

*Financial Statements and
Other Financial Information*

EASTER SEALS FLORIDA, INC.

August 31, 2023

EASTER SEALS FLORIDA, INC.

Financial Statements and Other Financial Information

August 31, 2023

(With Independent Auditor's Report Thereon)

EASTER SEALS FLORIDA, INC.

Financial Statements and Other Financial Information

August 31, 2023

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Independent Auditor's Report

The Board of Directors
Easter Seals Florida, Inc.

Opinion

We have audited the accompanying financial statements of Easter Seals Florida, Inc. (a nonprofit corporation), which comprise the statement of financial position as of August 31, 2023, and the related statements of statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Easter Seals Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the 2022 net assets have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for 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 Easter Seals 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 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, 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 Easter Seals 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Easter Seals 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.

Report on Summarized Comparative Information

We have previously audited Easter Seals Florida, Inc.'s 2022 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, 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 Expenditures of Federal Awards and State Financial Assistance, is presented for purposes of additional analysis 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 is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2023 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.

Schaefer, Tschoy, Whittemt, Mitchell & Shuilen, LLP

November 16, 2023
Maitland, Florida

EASTER SEALS FLORIDA, INC.

Statements of Financial Position

August 31, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 409,170	1,954,652
Investments (note 3)	5,171,410	4,321,765
Accounts receivable, net of allowances of \$111,145 and \$65,934 in 2023 and 2022, respectively	3,620,254	2,535,407
Pledges and planned giving receivable, current portion (note 4)	25,277	25,277
Prepaid expenses	222,447	163,173
Total current assets	<u>9,448,558</u>	<u>9,000,274</u>
Property and equipment:		
Land and improvements	662,987	537,115
Building and leasehold improvements	5,028,776	5,092,513
Artwork	-	172,400
Equipment	637,089	679,026
Work in process	56,063	-
Accumulated depreciation	<u>(3,795,725)</u>	<u>(3,812,195)</u>
Total property and equipment	<u>2,589,190</u>	<u>2,668,859</u>
Pledges and planned giving receivable, less current portion and allowances of \$6,376 and \$7,231 (note 4)	25,588	40,428
Right of use asset (note 5):		
Operating lease	594,152	-
Other assets	1,927	4,240
Total assets	<u>\$ 12,659,415</u>	<u>11,713,801</u>

Liabilities and Net Assets

Current liabilities:		
Line of credit (note 6)	\$ 500,000	-
Accounts payable	848,246	712,064
Accrued expenses	895,374	783,360
Deferred revenue	219,935	105,466
Current portion of long term debt (note 7)	113,482	120,630
Lease liabilities (note 5):		
Operating leases	226,864	-
Total current liabilities	<u>2,803,901</u>	<u>1,721,520</u>
Long-term debt, less current portion (note 7)	-	113,231
Lease liabilities (note 5):		
Operating leases	375,486	-
Total liabilities	<u>3,179,387</u>	<u>1,834,751</u>
Commitments		
Net assets:		
Without donor restrictions:		
Undesignated	6,164,918	7,819,967
Board designated	3,079,944	1,793,833
Total net assets without donor restrictions	<u>9,244,862</u>	<u>9,613,800</u>
With donor restrictions (note 8)	235,166	265,250
Total net assets	<u>9,480,028</u>	<u>9,879,050</u>
Total liabilities and net assets	<u>\$ 12,659,415</u>	<u>11,713,801</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Activities

