

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORTS**

**JUNE 30, 2022 AND 2021**

EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.

JUNE 30, 2022 AND 2021

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Easterseals Northeast Central Florida, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Easterseals Northeast Central Florida, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Easterseals Northeast Central Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Easterseals Northeast Central Florida, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Easterseals Northeast Central Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary 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 schedule of expenditures of federal awards and state financial assistance 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 February \_\_, 2023, 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  
February 13, 2023

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	<b>2022</b>			<b>2021</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>Assets</u></b>						
Current assets						
Cash and cash equivalents	\$ 2,994,400	\$ 372,335	\$ 3,366,735	\$ 4,316,384	\$ 372,576	\$ 4,688,960
Accounts receivable, net	1,450,063	-	1,450,063	879,772	-	879,772
Pledges and other receivables	116,767	-	116,767	206,731	-	206,731
Certificates of deposit	-	800,000	800,000	-	800,000	800,000
Prepaid expenses & other current assets	83,127	-	83,127	103,538	-	103,538
Total current assets	<u>4,644,357</u>	<u>1,172,335</u>	<u>5,816,692</u>	<u>5,506,425</u>	<u>1,172,576</u>	<u>6,679,001</u>
Inter-fund receivable (payable)	(53,182)	53,182	-	(56,000)	56,000	-
Property and equipment, net	<u>1,808,829</u>	<u>-</u>	<u>1,808,829</u>	<u>1,746,194</u>	<u>-</u>	<u>1,746,194</u>
Total Assets	<u>\$ 6,400,004</u>	<u>\$ 1,225,517</u>	<u>\$ 7,625,521</u>	<u>\$ 7,196,619</u>	<u>\$ 1,228,576</u>	<u>\$ 8,425,195</u>
<b><u>Liabilities and Net Assets</u></b>						
Current liabilities						
Accounts payable	\$ 150,072	\$ -	\$ 150,072	\$ 245,434	\$ -	\$ 245,434
Accrued expenses	668,137	-	668,137	539,300	-	539,300
Accrued interest	-	-	-	9,860	-	9,860
Deferred revenue	460,708	7,176	467,884	763,028	7,176	770,204
Current portion of long term debt	12,109	-	12,109	1,898	-	1,898
Total current liabilities	<u>1,291,026</u>	<u>7,176</u>	<u>1,298,202</u>	<u>1,559,520</u>	<u>7,176</u>	<u>1,566,696</u>
Notes payable, noncurrent	<u>485,927</u>	<u>-</u>	<u>485,927</u>	<u>1,440,154</u>	<u>-</u>	<u>1,440,154</u>
Total liabilities	<u>1,776,953</u>	<u>7,176</u>	<u>1,784,129</u>	<u>2,999,674</u>	<u>7,176</u>	<u>3,006,850</u>
Net Assets						
Without donor restrictions	4,623,051	-	4,623,051	4,196,945	-	4,196,945
With donor restrictions	-	1,218,341	1,218,341	-	1,221,400	1,221,400
Total net assets	<u>4,623,051</u>	<u>1,218,341</u>	<u>5,841,392</u>	<u>4,196,945</u>	<u>1,221,400</u>	<u>5,418,345</u>
Total Liabilities and Net Assets	<u>\$ 6,400,004</u>	<u>\$ 1,225,517</u>	<u>\$ 7,625,521</u>	<u>\$ 7,196,619</u>	<u>\$ 1,228,576</u>	<u>\$ 8,425,195</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 YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>			<b>2021</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>Operating revenues and gains</u></b>						
Public support:						
Contributions	\$ 122,527	\$ 71,132	\$ 193,659	\$ 3,092,200	\$ 57,000	\$ 3,149,200
Fundraising	149,725	-	149,725	144,587	-	144,587
Bequests and memorial gifts	235	-	235	11,641	-	11,641
Donated services and materials	10,897	-	10,897	9,242	-	9,242
Total public support	<u>283,384</u>	<u>71,132</u>	<u>354,516</u>	<u>3,257,670</u>	<u>57,000</u>	<u>3,314,670</u>
Revenue:						
Federal and State grants	3,629,338	-	3,629,338	2,794,396	-	2,794,396
Other grants	31,500	-	31,500	-	-	-
Medicaid	634,676	-	634,676	789,201	-	789,201
Program service fees and revenue	5,739,003	-	5,739,003	5,594,558	-	5,594,558
Investment income, net	(334)	763	429	4,110	6,882	10,992
Other income	94,163	-	94,163	89,659	-	89,659
Total revenue	<u>10,128,346</u>	<u>763</u>	<u>10,129,109</u>	<u>9,271,924</u>	<u>6,882</u>	<u>9,278,806</u>
Net assets released from restrictions	<u>74,954</u>	<u>(74,954)</u>	<u>-</u>	<u>21,121</u>	<u>(21,121)</u>	<u>-</u>
Total operating revenues and gains	<u>10,486,684</u>	<u>(3,059)</u>	<u>10,483,625</u>	<u>12,550,715</u>	<u>42,761</u>	<u>12,593,476</u>
<b><u>Operating expenses</u></b>						
Program services:						
Public health and education	139,274	-	139,274	115,492	-	115,492
Professional education and training	27,855	-	27,855	23,098	-	23,098
Direct services	<u>10,329,613</u>	<u>-</u>	<u>10,329,613</u>	<u>9,094,765</u>	<u>-</u>	<u>9,094,765</u>
Total program services	10,496,742	-	10,496,742	9,233,355	-	9,233,355
Supporting services:						
Management and general	739,305	-	739,305	624,939	-	624,939
Fundraising	111,417	-	111,417	92,392	-	92,392
Membership	<u>48,395</u>	<u>-</u>	<u>48,395</u>	<u>47,898</u>	<u>-</u>	<u>47,898</u>
Total program and supporting services	<u>11,395,859</u>	<u>-</u>	<u>11,395,859</u>	<u>9,998,584</u>	<u>-</u>	<u>9,998,584</u>
Change in net assets from operations	(909,175)	(3,059)	(912,234)	2,552,131	42,761	2,594,892
Gain on extinguishment of debt	<u>1,335,281</u>	<u>-</u>	<u>1,335,281</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	426,106	(3,059)	423,047	2,552,131	42,761	2,594,892
Net assets, beginning of year	<u>4,196,945</u>	<u>1,221,400</u>	<u>5,418,345</u>	<u>1,644,814</u>	<u>1,178,639</u>	<u>2,823,453</u>
Net assets, end of year	<u>\$ 4,623,051</u>	<u>\$ 1,218,341</u>	<u>\$ 5,841,392</u>	<u>\$ 4,196,945</u>	<u>\$ 1,221,400</u>	<u>\$ 5,418,345</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, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

