 – 10 years |
| Leasehold improvements            | 3 – 10 years |

Leasehold improvements are generally depreciated over the estimated useful life of the improvements or the lease term whichever is shorter.

(i) **Deferred Revenue**—Grant or program monies received by the Organization that have not been spent on qualifying expenses are recorded as deferred revenue in the accompanying statements of financial position.

(j) **Contributions**—The Organization reports contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period is reported as support without donor restrictions.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service and/or construction expenses have been incurred.

Donated services (in-kind contributions) are reflected in the accompanying financial statements at the fair value of the services received, if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would otherwise need to be purchased if not provided by donation. Donated services and materials are offset by like amounts reported in the statements of functional expenses.

No amounts have been included in the accompanying financial statements for services contributed by volunteers since such services generally do not require specialized skills. Nevertheless, a substantial number of volunteers from the community area donated their time to the Organization.

(k) **Functional allocation of expense**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates made by management. Although methods of allocation used are consider reasonable and appropriate, other methods could be used that would produce different results.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 1 – Summary of Significant Accounting Policies (continued):**

(l) **Income taxes**—The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. For the years ended June 30, 2019 and 2018, the Organization has determined that no income taxes are due for its activities. Accordingly, no provisions for income taxes have been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure for the reporting periods presented in these financial statements.

The Organization files tax returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by taxing authorities for years before June 30, 2016.

(m) **Impairment of long-lived assets**—Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(n) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(o) **Reclassification**—Certain 2018 amounts have been reclassified to conform to the 2019 presentation with no effect on net asset classifications or changes in net assets.

(p) **Accounting Pronouncement Adopted**—On August 18, 2016, the Financial Accounting Standards Board (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.

(q) **Recent Accounting Pronouncements**

- (i) In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers: Topic 606*. This ASU will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, the Organization has not yet implemented this ASU and is in the process of assessing the effect on the Organization's financial statements.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 1 – Summary of Significant Accounting Policies (continued):**

- (ii) In February 2016, the FASB issued ASU 2016-02 *Leases: Topic 842*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019. The Organization has not yet implemented this ASU and is in the process of assessing the effect on the Organization’s financial statements.

**NOTE 2 – Accounts Receivable:**

Accounts receivable consists of the following at June 30:

|  | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|
| Contracts  | \$ 637,484        | \$ 605,898        |
| Medicaid and third party insurance                 | 182,858           | 105,739           |
| Service fees                                       | <u>28,840</u>     | <u>26,004</u>     |
|  | 849,182           | 737,641           |
| Allowance for discounts and uncollectible accounts | <u>(29,529)</u>   | <u>(32,875)</u>   |
| Accounts receivable – net                          | <u>\$ 819,653</u> | <u>\$ 704,766</u> |

The organization does not have a policy requiring collateral to support its accounts receivable.

**NOTE 3 – Property and Equipment:**

Property and equipment are summarized by major classification, net of accumulated depreciation as follows:

|                                   | <u>2019</u>        | <u>2018</u>         |
|-----------------------------------|--------------------|---------------------|
| Land                              | \$69,500           | \$ 69,500           |
| Building and improvements         | 3,143,181          | 3,138,681           |
| Furniture, fixtures and equipment | 1,277,829          | 1,293,444           |
| Leasehold improvements            | <u>30,289</u>      | <u>30,289</u>       |
|                                   | 4,520,799          | 4,531,914           |
| Less: Accumulated depreciation    | <u>2,609,322</u>   | <u>2,478,056</u>    |
| Property and equipment - net      | <u>\$1,911,477</u> | <u>\$ 2,053,858</u> |

For the years ended June 30, 2019 and 2018, depreciation expense was \$146,881 and \$152,475, respectively, which was functionally allocated, based on estimated use, to program services and supporting services.

The Organization disposed of certain fully depreciated office equipment and furniture with a cost of \$15,615 and \$-0- during the years ended June 30, 2019 and 2018, respectively. No gains or losses were realized on this fully depreciated equipment and furniture.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 3 – Property and Equipment (continued):**

The Organization reports gifts of land, property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used (Note 1 (j)).

In prior years, the Organization received \$525,000 from the State of Florida for capital improvements. The state has a security interest in the buildings and related improvements associated with the use of these funds, and their interest is equally reduced over a 20-year period ending in the year 2020.

**NOTE 4 – Investments:**

The Organization uses the three level fair value hierarchy established in FASB ASC 820, *Fair Value Measurements and Disclosures*, which prioritizes the inputs to valuation techniques used to measure fair value. The Organization did not hold any marketable securities as of or during the years ending June 30, 2019 and 2018.

Investment income consisting of interest income totaled \$10,891 and \$7,991 for the years ended June 30, 2019 and 2018, respectively.

