

*Financial Statements and
Other Financial Information*

EASTER SEALS FLORIDA, INC.

August 31, 2020

EASTER SEALS FLORIDA, INC.

Financial Statements and Other Financial Information

August 31, 2020

(With Independent Auditor's Report Thereon)

EASTER SEALS FLORIDA, INC.

Financial Statements and Other Financial Information

August 31, 2020

Table of Contents

Independent Auditor’s Report..... 1

Audited Financial Statements:

 Statements of Financial Position..... 3

 Statements of Activities 4

 Statements of Functional Expenses..... 5

 Statements of Cash Flows 6

 Notes to Financial Statements..... 7

Other Financial Information:

 Schedule of Contract and Grant Activity 21

 Schedule of Expenditures of Federal Awards and State Financial Assistance 23

 Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance..... 25

 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* 26

 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..... 28

 Schedule of Findings and Questioned Costs 31

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

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, 2020, 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, 2020, 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 2019 financial statements, and our report dated October 25, 2019, 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, 2019, 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 30, 2020 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, Tschagg, Whitcomb, Mitchell & Shulen, LLP

October 30, 2020
Maitland, Florida

EASTER SEALS FLORIDA, INC.

Statements of Financial Position

August 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Current assets		
Cash	\$ 1,565,106	124,274
Investments	1,600,757	1,184,935
Accounts receivable, net of allowances of \$68,103 and \$46,093	1,771,071	1,787,291
Pledges and planned giving receivable, current portion	48,992	54,100
Prepaid expenses	156,354	195,291
Total current assets	<u>5,142,280</u>	<u>3,345,891</u>
Property and equipment:		
Land and improvements	541,848	541,848
Building and leasehold improvements	6,965,156	6,940,047
Artwork	172,400	172,400
Equipment	765,534	925,668
Accumulated depreciation	<u>(4,230,310)</u>	<u>(4,177,857)</u>
Total property and equipment	<u>4,214,628</u>	<u>4,402,106</u>
Pledges and planned giving receivable, less current portion and allowances of \$18,181 and \$24,137	101,824	134,573
Other assets	5,508	6,915
Total assets	<u>\$ 9,464,240</u>	<u>7,889,485</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 385,783	434,289
Accrued expenses	480,649	402,767
Deferred revenue	900	20,195
Line of credit	-	100,000
Paycheck protection program loan	1,845,000	-
Current portion of long term debt	112,084	107,182
Total current liabilities	<u>2,824,416</u>	<u>1,064,433</u>
Long-term debt, less current portion	<u>339,337</u>	<u>450,886</u>
Total liabilities	<u>3,163,753</u>	<u>1,515,319</u>
Lease commitments		
Net assets:		
Without donor restrictions	4,835,353	5,332,078
With donor restrictions	1,465,134	1,042,088
Total net assets	<u>6,300,487</u>	<u>6,374,166</u>
Total liabilities and net assets	<u>\$ 9,464,240</u>	<u>7,889,485</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Activities

Year ended August 31, 2020 (with summarized totals for August 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Public support and revenue:				
Public support:				
Contributions	\$ 685,665	629,730	1,315,395	1,448,288
Special events	521,386	-	521,386	604,727
Less benefit to donors	(113,290)	-	(113,290)	(139,772)
Bequests	282,081	-	282,081	(581)
Total public support	<u>1,375,842</u>	<u>629,730</u>	<u>2,005,572</u>	<u>1,912,662</u>
Revenue:				
Program service fees and grants	12,673,635	-	12,673,635	13,384,527
Investment income	199,503	-	199,503	48,274
Miscellaneous income	147,383	-	147,383	43,818
Total revenue	<u>13,020,521</u>	<u>-</u>	<u>13,020,521</u>	<u>13,476,619</u>
Total public support and revenue	14,396,363	629,730	15,026,093	15,389,281
Net assets released from restrictions	<u>206,684</u>	<u>(206,684)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	14,603,047	423,046	15,026,093	15,389,281
Expenses and losses:				
Program services:				
Adult services	2,236,763	-	2,236,763	2,120,571
Camp Challenge	364,890	-	364,890	535,217
Children's services	11,068,115	-	11,068,115	10,876,447
Public health and professional education	399,981	-	399,981	399,903
Total program services	<u>14,069,749</u>	<u>-</u>	<u>14,069,749</u>	<u>13,932,138</u>
Supporting services;				
Fund raising	394,026	-	394,026	407,470
Management and general	524,085	-	524,085	973,666
Total expenses	<u>14,987,860</u>	<u>-</u>	<u>14,987,860</u>	<u>15,313,274</u>
Support for Easter Seals National Programs	111,912	-	111,912	104,863
Total expenses	<u>15,099,772</u>	<u>-</u>	<u>15,099,772</u>	<u>15,418,137</u>
Change in net assets	(496,725)	423,046	(73,679)	(28,856)
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>
Net assets at August 31, 2020	<u>\$ 4,835,353</u>	<u>1,465,134</u>	<u>6,300,487</u>	<u>6,374,166</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Functional Expenses