	Program Services				Supporting Services			Total	
	Public Health Education	Professional Education and Training	Direct Services	Total Program Services	Management and General	Fund Raising	Membership	2022	2021
Salaries and benefits	\$ 73,138	\$ 14,628	\$ 7,446,538	\$ 7,534,304	\$ 504,121	\$ 58,510	\$ -	\$ 8,096,935	\$ 7,033,858
Professional fees	28,241	5,648	1,611,037	1,644,926	81,142	22,593	-	1,748,661	1,653,238
Supplies	2,396	479	376,633	379,508	12,500	1,917	-	393,925	289,945
Telecommunications	496	99	78,372	78,967	4,666	397	-	84,030	50,541
Postage and shipping	166	33	14,245	14,444	1,170	132	-	15,746	12,430
Occupancy	6,836	1,367	427,568	435,771	46,177	5,469	-	487,417	502,728
Small equipment and maintenance	713	143	56,262	57,118	13,162	570	-	70,850	60,058
Printing and publications	10,085	2,017	23,990	36,092	4,023	8,068	-	48,183	37,703
Membership fees	-	-	-	-	-	-	48,395	48,395	47,898
Travel	367	73	74,864	75,304	2,169	293	-	77,766	61,254
Conferences and meetings	2,179	436	8,821	11,436	9,628	1,743	-	22,807	7,542
Specific assistance	4,514	903	1,854	7,271	-	3,611	-	10,882	5,826
Interest	684	137	22,838	23,659	7,598	547	-	31,804	16,474
Donated services and materials	2,508	502	2,014	5,024	3,192	2,006	-	10,222	9,441
Bad debt expense	-	-	11,811	11,811	-	-	-	11,811	11,188
Other	3,091	618	23,833	27,542	10,036	2,473	-	40,051	18,864
Depreciation	3,059	612	108,038	111,709	33,989	2,447	-	148,145	135,438
Insurance	801	160	40,895	41,856	5,732	641	-	48,229	44,158
	<u>139,274</u>	<u>27,855</u>	<u>10,329,613</u>	<u>10,496,742</u>	<u>739,305</u>	<u>111,417</u>	<u>48,395</u>	<u>11,395,859</u>	<u>9,998,584</u>
Allocation of Management and general	<u>9,482</u>	<u>1,896</u>	<u>720,342</u>	<u>731,720</u>	<u>(739,305)</u>	<u>7,585</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program and supporting services expenses	<u>\$ 148,756</u>	<u>\$ 29,751</u>	<u>\$ 11,049,955</u>	<u>\$ 11,228,462</u>	<u>\$ -</u>	<u>\$ 119,002</u>	<u>\$ 48,395</u>	<u>\$ 11,395,859</u>	<u>\$ 9,998,584</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, 2021**