Year ended August 31, 2023 (with summarized totals for August 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Public support and revenue:				
Public support:				
Contributions	\$ 818,898	317,579	1,136,477	1,271,906
Special events	491,350	-	491,350	332,222
Less benefit to donors	(93,494)	-	(93,494)	(87,309)
Bequests	639,938	-	639,938	37,185
Total public support	<u>1,856,692</u>	<u>317,579</u>	<u>2,174,271</u>	<u>1,554,004</u>
Revenue:				
Program service fees and grants	21,152,317	-	21,152,317	19,675,809
Gain (loss) on disposal of assets	(178,457)	-	(178,457)	987,779
Investment income	490,924	-	490,924	(605,416)
Miscellaneous income	117,345	-	117,345	39,009
Total revenue	<u>21,582,129</u>	<u>-</u>	<u>21,582,129</u>	<u>20,097,181</u>
Total public support and revenue	23,438,821	317,579	23,756,400	21,651,185
Net assets released from restrictions	<u>347,663</u>	<u>(347,663)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	23,786,484	(30,084)	23,756,400	21,651,185
Expenses and losses:				
Program services:				
Adult services	3,536,653	-	3,536,653	2,609,995
Camp Challenge	588,019	-	588,019	551,954
Children's services	18,527,285	-	18,527,285	16,446,306
Public health and professional education	382,432	-	382,432	313,502
Total program services	<u>23,034,389</u>	<u>-</u>	<u>23,034,389</u>	<u>19,921,757</u>
Supporting services;				
Fund raising	381,577	-	381,577	310,928
Management and general	670,698	-	670,698	573,105
Total expenses	<u>24,086,664</u>	<u>-</u>	<u>24,086,664</u>	<u>20,805,790</u>
Support for Easter Seals				
National Programs	68,758	-	68,758	82,844
Total expenses	<u>24,155,422</u>	<u>-</u>	<u>24,155,422</u>	<u>20,888,634</u>
Change in net assets	(368,938)	(30,084)	(399,022)	762,551
Net assets at August 31, 2022, as restated (note 11)	<u>9,613,800</u>	<u>265,250</u>	<u>9,879,050</u>	<u>9,116,499</u>
Net assets at August 31, 2023	<u>\$ 9,244,862</u>	<u>235,166</u>	<u>9,480,028</u>	<u>9,879,050</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Functional Expenses

Year ended August 31, 2023 (with summarized totals for August 31, 2022)

	Program Services				Supporting Services				Total Year Ended August 31, 2023	Total Year Ended August 31, 2022	
	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	\$ 1,958,589	236,298	10,026,460	242,934	12,464,281	242,934	417,836	-	660,770	13,125,051	11,399,881
Employee health benefits	180,404	19,586	1,265,645	28,470	1,494,105	28,470	45,624	-	74,094	1,568,199	1,295,122
Payroll taxes	162,759	20,580	821,882	19,607	1,024,828	19,607	34,479	-	54,086	1,078,914	974,745
Total	2,301,752	276,464	12,113,987	291,011	14,983,214	291,011	497,939	-	788,950	15,772,164	13,669,748
Professional Fees	83,465	1,624	5,013,859	41,441	5,140,389	41,441	127,318	-	168,759	5,309,148	4,723,136
Benefit to donors	-	-	-	-	-	-	-	93,494	93,494	93,494	87,309
Supplies	187,162	46,786	257,833	1,250	493,031	1,250	27	-	1,277	494,308	331,946
Marketing	5,403	585	9,781	564	16,333	564	1,562	-	2,126	18,459	9,284
Telephone	17,976	6,579	135,281	3,609	163,445	3,609	1,120	-	4,729	168,174	190,380
Postage	2,589	678	8,487	789	12,543	789	290	-	1,079	13,622	9,619
Occupancy	450,005	97,842	478,618	19,511	1,045,976	19,511	6,096	-	25,607	1,071,583	1,125,218
Printing/Publications	563	-	909	1,063	2,535	1,063	185	-	1,248	3,783	6,380
Travel/Vehicle	95,275	728	44,007	3,604	143,614	3,604	3,569	-	7,173	150,787	70,992
Meeting/Conference	4,255	37	5,951	1,018	11,261	1,018	1,393	-	2,411	13,672	1,673
Dues to Other Associations	368	2,496	3,981	468	7,313	468	419	-	887	8,200	7,350
Minor Equipment	65,072	9,220	134,932	2,541	211,765	2,541	4,730	-	7,271	219,036	147,885
Insurance	86,240	31,850	116,341	8,755	243,186	8,755	8,850	-	17,605	260,791	242,451
Miscellaneous	82,818	8,216	82,129	4,995	178,158	4,996	16,234	-	21,230	199,388	74,540
Support of individual clients	16,855	25,771	9,840	-	52,466	-	-	-	-	52,466	61,624
Total before depreciation, bad debt, interest, losses & other	3,399,798	508,876	18,415,936	380,619	22,705,229	380,620	669,732	93,494	1,143,846	23,849,075	20,759,535
Depreciation	68,910	75,780	73,619	1,794	220,103	1,794	198	-	1,992	222,095	238,385
Bad debt	67,607	2,469	32,241	-	102,317	(855)	18	-	(837)	101,480	(116,615)
Interest expense	338	894	5,489	19	6,740	18	750	-	768	7,508	11,794
Total expenses	3,536,653	588,019	18,527,285	382,432	23,034,389	381,577	670,698	93,494	1,145,769	24,180,158	20,893,099
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	(93,494)	(93,494)	(93,494)	(87,309)
Total	\$ 3,536,653	588,019	18,527,285	382,432	23,034,389	381,577	670,698	-	1,052,275	24,086,664	20,805,790