**NOTE 5 – Lines of Credit:**

The Organization maintains two fully collateralized revolving lines of credit facilities with two separate banks as follows:

A \$250,000 revolving line of credit secured by a \$250,000 certificate of deposit held by the bank with interest at prime plus 1.00% on the outstanding balances. This credit line is renewable in April 2020. The average interest rate on this line of credit was approximately 6.25% and 5.35% respectively for the years ended June 30, 2019 and 2018. The balance at both June 30, 2019 and 2018 on this line of credit was \$0.

A \$500,000 revolving line of credit secured by certificates of deposit in the amount of \$500,000 held by the bank with interest at prime on the outstanding balances. This credit line is renewable in February 2020. The average interest rate on this line of credit was approximately 4.99% and 4.25% respectively for the years ended June 30, 2019 and 2018. The balance outstanding on this line of credit at June 30, 2019 and 2018 was \$199,000 and \$140,000 respectively.

The total availability on the Organizations unused revolving lines of credit at June 30, 2019 and 2018 was \$551,000 and \$610,000, respectively.

Total interest expense for the years ended June 30, 2019 and 2018 totaled \$23,941 and \$12,085, respectively.



**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 6 – Net Assets:**

Without Donor Restrictions:

|   | 2019         | 2018         |
|---|--------------|--------------|
| Undesignated                                | \$ 29,024    | \$ 254,032   |
| Invested in property, plant and equipment   | 1,911,477    | 2,053,858    |
| Total net assets without donor restrictions | \$ 1,940,501 | \$ 2,307,890 |

Net assets with donor restrictions are restricted for the following purposes of June 30:

|  | 2019         | 2018         |
|--|--------------|--------------|
| Restricted for specified purposes                                    |              |              |
| Program  |              |              |
| Aquatic therapy pool operations                                      | \$ 563,967   | \$ 565,681   |
| Residential camping experiences for cardiovascular accident patients | 613          | 2,911        |
|  | 564,580      | 568,592      |
| Scholarships   |              |              |
| Pediatric therapy  | 4,196        | 4,196        |
| Child development center   | 4,625        | 4,625        |
| Camp, recreation, & other  | 562,165      | 553,289      |
|  | 570,986      | 562,110      |
| Restricted in perpetuity - CD  | 50,000       | 50,000       |
| Total net assets with donor restrictions                             | \$ 1,185,566 | \$ 1,180,702 |

Net assets restricted in perpetuity of \$50,000 consist of assets to be held indefinitely, and the income from the donor-restricted assets restricted to provide residential camping experiences for cardiovascular accident patients.

The Board of Directors approved a temporary loan from the Aqua Therapy Endowment in an amount not to exceed \$59,000 to fund certain building improvements for the Wolfson Lease as explained in Note 7 (b) below and other building improvements to the Organizations facility in Daytona Beach, Florida. The original amount of the loan in June 2013 was for \$40,633 and partially funded the above building improvements. This loan did not have a specific repayment schedule; however, the loan was to be repaid during the 5 year term of the Wolfson Lease, including interest the loaned funds would have otherwise earned by June 30, 2018.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 6 – Net Assets with Donor Restrictions (continued):**

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

|  | 2019      | 2018     |
|--|-----------|----------|
| Program  |           |          |
| Aquatic therapy pool operations                                      | \$ 7,008  | \$ -     |
| Residential camping experiences for cardiovascular accident patients | 2,900     | 3,100    |
|  | 9,908     | 3,100    |
| Scholarships   |           |          |
| Other  | 6,114     | 5,942    |
| Total net assets with donor restrictions                             | \$ 16,022 | \$ 9,042 |

**NOTE 7 – Commitments and Contingencies:**

(a) **Operating Lessee Leases** - The Organization leases office space and equipment under noncancelable operating leases expiring through 2024. At June 30, 2019, minimum future rental commitments in excess of one year under noncancelable operating leases were as follows:

| Year Ending<br>June 30, | Amount    |
|-------------------------|-----------|
| 2020                    | \$180,551 |
| 2021                    | 97,470    |
| 2022                    | 13,913    |
| 2023                    | 13,913    |
| 2024                    | 10,615    |
|                         | \$316,462 |

Rent expense was \$208,240 and \$197,291 for the years ended June 30, 2019 and 2018, respectively.