	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	\$ 69,370	\$ 13,874	\$ 6,427,226	\$ 6,510,470	\$ 467,892	\$ 55,496	\$ -	\$ 7,033,858
Professional fees	24,278	4,856	1,540,891	1,570,025	63,791	19,422	-	1,653,238
Supplies	457	91	277,180	277,728	11,851	366	-	289,945
Telecommunications	117	23	47,788	47,928	2,520	93	-	50,541
Postage and shipping	237	47	13,304	13,588	(1,348)	190	-	12,430
Occupancy	2,996	599	466,620	470,215	30,116	2,397	-	502,728
Small equipment and maintenance	252	50	50,887	51,189	8,667	202	-	60,058
Printing and publications	8,770	1,754	12,212	22,736	7,951	7,016	-	37,703
Membership fees	-	-	-	-	-	-	47,898	47,898
Travel	144	29	60,310	60,483	655	116	-	61,254
Conferences and meetings	383	77	7,114	7,574	(339)	307	-	7,542
Specific assistance	2,588	518	650	3,756	-	2,070	-	5,826
Interest	171	34	13,649	13,854	2,484	136	-	16,474
Donated services and materials	2,299	460	1,336	4,095	3,507	1,839	-	9,441
Bad debt expense	-	-	11,188	11,188	-	-	-	11,188
Other	1,486	297	13,733	15,516	2,161	1,187	-	18,864
Depreciation	1,349	270	113,091	114,710	19,649	1,079	-	135,438
Insurance	595	119	37,586	38,300	5,382	476	-	44,158
	<u>115,492</u>	<u>23,098</u>	<u>9,094,765</u>	<u>9,233,355</u>	<u>624,939</u>	<u>92,392</u>	<u>47,898</u>	<u>9,998,584</u>
Allocation of Management and general	<u>13,429</u>	<u>2,686</u>	<u>598,081</u>	<u>614,196</u>	<u>(624,939)</u>	<u>10,743</u>	<u>-</u>	<u>-</u>
Total program and supporting services expenses	<u>\$ 128,921</u>	<u>\$ 25,784</u>	<u>\$ 9,692,846</u>	<u>\$ 9,847,551</u>	<u>\$ -</u>	<u>\$ 103,135</u>	<u>\$ 47,898</u>	<u>\$ 9,998,584</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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 423,047	\$2,594,892
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	148,145	135,437
Bad debt expense- net of recoveries	11,811	11,188
(Gain) on extinguishment of debt - net of forgiven interest	(1,317,285)	-
<i>(Increase) decrease in certain assets:</i>		
Accounts receivable	(582,102)	(4,100)
Pledges and other receivables	89,964	(91,889)
Prepaid expenses and other current assets	20,413	(2,220)
<i>Increase (decrease) in certain liabilities:</i>		
Accounts payable	(95,362)	58,767
Accrued expenses	128,837	14,206
Accrued interest	(9,860)	9,860
Deferred revenue	(302,320)	398,579
Total adjustments	(1,907,759)	529,828
Net cash (used) provided by operating activities	(1,484,712)	3,124,720
<b>Cash flows from investing activities</b>		
Purchases of certificates of deposit	(800,000)	(800,000)
Proceeds from maturity of certificates of deposit	800,000	800,000
Purchases of property and equipment	(210,782)	(82,462)
Net cash (used) in investing activities	(210,782)	(82,462)
<b>Cash flows from financing activities</b>		
Proceeds from long term debt borrowings	375,233	-
Principal payments on long term debt borrowings	(1,964)	-
Net cash provided in financing activities	373,269	-
<b>Net (decrease) increase in cash and cash equivalents</b>	(1,322,225)	3,042,258
<b>Cash and cash equivalents, beginning of period</b>	4,688,960	1,646,702
<b>Cash and cash equivalents, end of period</b>	\$3,366,735	\$4,688,960
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for interest	\$ 13,807	\$ 6,615