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Statements of Cash Flows

Years ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (399,022)	762,551
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	222,095	238,385
Adoption of FASB ASC 842, net	8,198	-
Realized loss on investments	35,540	-
Unrealized (gain) loss on investments	(363,076)	717,260
(Gain) loss on disposal of assets	171,587	(998,464)
Change in operating assets and liabilities:		
Accounts receivable	(1,084,847)	(431,432)
Pledges receivable	14,840	21,731
Prepaid expenses and other	(59,274)	(822)
Other assets	2,313	2,313
Accounts payable	136,182	(315,741)
Accrued expenses	112,014	126,137
Deferred revenue	114,469	104,566
Net cash provided by (used in) operating activities	<u>(1,088,981)</u>	<u>226,484</u>
Cash flows from investing activities:		
Proceeds from sale of investments	800,997	-
Purchase of investments	(1,323,106)	(2,015,871)
Proceeds from sale of assets	7,725	2,230,000
Acquisition of property and equipment	(321,738)	(111,292)
Net cash provided by (used in) investing activities	<u>(836,122)</u>	<u>102,837</u>
Cash flows from financing activities:		
Proceeds from line of credit	500,000	-
Payment of principal on long-term debt	(120,379)	(126,556)
Net cash provided by (used in) financing activities	<u>379,621</u>	<u>(126,556)</u>
Change in cash and cash equivalents	(1,545,482)	202,765
Cash and cash equivalents at beginning of year	<u>1,954,652</u>	<u>1,751,887</u>
Cash and cash equivalents at end of year	<u>\$ 409,170</u>	<u>1,954,652</u>
Supplemental disclosures:		
Interest paid	<u>\$ 7,508</u>	<u>11,794</u>

See accompanying notes to financial statements

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(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 Dade, Monroe, 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; adult day health care and recreation services in Gainesville and Winter Park; and vocational services in Brevard, Palm Beach, Duval, Hillsborough, Collier, Orange and Lake Counties, Autism services, medical and behavioral therapies in Hillsborough and Orange County, Behavioral Services and Navigating Disability Services for Families in Orange County. 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.
- 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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies - Continued

(b) Basis of Presentation - Continued

The Organization displays revenue in the following two natural classifications:

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

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

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

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

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, 2023, the Organization received approximately \$180,000 in donated goods, services and the use of facilities.

(c) Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies - Continued

(c) Revenue and Revenue Recognition - Continued

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

For the year ended August 31, 2023, the Organization did not have any conditional promises to give.

(d) 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).

(e) 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. In 2022, the collections were displayed at the Organization's West Palm Beach Igoe-Amar Child Development Center. In 2023, the majority of the collection was sold. 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.

(f) 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.

(g) 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.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies - Continued

(h) 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.