Year ended August 31, 2020 (with summarized totals for August 31, 2019)

	Program Services					Supporting Services				Total Year Ended August 31, 2020	Total Year Ended August 31, 2019
	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	\$ 1,227,731	121,989	5,841,396	262,744	7,453,860	262,744	339,326	-	602,070	8,055,930	7,940,852
Employee health benefits	135,609	9,497	705,756	28,460	879,322	28,460	33,113	-	61,573	940,895	934,575
Payroll taxes	104,921	10,884	531,115	23,621	670,541	23,621	(572)	-	23,049	693,590	759,013
Total	1,468,261	142,370	7,078,267	314,825	9,003,723	314,825	371,867	-	686,692	9,690,415	9,634,440
Professional Fees	48,846	4,650	2,710,887	31,471	2,795,854	31,471	94,800	-	126,271	2,922,125	2,913,615
Benefit to donors	-	-	-	-	-	-	-	113,290	113,290	113,290	139,772
Supplies	82,390	13,267	201,116	1,741	298,514	1,741	615	-	2,356	300,870	436,068
Marketing	2,874	282	2,412	1,544	7,112	1,544	148	-	1,692	8,804	16,996
Telephone	38,571	5,961	101,045	4,197	149,774	4,197	9,530	-	13,727	163,501	159,951
Postage	1,322	488	8,293	1,825	11,928	1,825	376	-	2,201	14,129	22,388
Occupancy	369,476	93,751	430,190	14,438	907,855	14,438	12,226	-	26,664	934,519	1,036,138
Printing/Publications	550	71	89	3,610	4,320	3,610	25	-	3,635	7,955	13,544
Travel/Vehicle	32,681	732	52,167	4,795	90,375	4,795	2,624	-	7,419	97,794	172,768
Meeting/Conference	326	74	4,165	1,103	5,668	1,103	479	-	1,582	7,250	13,604
Dues to Other Associations	286	2,362	6,131	802	9,581	802	353	-	1,155	10,736	9,689
Minor Equipment	26,469	5,395	104,197	4,713	140,774	4,713	7,449	-	12,162	152,936	142,986
Insurance	59,037	23,325	96,868	3,252	182,482	3,252	8,230	-	11,482	193,964	202,294
Miscellaneous	7,129	3,455	27,555	9,072	47,211	9,072	4,571	-	13,643	60,854	76,465
Support of individual clients	6,330	-	17,351	-	23,681	-	-	-	-	23,681	93,261
Total before depreciation, bad debt, interest, losses & other	2,144,548	296,183	10,840,733	397,388	13,678,852	397,388	513,293	113,290	1,023,971	14,702,823	15,083,979
Depreciation	66,827	63,358	154,825	2,403	287,413	2,403	5,275	-	7,678	295,091	289,702
Loss on disposal	920	78	38,783	101	39,882	101	2,917	-	3,018	42,900	-
Bad debt	23,242	1,174	12,627	(45)	36,998	(6,000)	(1,292)	-	(7,292)	29,706	41,322
Interest expense	1,226	4,097	21,147	134	26,604	134	3,892	-	4,026	30,630	38,043
Total expenses	2,236,763	364,890	11,068,115	399,981	14,069,749	394,026	524,085	113,290	1,031,401	15,101,150	15,453,046
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	(113,290)	(113,290)	(113,290)	(139,772)
Total	\$ 2,236,763	364,890	11,068,115	399,981	14,069,749	394,026	524,085	-	918,111	14,987,860	15,313,274