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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 and 2021, the Organization had \$625 and \$778 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, 2022 or 2021.

(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, 2022 and 2021 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, 2022 AND 2021**

**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) **Program Service Fee**—The Organization considers these to be exchange transactions and therefore, revenue is recognized when a promised good or service is transferred to a customer in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

Program revenues are presented net of discounts and are recognized using the five-step model as follows:

- Identification of the contract with the customer.
- Identification of the performance obligation in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligation in the contract.
- Recognition of revenues when, or as, performance obligations are satisfied.

Program service fees consist primarily of services provided on behalf of medical and insurance companies. Fees are recognized as revenue at a point in time in which the services occur. Revenues are net of returns and exclude sales tax. There are no variable considerations. Proceeds from these fees are used to support the Organization's other programs.

(l) **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 considered reasonable and appropriate, other methods could be used that would produce different results.

(m) **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, 2022 and 2021, 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, 2019.

(n) **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.

(o) **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.



**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

(p) **Reclassification**—Certain 2021 amounts have been reclassified to conform to the 2022 presentation with no effect on net asset classifications or changes in net assets.

(q) **Recent Accounting Pronouncements** - 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 were officially delayed by the FASB and are effective for fiscal years beginning after December 15, 2021. 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>2022</u>	<u>2021</u>
Contracts	\$ 976,750	\$ 636,288
Medicaid and third party insurance	530,856	269,623
Service (prepayment) fees	( 8,727)	470
	<u>1,498,879</u>	<u>906,381</u>
Allowance for discounts and uncollectible accounts	( 48,816)	( 26,609)
Accounts receivable – net	<u>\$ 1,450,063</u>	<u>\$ 879,772</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>2022</u>	<u>2021</u>
Land	\$ 69,500	\$ 69,500
Building and improvements	3,244,315	3,143,181
Furniture, fixtures and equipment	1,051,557	1,374,466
Leasehold improvements	56,482	20,157
	<u>4,421,854</u>	<u>4,607,304</u>
Less: Accumulated depreciation	2,613,025	2,861,110
Property and equipment - net	<u>\$1,808,829</u>	<u>\$1,746,194</u>

For the years ended June 30, 2022 and 2021, depreciation expense was \$148,145 and \$135,437, respectively, which was functionally allocated, based on estimated use, to program services and supporting services.

The Organization disposed of certain fully depreciated building improvements, office equipment and furniture with a cost of \$396,230 and \$-0- during the years ended June 30, 2022 and 2021, respectively. No gains or losses were realized on this fully depreciated improvements, equipment, and furniture.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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 had 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 which ended in 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, 2022 and 2021.

Investment income consisting of interest income totaled \$429 and \$10,992 for the years ended June 30, 2022 and 2021, 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 2023. There were no borrowings throughout the years ended June 30, 2022 and 2021, and accordingly, the balance is \$0 at both June 30, 2022 and 2021.

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 2023. There were no borrowings throughout the years ended June 30, 2022 and 2021, and accordingly, the balance is \$0 at both June 30, 2022 and 2021.

The total availability on the Organizations unused revolving lines of credit at June 30, 2022 and 2021 was \$750,000 and \$750,000, respectively.

**NOTE 6 – Supplemental Disclosure of Cash Flow Information**

Total interest expense for the years ended June 30, 2022 and 2021 totaled \$31,804 and \$16,474, respectively.

During the years ended June 30, 2022 and 2021, the Organization had a noncash financing transaction of accrued interest that was forgiven in the amount of \$17,996 and \$0, respectively, related to the PPP loan.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 7 – Notes Payable:**

A summary of notes payable consist of the following as of June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
PPP Loan – TD Bank	\$ -	\$ 942,052
EDIL Loan – SBA	498,036	500,000
Less current portion	( 12,109)	( 1,898)
Notes payable, noncurrent	<b>\$ 485,927</b>	<b>\$ 1,440,154</b>

Enacted on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided economic assistance through a Paycheck Protection Program (PPP) and economic injury disaster loans (EIDL).