(i) 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.

(j) 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, 2023 and 2022 is \$205,709 and \$1,948,276 of cash and cash equivalents restricted for specific purposes.

(k) 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, 2023, 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 2020 to 2022 are open to examination by federal authorities.

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies - Continued

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

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

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of accounts and pledges/bequests receivable which amount to approximately \$3,671,000. 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.

(m) 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.

(n) Subsequent Events

The Organization has evaluated subsequent events through November 16, 2023. All subsequent events requiring recognition as of November 16, 2023 have been incorporated into the accompanying financial statements.

(2) Liquidity and Availability

As of August 31, 2023, the Organization has \$6,878,968 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 \$2,372,731 as of August 31, 2023. 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, 2023

(2) Liquidity and Availability - Continued

The following table reflects the Organization's financial assets as of August 31, 2023 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	\$ 409,264
Investments	5,171,410
Pledges and accounts receivable	<u>3,671,025</u>
Total financial assets	9,251,699
Restricted cash	(235,167)
Pledges receivable greater than one year	<u>(25,588)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,990,944</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.

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis as of August 31, 2023 based on the level of input utilized to measure fair value:

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(3) Fair Value Measurements and Investments - Continued

	<u>Level</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	1	\$ 4,834,439	5,170,160
Other	3	1,250	1,250
		<u>\$ 4,835,689</u>	<u>5,171,410</u>

The components of total investment return as of August 31, 2023 were as follows:

Investment income	\$ 163,388
Net realized loss on sale of investments	(35,540)
Net unrealized gain on investments reported at fair value	<u>363,076</u>
	<u>\$ 490,924</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	\$ 25,277
Receivable in one to five years	<u>31,964</u>
	57,241
Less discount to present value	<u>(3,462)</u>
	53,779
Less: allowance for uncollectible contributions	<u>(2,914)</u>
Pledges receivable, net	<u>\$ 50,865</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.

(5) Adoption of FASB ASC 842

Effective September 1, 2022, the Organization adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Organization elected to adopt FASB ASC 842, Leases, using the optional transition method that allows the Organization to initially apply the new leases standard at the adoption date and recognize a

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(5) Adoption of FASB ASC 842 - Continued

cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result, the Organization reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

The Organization has lease arrangements for certain facilities and equipment. These leases typically has an original term not exceeding 5 years and generally contain multiyear renewal options, some of which are reasonably certain of exercise. The Organization's lease arrangements may contain both lease and non-lease components. The Organization has elected to combine and account for lease and non-lease components as a single lease component for its lease.

The following table shows ROU assets and lease liabilities, and the associated financial statement line items as of August 31, 2023:

<u>Lease-Related Assets and Liabilities</u>	
Right-of-use assets:	
Operating leases	\$ 594,152
Total right-of-use assets	<u>594,152</u>
Lease liabilities:	
Operating leases:	
Other current liabilities	226,864
Other non-current liabilities	<u>375,486</u>
Total lease liabilities	<u>\$ 602,350</u>

Lease liability maturities as of August 31, 2023, are as follows:

	<u>Operating Leases</u>
2024	\$ 226,864
2025	177,165
2026	90,897
2027	89,963
2028	<u>17,461</u>
Total lease liabilities	<u>\$ 602,350</u>

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(6) 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 base rate plus 2.25%, expiring June 18, 2024. There were \$500,000 of outstanding borrowings on the line of credit agreement at August 31, 2023. "Base Rate" shall mean the higher of (A) the Prime Rate, and (B) the sum of the Overnight Bank Funding Rate plus 50 basis points (0.50%); provided, however, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero. If and when the Base Rate as determined above changes, the rate of interest with respect to any amounts hereunder to which the Base Rate will change automatically without notice to the Borrower, effective on the date of any such change.