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Cash Flows

Years ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (73,679)	(28,856)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	295,091	289,702
Unrealized gain on investments	(157,524)	(14,287)
Loss on disposal of assets	52,360	45,685
Change in operating assets and liabilities:		
Accounts receivable	16,220	(225,076)
Pledges receivable	37,857	(59,653)
Prepaid expenses and other	38,937	9,239
Other assets	1,407	1,407
Accounts payable	(48,506)	30,066
Accrued expenses	77,882	11,175
Deferred revenue	(19,295)	(333)
Net cash provided by operating activities	<u>220,750</u>	<u>59,069</u>
Cash flows from investing activities:		
Purchase of investments	(258,298)	(246,651)
Acquisition of property and equipment	(159,971)	(180,436)
Net cash used in investing activities	<u>(418,269)</u>	<u>(427,087)</u>
Cash flows from financing activities:		
(Repayment) draws on line of credit, net	(100,000)	100,000
Proceeds from paycheck protection program loan	1,845,000	-
Payment of principal on long-term debt	(106,647)	(101,980)
Net cash provided (used in) financing activities	<u>1,638,353</u>	<u>(1,980)</u>
Increase (decrease) in cash and cash equivalents	1,440,834	(369,998)
Cash and cash equivalents at beginning of year	<u>124,272</u>	<u>494,272</u>
Cash and cash equivalents at end of year	<u>\$ 1,565,106</u>	<u>124,274</u>
Supplemental disclosures:		
Interest paid	<u>\$ 30,630</u>	<u>38,043</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

(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 Tampa; 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 for Navy families with children with disabilities at MacDill Air Force base in Tampa, adult day health care services in Gainesville and Winter Park; and vocational services in Brevard, Indian River, Palm Beach, Collier Counties and Lake County, Family Resource Center in Hillsborough County, and Navigating Disability Services for Families in Orange County. 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 fundraising 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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

(1) Summary of Significant Accounting Policies - Continued

(b) Basis of Presentation - Continued

- 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.

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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

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

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

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.

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, 2020, the Organization received approximately \$241,000 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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

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

(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.

(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, 2020 and 2019 is \$1,354,327 and \$931,281 of cash and cash equivalents restricted for specific purposes.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

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

(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.

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, 2020, 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 2017 to 2019 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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

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

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

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of accounts and pledges/bequests receivable which amount to approximately \$1,922,000. 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.

(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 30, 2020. All subsequent events requiring recognition as of October 30, 2020 have been incorporated into the accompanying financial statements.

(2) **Liquidity and Availability**

As of August 31, 2020, the Organization has \$3,631,599 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 \$1,456,151 as of August 31, 2020. 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, 2020

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

The following table reflects the Organization's financial assets as of August 31, 2020 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	\$ 1,565,106
Investments	1,600,757
Pledges and accounts receivable	<u>1,921,887</u>
Total financial assets	5,087,750
Restricted cash	(1,354,327)
Pledges receivable greater than one year	<u>(101,824)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,631,599</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)

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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

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

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis as of August 31, 2020 based on the level of input utilized to measure fair value:

	<u>Level</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	1	\$ 1,237,052	1,599,507
Other	3	<u>1,250</u>	<u>1,250</u>
		<u>\$ 1,238,302</u>	<u>1,600,757</u>

The components of total investment return as of August 31, 2020 were as follows:

Investment income	\$ 41,979
Net unrealized gain on investments reported at fair value	<u>157,524</u>
	<u>\$ 199,503</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	\$ 48,992
Receivable in one to five years	<u>120,005</u>
	168,997
Less discount to present value	<u>(10,137)</u>
	158,860
Less: allowance for uncollectible contributions	<u>(8,044)</u>
Pledges receivable, net	<u>\$ 150,816</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, 2020

(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 May 28, 2021. There were no outstanding borrowings on the line of credit agreement at August 31, 2020.

(6) **Paycheck Protection Program (PPP) Loan**

In April 2020 the Organization applied for and received a loan in the amount of \$1,845,000 pursuant to the Paycheck Protection Program (PPP) established by the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide relief in connection with the coronavirus pandemic. The note bears interest at 1% and is subject to a payment deferral period of six months. However, the note and related interest are subject to forgiveness when the proceeds of the loan are used to fund payroll and other allowable expenses as defined by the PPP. The Organization has not yet applied to have the loan forgiven and there is no assurance that such request will be granted. Therefore, the loan in the amount of \$1,845,000 is presented on the accompanying statement of financial position.

(7) **Long-Term Debt**

Long-term debt at August 31, 2020 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 \$451,421 at August 31, 2020.

Future maturities of long-term debt are as follows:

<u>Year ended August 31,</u>	
2021	\$ 112,084
2022	117,209
2023	122,570
2024	99,558
	<u>\$ 451,421</u>

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

(8) 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.