The PPP loan was funded on April 19, 2020 for \$1,317,285. The Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses. Subsequent to receipt, the Organization determined that a portion of salary and related expenses used in the application would be reimbursed through state and federal grants. The estimated portion of \$375,233 was repaid immediately to the SBA. However, this amount was reinstated and repaid to the Organization due to extension of the PPP program.

The Organization used the entire Loan amount for qualifying expenses as described in the CARES Act, and the original PPP Loan of \$1,317,285 was forgiven in its entirety in November of 2021 (Note 14 – Extinguishment of Debt).

The EDIL loan is payable in monthly principal and interest payments of \$2,136 over thirty years. Installment payments will begin twelve months from the date of the promissory note. Interest will accrue at the rate of 2.75% per annum. Each payment will be applied first to interest accrued. This note is collateralized by 1219 Dunn Avenue, Daytona Beach, FL 32114.

Annual maturities of long-term debt after giving the effect to the above loan forgiveness are as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2023	\$ 12,109
2024	12,422
2025	12,768
2026	13,124
2027	13,489
Thereafter	434,124
	<b>\$ 498,036</b>

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 8 – Net Assets:**

Without Donor Restrictions:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 2,814,222	\$ 2,450,751
Invested in property, plant and equipment	<u>1,808,829</u>	<u>1,746,194</u>
Total net assets without donor restrictions	<u>\$ 4,623,051</u>	<u>\$ 4,196,945</u>

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

	<u>2022</u>	<u>2021</u>
Restricted for specified purposes		
Program		
Aquatic therapy pool operations	\$ 553,673	\$ 553,210
Child development center	-	45,000
Residential camping experiences for cardiovascular accident patients	<u>2,956</u>	<u>2,893</u>
	556,629	601,103
Capital Improvements – Exploration Place	57,523	11,000
Scholarships		
Pediatric therapy	209	1,209
Child development center	4,636	4,636
Camp, recreation, & other	<u>549,344</u>	<u>553,452</u>
	554,189	559,297
Restricted in perpetuity - CD	<u>50,000</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 1,218,341</u>	<u>\$ 1,221,400</u>

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.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 8 – Net Assets (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:

	2022	2021
Program		
Aquatic therapy pool operations	\$ -	\$ 16,026
Child development center	45,000	-
Capital Improvements – Exploration Place	24,609	
Scholarships		
Other	5,345	5,095
Total net assets with donor restrictions	\$ 74,954	\$ 21,121

**NOTE 9 – Commitments and Contingencies:**

(a) **Operating Lessee Leases** - The Organization leases office space and equipment under noncancelable operating leases expiring through 2027. At June 30, 2022, minimum future rental commitments in excess of one year under noncancelable operating leases were as follows:

Year Ending June 30,	Amount
2023	\$240,571
2024	242,770
2025	150,575
2026	45,136
2027	3,770
	\$682,822

Rent expense was \$300,260 and \$248,142 for the years ended June 30, 2022 and 2021, 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.

(b) **Operating Lessor Leases** – The Organization entered into a non-cancelable operating lease with Wolfson Children's Specialty Center (the Wolfson Lease) effective August 1, 2019 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. Effective August 1, 2021, a two-year lease extension was signed. The operating lease has a monthly base rent of \$3,896.60. This base rent increases 3% beginning the second year of the lease.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 – Commitments and Contingencies (continued):**

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, 2022, and 2021 totaled \$41,270 and \$36,684, respectively.

The following is a schedule by years of the minimum rental income for the Wolfson Lease at June 30, 2022:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 44,152
2024	4,014
	<u>\$ 48,166</u>

**NOTE 10 – 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 \$80,386 and \$66,122 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 11 – 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 40 hours of PTO hours not used during the calendar year. Upon termination, all unused PTO is forfeited. 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 employees for PTO that was earned but not used at June 30, 2022 and 2021 was \$144,677 and \$157,238, respectively.