(7) Long-Term Debt

Long-term debt at August 31, 2023 consists of the following:

Promissory note, secured by certain property located in Sorrento, Florida, due in monthly payments of \$10,465 including interest at 2.85% commencing in August 2021 through July 2024 when all remaining principal and interest is due. Total borrowings under this agreement amount to \$113,482 at August 31, 2023.

Future maturities of long-term debt are as follows:

<u>Year ended August 31,</u>	
2024	<u>\$ 113,482</u>

(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.

Board designated:

Dreyfus Family Endowment Campaign	\$ 2,729,944
Ogle Bequest - general endowment	300,000
Tacket	<u>50,000</u>
	<u>\$ 3,079,944</u>

Perpetually restricted net assets at August 31, 2023 consist of the following:

Leon G. Yeuell Camp Challenge Scholarship Fund	\$ 19,447
Weissman Guardian Angel Scholarship Fund	<u>10,010</u>
	<u>\$ 29,457</u>

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(8) Net Assets - Continued

Purpose restricted net assets at August 31, 2023 consist of the following:

Baxter Foundation - financial assistance	\$ 4,657
Coyle campership	31,893
Early Intervention Services and Equipment – Visually Impaired –Palm Beach County	49,628
Altrusa House	11,500
Camp renovations	27,437
STRIVE healthcare	30,000
Other	50,594
	<hr/>
Total net assets with donor restrictions	\$ 235,166

(9) Net Assets Released from Restrictions

During the year ended August 31, 2023, 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>\$ 347,663</u>
--	-------------------

(10) Endowments

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

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

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(10) Endowments - Continued

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

Return Objectives and Risk Parameters

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

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.

(11) Restatement of Net Assets

During the year ended August 31, 2023, the Organization determined that certain unrestricted contributions were included in net assets with donor restrictions, resulting in an overstatement of donor-restricted net assets of \$1,793,833 and an understatement of net assets without donor restrictions by the same amount. The beginning net assets have been restated to correct this error.

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction
Net assets as previously reported	\$ 7,819,967	2,059,083
Restatement	1,793,833	(1,793,833)
Net assets as restated	<u>\$ 9,613,800</u>	<u>265,250</u>

EASTER SEALS FLORIDA, INC.

Notes to Financial Statements

August 31, 2023

(12) Funds Returned to Grantors

During the year ended August 31, 2023, in accordance with contract provisions, unspent funds were returned to the State of Florida in the amount of \$450,427 and to the County of Palm Beach in the amount of \$213,044. The unspent funds were a result of changes in business operations that occurred during the pandemic.

OTHER FINANCIAL INFORMATION

EASTER SEALS FLORIDA, INC.

EASTER SEALS FLORIDA, INC.