Perpetually restricted net assets at August 31, 2020 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, 2020 consist of the following:

Baxter Foundation - financial assistance	15,429
Dreyfus Family Endowment Campaign	903,406
Ogle bequest - general endowment	300,000
Early Intervention Services and Equipment – Visually Impaired – Palm Beach County	49,628
Miller Center air conditioners	55,746
Other	<u>30,118</u>
Total net assets with donor restrictions	<u>\$ 1,465,134</u>

(9) Lease Commitments

The Organization leases facilities under long-term operating leases. Rental expense for all operating leases was approximately \$291,000 for the year ended August 31, 2020. Future minimum payments applicable to long-term leases for years subsequent to August 31, 2020 are approximately as follows: \$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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

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

During the year ended August 31, 2020, 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>\$ 206,684</u>
--	-------------------

(11) **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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

(11) Endowments - Continued

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.

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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2020

(12) Subsequent Event - Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health School characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that the effects of the pandemic will continue for some time. With respect to the Organization's operations, future potential impacts may include disruptions or restrictions on our employees' ability to work or on our customer's ability to pay. Changes to the operating environment may increase operating costs. Additional effects may include the inability of families to continue utilizing our services as a result of job loss, overall economic slowdown or other pandemic related issues. The ultimate outcome of these matters on the Organization cannot be determined at this time.

OTHER FINANCIAL INFORMATION

EASTER SEALS FLORIDA, INC.

EASTER SEALS FLORIDA, INC.

Schedule of Contract and Grant Activity

Year ended August 31, 2020

<u>Grantor/Program Title</u>	<u>Contract Number</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue August 31, 2019</u>	<u>Cash Received</u>	<u>Reimbursable Expenditures</u>	<u>Accrued Revenue at August 31, 2020</u>
Federal and State Contracts and Grants						
APD Legislative Grant	ACX35	\$ 150,000	\$ -	148,000	148,000	-
Florida D.O.H. Children's Medical Services	COQZL	\$5,191,774	-	-	917,297	917,297
Florida D.O.H. Children's Medical Services	COQZL	\$5,191,774	364,527	4,859,122	4,494,595	-
A.H.C.A. (Medicaid)	N/A	N/A	-	4,475	4,475	-
Florida Department of Transportation	G1370	\$ 50,000	661	661	-	-
Florida Department of Transportation	G1607	\$ 28,245	-	20,235	20,780	545
U.S.D.A. - Adult Day Care Programs	Y-6074	N/A	6,226	6,225	(1)	-
U.S.D.A. - Adult Day Care Programs	Y-6074	N/A	-	22,772	26,024	3,252
U.S.D.A. - Children's Programs Tampa	I-1073	N/A	-	98,392	100,576	2,184
U.S.D.A. - Children's Programs Tampa	I-1073	N/A	14,067	14,067	-	-
U.S.D.A. - Children's Programs WPB	I-3489	N/A	-	16,126	17,120	994
U.S.D.A. - Children's Programs WPB	I-3489	N/A	2,533	2,533	-	-
Total Federal and State			\$ 388,014	5,192,608	5,728,866	924,272
Local Contracts and Grants						
Family Care - 39th St. Cluster Home	N/A	N/A	\$ 594	-	(594)	-
Children's Services Council - Palm Beach County	09-607	\$1,799,697	302,347	1,981,780	1,831,959	152,526
Children's Services Council - Palm Beach County	N/A	N/A	1,880	12,841	13,189	2,228
Children's Services Council - Palm Beach County	N/A	N/A	101,270	607,205	549,529	43,594
Children's Services Council - Martin County	N/A	\$ 64,063	7,271	65,784	63,440	4,927
Children's Services Council - St. Lucie County	N/A	\$ 197,000	20,335	208,400	203,496	15,431
Children's Services Council - Lake County	N/A	N/A	17,500	17,500	-	-
Head Start	N/A	N/A	58,092	802,435	795,207	50,864
CMS - Title XXI	N/A	N/A	-	56,080	56,080	-
Seniors First	N/A	N/A	1,447	9,196	7,961	212
State of Florida - Voc Rehabilitation	VR5080	N/A	8,341	65,289	64,386	7,438

EASTER SEALS FLORIDA, INC.