The Organization leases its Daytona Beach, Florida facility land under an agreement which began in 1986 and expires in 2076. The lease agreement provides for a nominal annual rental of one dollar. In the opinion of the Organization’s management, the value of the lease in 1986 was immaterial to the financial statements and has not been recorded in the accompanying financial statements.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 7 – Commitments and Contingencies (continued):**

(b) **Operating Lessor Leases** – The Organization entered into a non-cancelable operating lease with Wolfson Children’s Specialty Center (the Wolfson Lease) effective July 1, 2013 to provide certain office space including medical exam rooms, a patient waiting area and the use of certain common areas included within the Organizations Daytona Beach, Florida facility. The operating lease has a term of five years with an initial monthly base rent of \$3,076. This base rent increases 3% annually each year during the term of the lease. The lease expired on June 31, 2018 and is currently leased on a month to month basis.

The Wolfson Lease provided for certain building improvements to be funded by the Organization. The cost of these building improvements was capitalized in the amount of \$45,854 and is being depreciated over a ten year period. Accumulated depreciation on these building improvements as of June 30, 2019 and 2018 totaled \$27,513 and \$22,927, respectively.

**NOTE 8 – Retirement Plan:**

The Organization provides a 401(k) plan for all eligible employees. Under the plan, the Organization contributes 50% of an employee’s contribution up to a maximum of 3% of the employee’s compensation. The employer matching contributions are made on a bi-weekly basis to the plan. Employer matching contribution expense totaled \$54,778 and \$47,281 for the years ended June 30, 2019 and 2018, respectively.

**NOTE 9 – Compensated Absences:**

Employees of the Organization including the School employees are entitled to paid personal time off (PTO) benefits for vacation and sick days depending on length of services. The Organization’s policy is to recognize PTO when earned by employees. The current policy of the Organization effective January 1, 2019 provides that employees may rollover up to 80 hours of PTO hours not used during the calendar year. Upon termination, all unused PTO is forfeit. Prior to this, employees were eligible to carryover up to one year of PTO hours depending on length of services. All earned PTO balances at December 31, 2015 were frozen. These earned PTO balances are payable to the employees upon termination or can be used in addition to any annual PTO received under the current policy if approved. The balances payable to eligible School employees for PTO that was earned but not used at June 30, 2019 and 2018 was \$120,861 and \$87,269, respectively.

**NOTE 10 – Concentration of Risk:**

Revenues to support the Organization’s programs are received primarily from federal, state and local government grants and contracts, and accounts for a significant portion of total revenues. As a result, the Organization is subject to changes in government funding allocations. In the event these entities discontinue funding the Organization’s programs or contracts are not renewed, the Organization would have a difficult time achieving current program goals.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 11 – Concentration of Credit Risk:**

The Organization maintains demand deposit, money market and certificates of deposit account balances which exceed the federally insured limits of up to \$250,000 under FDIC protection. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant or likely credit risk on cash and cash equivalents, and certificates of deposit. At June 30, 2019, account balances with three banks exceeded federally insured limits by approximately \$849,213. The individual account balances for these three banks in excess of federally insured limits ranged from \$99,646 to \$628,775 at June 30, 2019.

**NOTE 12 – Donated Services and Materials:**

The Organization recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2019 and 2018, \$11,944 and \$20,073 respectively, were recorded as donated services and materials revenue. The corresponding expense was recorded among various program and supporting services as shown in the accompanying statement of functional expenses.

**NOTE 13 – Liquidity and Availability of Resources:**

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

|                               | <u>2019</u>         |
|-------------------------------|---------------------|
| Cash and cash equivalents     | \$ 135,464          |
| Accounts receivable, net      | 819,653             |
| Pledges and other receivables | 156,935             |
|                               | <u>\$ 1,112,052</u> |

**NOTE 14 – Subsequent Events:**

The Organization’s management has evaluated subsequent events through September 23, 2019, which is prior to the financial statement availability date of September 26, 2019.

**SUPPLEMENTAL INFORMATION**

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

| <u>Federal / State Agency,<br/>Pass-Through Entity,<br/>Federal Program / State Project</u>   | <u>CFDA /<br/>CSFA<br/>Number</u> | <u>Contract/<br/>Grant<br/>Number</u> | <u>Expenditures</u> | <u>Transfers to<br/>Subrecipients</u> |
|---|-----------------------------------|---------------------------------------|---------------------|---------------------------------------|
| Federal Agency Name   |                                   |                                       |                     |                                       |
| <u>U.S. Department of Education</u>   |                                   |                                       |                     |                                       |
| Passed through State of Florida,<br>Department of Health:<br>Special Education - Grants for Infants and Families with<br>Disabilities | 84.181*                           | COQZF                                 | \$ 1,011,199        | \$ -                                  |
| <u>The U.S. Department of Agriculture</u>   |                                   |                                       |                     |                                       |
| Passed through State of Florida,<br>Department of Health:<br>Child and Adult Care Food Program  | 10.558                            | I-5420 / I-3791                       | 100,817             | -                                     |
| Total Expenditures Of Federal Awards  |                                   |                                       | <u>\$ 1,112,016</u> | <u>\$ -</u>                           |
| State Agency Name   |                                   |                                       |                     |                                       |
| <u>Florida Department of Health</u>   |                                   |                                       |                     |                                       |
| Developmental Evaluation and Intervention<br>Program and Early Intervention Program<br>for Infants and Children (Early Steps)         | 64.022*                           | COQZF                                 | \$ 1,989,163        | \$ -                                  |
| <u>Florida Agency for Persons with Disabilities</u>   |                                   |                                       |                     |                                       |
| Early Intervention Program for Children who are<br>Suspected of having an Autism Spectrum Disorder                                    | 67.034                            | ACX36                                 | 100,000             | -                                     |
| Total Expenditures Of State Financial Assistance  |                                   |                                       | <u>\$ 2,089,163</u> | <u>\$ -</u>                           |