Schedule of Contract and Grant Activity

Year ended August 31, 2023

<u>Grantor/Program Title</u>	<u>Contract Number</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue August 31, 2022</u>	<u>Cash Received</u>	<u>Reimbursable Expenditures</u>	<u>Accrued Revenue at August 31, 2023</u>
Federal and State Contracts and Grants						
Florida D.O.H. Children's Medical Services	COQZL	\$ 6,624,795	481,915	6,112,748	5,630,833	-
Florida D.O.H. Children's Medical Services	COQZL	6,665,343	-	-	1,015,800	1,015,800
Florida D.O.H. Children's Medical Services	COQCJ	4,712,667	785,445	4,711,667	3,926,222	-
Florida D.O.H. Children's Medical Services	COQCJ	4,894,232	-	-	783,296	783,296
A.H.C.A. (Medicaid)	N/A	N/A	-	10,135	10,135	-
Florida Department of Transportation	G1S79	94,508	40,556	7,251	(11,333)	21,972
Florida Department of Transportation	G2753	89,870	-	-	46,381	46,381
Florida Department of Transportation	G2638	6,615	-	-	6,615	6,615
Florida Department of Transportation	G2639	77,569	-	-	77,569	77,569
Florida Department of Transportation	G1J66	31,535	3,477	3,477	-	-
Florida Department of Transportation	G1W92	31,026	-	3,811	24,729	20,918
U.S.D.A. - Adult Day Care Programs	Y-6074	N/A	7,005	7,005	-	-
U.S.D.A. - Adult Day Care Programs	Y-6074	N/A	-	33,694	40,761	7,067
U.S.D.A. - Children's Programs Tampa	I-1073	N/A	9,148	9,148	-	-
U.S.D.A. - Children's Programs Tampa	I-1073	N/A	-	101,119	101,119	-
U.S.D.A. - Children's Programs WPB	I-3489	N/A	2,522	2,522	-	-
U.S.D.A. - Children's Programs WPB	I-3489	N/A	-	26,784	28,870	2,086
Total Federal and State			<u>\$ 1,330,068</u>	<u>11,029,361</u>	<u>11,680,997</u>	<u>1,981,704</u>
Local Contracts and Grants						
Children's Services Council - Palm Beach County	09-607	\$ 1,799,697	158,481	1,639,654	1,810,323	329,150
Children's Services Council - Palm Beach County	N/A	N/A	2,227	13,676	13,746	2,297
Children's Services Council - Palm Beach County	N/A	N/A	45,464	537,946	584,795	92,313
Children's Services Council - Martin County	N/A	64,063	5,206	68,194	67,620	4,632
Children's Services Council - St. Lucie County	N/A	197,000	19,841	195,314	227,196	51,723
Children's Services Council - Lake County	N/A	N/A	20,000	20,000	-	-
Head Start	N/A	N/A	131,540	648,258	729,698	212,980
State of Florida - Voc Rehabilitation	VR5080	N/A	15,218	67,894	61,762	9,086

EASTER SEALS FLORIDA, INC.

Schedule of Contract and Grant Activity, Continued

Year ended August 31, 2023

<u>Grantor/Program Title</u>	<u>Contract Number</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue August 31, 2022</u>	<u>Cash Received</u>	<u>Reimbursable Expenditures</u>	<u>Accrued Revenue at August 31, 2023</u>
Veteran's Administration	N/A	N/A	\$ 41,540	350,302	335,751	26,989
Board of County Commissioners - CAPP	N/A	N/A	2,378	24,242	25,696	3,832
Altrusa House of Gainesville, Inc.	N/A	N/A	5,004	19,418	15,877	1,463
Med-Waiver (APD)	N/A	N/A	49,099	536,550	542,086	54,635
Med-Waiver (CDC)	N/A	N/A	-	26,621	26,621	-
Easterseals Northeast Central Florida	N/A	N/A	9,775	115,813	108,163	2,125
Easterseals Southwest Florida	N/A	N/A	-	742,500	742,500	-
Early Learning Coalition - PBC - Title XX	N/A	N/A	21,646	261,522	254,275	14,399
Children's Board of Hillsborough County - ASO Funds	N/A	N/A	-	270,825	329,909	59,084
Children's Board of Hillsborough County - Incredible Years	N/A	N/A	-	140,535	182,759	42,224
Hillsborough County Early Learning Coalition - Title XX	N/A	N/A	15,455	194,758	179,303	-
Orange County Citizen's Commission	Y19-2046A	500,000	49,856	204,718	155,012	150
Orange County Citizen's Commission	Y20-2018	550,000	43,889	530,130	595,381	109,140
Orange County Citizen's Commission	Y20-2053	100,000	4,028	85,550	81,522	-
Orange County Citizen's Commission	Y21-2012	50,000	-	43,498	43,498	-
Medicaid - Managed Care	N/A	N/A	27,637	1,598,015	1,633,666	63,288
Total local contracts and grants			\$ 668,284	8,335,933	8,747,159	1,079,510
Other corporate contracts and grants			602,989	1,043,357	1,110,459	670,091
Total			\$ 2,601,341	20,408,651	21,538,615	3,731,305

EASTER SEALS FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended August 31, 2023