Schedule of Contract and Grant Activity, Continued

Year ended August 31, 2020

Grantor/Program Title	Contract Number	Program or Award Amount	Accrued Revenue August 31, 2019	Cash Received	Reimbursable Expenditures	Accrued Revenue at August 31, 2020
Veteran's Administration	N/A	N/A	\$ 119,454	332,051	238,240	25,643
Board of County Commissioners - CAPP	N/A	N/A	4,032	19,301	15,269	-
Altrusa House of Gainesville, Inc.	N/A	N/A	1,376	12,372	10,996	-
Step Up for Students - PLSA	N/A	N/A	6,256	31,081	24,825	-
Med-Waiver (APD)	N/A	N/A	55,137	505,108	466,940	16,969
Med-Waiver (CDC)	N/A	N/A	3,325	-	(3,325)	-
Early Learning Coalition - PBC - Title XX	N/A	N/A	21,580	168,148	160,227	13,659
Children's Board of Hillsborough County - ASO Funds	N/A	N/A	1,008	-	(1,008)	-
Hillsborough County Early Learning Coalition - Title XX	N/A	N/A	16,317	209,642	212,598	19,273
Hillsborough County School Board - Teen Parent	N/A	N/A	86,833	86,833	-	-
Hillsborough County - Children's Board	N01-60102-201	N/A	-	178,428	199,778	21,350
Orange County Citizen's Commission	Y19-2046A	500,000	-	153,035	209,074	56,039
Medicaid - Managed Care	N/A	N/A	22,959	878,956	866,374	10,377
Child Care Aware Air Force	N/A	N/A	9,600	14,000	4,400	-
McKay Scholarships	N/A	N/A	24,250	94,160	69,910	-
Child Care Aware Navy	N/A	N/A	-	3,860	3,860	-
Total local contracts and grants			891,204	6,513,485	6,062,811	440,530
Other corporate contracts and grants			554,166	347,868	268,075	474,373
Total			\$ 1,833,384	12,053,961	12,059,752	1,839,175

EASTER SEALS FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended August 31, 2020

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	7/1/19 - 6/30/20	84.181	COQZL	\$ 1,902,733
Children's Medical Services Program - Treasure Coast Sp. Ed.- Grants for Infants & Families-IDEA Part C	7/1/20 - 6/30/21	84.181	COQZL	<u>261,920</u>
Subtotal - U.S. Department of Education				<u>\$ 2,164,653</u>
U.S. Department of Health and Human Services				
Pass-through Hillsborough County Board of County Commissioners				
Head Start	9/1/19 - 8/31/20	93.600	-	<u>\$ 795,207</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	9/1/19 - 8/31/20	93.667	-	<u>\$ 212,598</u>
Pass-through Palm Beach County Early Learning Coalition				
Social Services Block Grant - Title XX of the Social Security Act	9/1/19 - 8/31/20	93.667	-	<u>\$ 160,227</u>
Subtotal - Department of Health and Human Services				<u>\$ 1,168,032</u>
U.S. Department of Agriculture				
Pass-through State of Florida Department of Health				
Child and Adult Care Food Programs	10/1/19 - 9/30/20	10.558	I-1073	\$ 100,576
Child and Adult Care Food Programs	10/1/19 - 9/30/20	10.558	I-3489	<u>17,120</u>
Subtotal - Department of Agriculture				<u>\$ 117,696</u>
Total Federal Programs				<u>\$ 3,450,381</u>

EASTER SEALS FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended August 31, 2020

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	7/1/19 - 6/30/20	-	COQZL	\$ 2,745,803
Children's Medical Services Program - Treasure Coast Maintenance of Effort for CFDA 84.181	7/1/20 - 6/30/21	-	COQZL	<u>584,074</u>
Subtotal - State of Florida Department of Health				<u>\$ 3,329,877</u>
State of Florida Department of Transportation				
Operating Grant	2018-19	20.513	-	\$ 661
	2019-20	20.513	60081	<u>20,235</u>
Subtotal - State of Florida Department of Transportation				<u>\$ 20,896</u>
Total - State Projects				<u>\$ 3,350,773</u>

EASTER SEALS FLORIDA, INC.

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

Year ended August 31, 2020

(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

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

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, 2020, 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 30, 2020.

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.

Schaefer, Ischhoff, Whitcomb, Mitchell & Shuidan, LLP

October 30, 2020
Maitland, Florida

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

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, 2020. 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, 2020.

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, Tschagg, Whitcomb, Mitchell & Shuilen, LLP

October 30, 2020
Maitland, Florida

Easter Seals Florida, Inc.
Schedule of Findings and Questioned Costs
Year ended August 31, 2020

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, 2020

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.