\* Denotes major program / project

See accompanying independent auditors' report and  
notes to the schedule of expenditures of state financial assistance.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – Basis Of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal awards and state financial assistance activity of Easterseals Northeast Central Florida, Inc. under programs of the Federal Government and under projects for the State of Florida for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Easterseals Northeast Central Florida, Inc.

**NOTE 2 – Summary Of Significant Accounting Policies**

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

**NOTE 3 – Indirect Cost Rate**

Easterseals Northeast Central Florida, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – Amounts Provided To Subrecipients**

Easterseals Northeast Central Florida, Inc. did not pass through any awards/projects to subrecipients for the year ended June 30, 2019.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Summary of Auditor's Results**

**Financial Statements**

|   |               |
|---|---------------|
| Type of auditor's report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| Material weakness(es) identified?                     | No            |
| Significant deficiency(ies) identified?               | None reported |
| Noncompliance material to financial statements noted? | No            |

**Federal Awards and State Projects**

|   |               |
|---|---------------|
| Internal control over major programs:   |               |
| Material weakness(es) identified?   | No            |
| Significant deficiency(ies) identified?   | None reported |
| Type of auditor's report issued on compliance for major programs:   | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.656 of the Rules of the Auditor General for the State of Florida? | No            |

Identification of major programs:

|  |        |
|--|--------|
| <b>Federal Program</b>   | 84.181 |
| <i>Special Education – Grants for Infants and Families with Disabilities</i>   |        |
| <b>State Project</b>   | 64.022 |
| <i>Developmental Evaluation and Intervention Program and Early Intervention Program for Infants and Children (Early Steps)</i> |        |

|   |           |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs – Federal Programs: | \$750,000 |
| Dollar threshold used to distinguish between Type A and Type B programs – State Programs:   | \$626,749 |



Auditee qualified as Low-Risk Auditee pursuant to the Uniform Guidance?

Yes

**FINDINGS – FINANCIAL STATEMENTS**

No financial statement findings were noted

**FINDINGS and QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS**

No findings and questioned costs for Major Federal Programs

**FINDINGS and QUESTIONED COSTS – MAJOR STATE PROJECTS**

No findings and questioned costs for Major State Projects

**OTHER ISSUES**

- (a) No management letter is required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).
- (b) No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs or State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.).

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 of  
Easterseals Northeast Central Florida, Inc.

We have audited, in accordance with the 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 Easterseals Northeast Central Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Easterseals Northeast Central 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 Easterseals Northeast Central Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Easterseals Northeast Central 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Easterseals Northeast Central Florida, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**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***

**Page Two**

**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.



Olivari & Associates  
Certified Public Accountant And Consultants

Ormond Beach Florida  
September 23, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of  
Easterseals Northeast Central Florida, Inc.

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Easterseals Northeast Central Florida, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Easterseals Northeast Central Florida, Inc.'s major federal programs and state projects for the year ended June 30, 2019. Easterseals Northeast Central Florida, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state grants applicable to its federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Easterseals Northeast Central 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General 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 and state project occurred. An audit includes examining, on a test basis, evidence about Easterseals Northeast Central 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 Easterseals Northeast Central Florida, Inc.'s compliance.

***Opinion on Each Major Federal Program and State Project***

In our opinion, Easterseals Northeast Central Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs or state projects for the year ended June 30, 2019.

**Independent Auditors' Report On Compliance For Each Major Program  
And State Project And On Internal Control Over Compliance Required By  
The Uniform Guidance And Chapter 10.650, Rules Of The Auditor General  
Page Two**

**Report on Internal Control Over Compliance**

Management of Easterseals Northeast Central 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 Easterseals Northeast Central 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 or 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 Chapter 10.650, Rules of the Auditor General, 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 Easterseals Northeast Central 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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project 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 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Olivari & Associates  
Certified Public Accountants And Consultants

Ormond Beach, Florida  
September 23, 2019