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 Coas				
Sp. Ed.- Grants for Infants & Families-IDEA Part C	7/1/22 - 6/30/23	84.181	COQZL	\$ 2,046,795
Children's Medical Services Program - Treasure Coas				
Sp. Ed.- Grants for Infants & Families-IDEA Part C	7/1/23 - 6/30/24	84.181	COQZL	381,993
Children's Medical Services Program - Southernmost Coas				
Sp. Ed.- Grants for Infants & Families-IDEA Part C	7/1/22 - 6/30/23	84.181	COQCJ	1,288,139
Children's Medical Services Program - Southernmost Coas				
Sp. Ed.- Grants for Infants & Families-IDEA Part C	7/1/23 - 6/30/24	84.181	COQCJ	285,903
Subtotal - U.S. Department of Education				<u>\$ 4,002,830</u>
U.S. Department of Health and Human Services				
Pass-through Hillsborough County Board of County Commissioners				
Head Start	9/1/22 - 8/31/23	93.600	-	<u>\$ 729,698</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	9/1/22 - 8/31/23	93.667	-	<u>\$ 179,303</u>
Pass-through Palm Beach County Early Learning Coalition				
Social Services Block Grant - Title XX of the Social Security Act	9/1/22 - 8/31/23	93.667	-	<u>\$ 254,275</u>
Subtotal - Department of Health and Human Services				<u>\$ 1,163,276</u>
U.S. Department of Agriculture				
Pass-through State of Florida Department of Health				
Child and Adult Care Food Programs	10/1/22 - 9/30/23	10.558	I-1073	\$ 101,119
Child and Adult Care Food Programs	10/1/22 - 9/30/23	10.558	I-3489	<u>28,870</u>
Subtotal - Department of Agriculture				<u>\$ 129,989</u>
Total Federal Programs				<u>\$ 5,296,095</u>

EASTER SEALS FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended August 31, 2023

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	7/1/21 - 6/30/22	64.022	COQZL	\$ 3,560,863
Children's Medical Services Program - Treasure Coast Maintenance of Effort for CFDA 84.181	7/1/22 - 6/30/23	64.022	COQZL	664,564
Children's Medical Services Program - Southernmost Coast Maintenance of Effort for CFDA 84.181	7/1/21 - 6/30/22	64.022	COQCJ	2,639,084
Children's Medical Services Program - Southernmost Coast Maintenance of Effort for CFDA 84.181	7/1/22 - 6/30/23	64.022	COQCJ	<u>497,393</u>
Subtotal - State of Florida Department of Health				<u>\$ 7,361,904</u>
Total - State Projects				<u>\$ 7,361,904</u>

EASTER SEALS FLORIDA, INC.

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

Year ended August 31, 2023

(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.

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Easter Seals Florida, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Easter Seals Florida, Inc., which comprise the statement of financial position as of August 31, 2023, 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 November 16, 2023.

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, Tschoy, Whitcomb, Mitchell & Shuidan, LLP

November 16, 2023
Maitland, Florida

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

To the Board of Directors
Easter Seals Florida, Inc.

Report on Compliance for Each Major Federal Program

We have audited Easter Seals Florida, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and in the State of Florida *State Projects Compliance Supplement* that could have a direct and material effect on each of Easter Seals Florida, Inc.'s major federal programs and state projects for the year ended August 31, 2023. 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, 2023.

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, Tschoff, Whitcomb, Mitchell & Shulman, LLP

November 16, 2023
Maitland, Florida

Easter Seals Florida, Inc.
Schedule of Findings and Questioned Costs
Year ended August 31, 2023

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.

i. Findings – Financial Statements

None

ii. Findings and Questioned Costs – Major Federal Programs

None

iii. Findings and Questioned Costs – Major State Projects

None

Easter Seals Florida, Inc.
Schedule of Findings and Questioned Costs
Year ended August 31, 2023

iv. **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.

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

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The Board of Directors
Easter Seals Florida, Inc.

In planning and performing our audit of the financial statements of Easter Seals Florida, Inc. (the "Organization") as of and for the year ended August 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 the Organization'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Maitland, Florida
November 16, 2023