**NOTE 12 – 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, 2022 AND 2021**

**NOTE 13 – 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, 2022, account balances with three banks exceeded federally insured limits by approximately \$3,494,199.

**NOTE 14 - Extinguishment of Debt**

The Organization was granted full forgiveness of its 2020 Paycheck Protection Program (PPP) long-term borrowing in November of 2021. Forgiveness was authorized by Section 1106 of the Cares Act and funds were remitted by the Small Business Administration (SBA) to the lender of record. As of June 30, 2022, the amount of debt, including accrued interest of \$17,996, considered to be extinguished was \$1,335,281.

**NOTE 15 – 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, 2022 and 2021, \$10,222 and \$9,442 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 16 – 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>2022</u>
Cash and cash equivalents	\$ 2,994,400
Accounts receivable, net	1,450,063
Pledges and other receivables	116,767
	<u>\$ 4,561,230</u>

**NOTE 17 – Subsequent Events:**

The Organization's management has evaluated subsequent events through February 13, 2023, which is prior to the financial statement availability date of February 15, 2023.



**SUPPLEMENTAL INFORMATION**

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal / State Agency, Pass-Through Entity, Federal Program / State Project</u>	<u>CFDA / CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name				
<u>U.S. Department of Education</u>				
Passed through State of Florida, Department of Health:				
Special Education - Grants for Infants and Families with Disabilities	84.181*	COQZF	\$ 606,834	\$ -
<u>The U.S. Department of Agriculture</u>				
Passed through State of Florida, Department of Health:				
Child and Adult Care Food Program	10.558	1-5420 / 1-3791	144,592	-
COVID-19 - Child and Adult Care Food Program	10.558	COVID-19 - 1-5420 / 1-3791	7,005	-
<u>The U.S. Department of Health and Human Services</u>				
Passed through the Early Learning Coalition of Flagler and Volusia Counties, Inc.:				
Child Care and Development Block Grant (CRRSA)	93.575	EL181	45,000	-
Child Care and Development Block Grant (CRRSA)	93.575	EL182	106,670	-
Child Care and Development Block Grant School Readiness CCDF Discretionary (Infant)	93.575	EL182	14,000	-
Child Care and Development Block Grant School Readiness CCDF Discretionary (Playground)	93.575	EL182	<u>12,000</u>	<u>-</u>
Total Expenditures Of Federal Awards			<u>\$ 936,101</u>	<u>\$ -</u>
State Agency Name				
<u>Florida Department of Health</u>				
Developmental Evaluation and Intervention Program and Early Intervention Program for Infants and Children (Early Steps)				
	64.022*	COQZF	\$ 2,488,237	\$ -
<u>Florida Agency for Persons with Disabilities</u>				
Easterseals of Northeast Central Florida Autism Center of Excellence				
	67.043	ACX83	<u>250,000</u>	<u>-</u>
Total Expenditures Of State Financial Assistance			<u>\$ 2,738,237</u>	<u>\$ -</u>

\*Denotes major program / project

See accompanying independent auditors' report and notes to  
the schedule of expenditures of federal awards and 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, 2022**

**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, 2022. 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 – Type Of Assistance**

All the above assistance was in cash. Additionally, there was no insurance, loans or loan guarantees applicable or outstanding for year ending June 30, 2022 that are required to be reported as expenditures on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

As described in 2 CFR section 200.510(b), COVID-19 Emergency Acts funding is designated as “COVID-19” and reported separately on the accompanying SEFA schedule (and the SF-SAC).

COVID-19 related award expenditures during the 2021-2022 Fiscal Year are included within the accompanying schedule and totaled \$7,005.

**NOTE 4 – 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 5 – Amounts Provided To Subrecipients**

Easterseals Northeast Central Florida, Inc. did not pass through any awards/projects to subrecipients for the year ended June 30, 2022.

**EASTERSEALS NORTHEAST CENTRAL FLORIDA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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: \$750,000

Auditee qualified as Low-Risk Auditee pursuant to  
the Uniform Guidance? No

**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 AUDITORS' 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, 2022 and 2021, 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 February 13, 2023.

**Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

**Report on 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 financial statements. 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 Auditors' 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 Accountants And Consultants

Ormond Beach, Florida  
February 13, 2023



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 requirements described in 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, 2022. 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 projects 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; 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 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 and State projects for the year ended June 30, 2022.

**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  
February 13, 2023