

EASTER SEALS SOUTH FLORIDA, INC.

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
AUGUST 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Easter Seals South Florida, Inc.
Miami, Florida

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Easter Seals South Florida, Inc. (the Organization), which comprise the statements of financial position as of August 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 2023 and 2022, 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 (GAAS) 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 the Organization 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 opinion.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS 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 the Organization'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 the Organization'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 the schedule of expenditures of state financial assistance as required by Chapter 10.650, Rules of the Florida Auditor General, is presented for purposes of additional analysis and is not a required part of the financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2023 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Coral Gables, Florida
January 12, 2024



CERTIFIED PUBLIC ACCOUNTANTS

EASTER SEALS SOUTH FLORIDA, INC.
STATEMENTS OF FIANANCIAL POSITION
AS OF AUGUST 31, 2023 AND 2022

ASSETS

	2023	2022
Cash and cash equivalents	\$ 4,473,192	\$ 8,470,181
Grants and accounts receivable, net	2,453,625	1,927,523
Contributions receivable, net	352,580	121,936
Prepaid expenses	252,533	56,549
Investments	24,315,755	18,319,305
Right-of-use asset	390,380	-
Property and equipment, net	2,469,800	2,450,366
Other assets	-	1,892
TOTAL ASSETS	\$ 34,707,865	\$ 31,347,752

LIABILITIES AND NET ASSETS

LIABILITIES

Taxes payable	\$ 2,129,719	\$ 1,749,247
Accounts payable and accrued expenses	1,423,642	1,200,414
Deferred revenue	346,026	927,837
Right-of-use liability	396,684	-
Notes payable	150,000	150,000
TOTAL LIABILITIES	4,446,071	4,027,498

NET ASSETS

Without donor restrictions	30,146,913	27,156,040
With donor restrictions	114,881	164,214
TOTAL NET ASSETS	30,261,794	27,320,254

TOTAL LIABILITIES AND NET ASSETS	\$ 34,707,865	\$ 31,347,752
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The accompanying notes are an integral part of these financial statements.

EASTER SEALS SOUTH FLORIDA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenue, and Gains						
Contributions	\$ 1,422,733	\$ 75,000	\$ 1,497,733	\$ 936,021	\$ 76,000	\$ 1,458,602
Special events, net of direct costs of \$36,550 for 2023 and \$82,507 for 2022	188,521	-	188,521	18,157	-	18,157
Government grants and contracts	12,172,200	-	12,172,200	10,899,464	-	10,899,464
United way	700,158	-	700,158	653,221	-	653,221
Program service fee	1,148,423	-	1,148,423	1,114,042	-	1,114,042
Investment income, net	885,242	-	885,242	271,869	-	271,869
Net realized and unrealized (loss) gains on investments	865,400	-	865,400	(3,204,463)	-	(3,204,463)
Gain on sale of property	-	-	-	4,932,357	-	4,932,357
In-kind contributions	281,323	-	281,323	514,241	-	514,241
Other income	15,065	-	15,065	90,522	-	90,522
Net assets released from restrictions	124,333	(124,333)	-	176,895	(176,895)	-
Total public support, revenue, and gains	17,803,398	(49,333)	17,754,065	16,195,686	(100,895)	16,094,791
Expenses						
Functional Expenses						
Program services	16,258,464	-	16,258,464	14,782,341	-	14,782,341
Supporting activities:						
Management and general	898,477	-	898,477	1,140,933	-	1,140,933
Fundraising activities	546,898	-	546,898	312,100	-	312,100
Total functional expenses	17,703,839	-	17,703,839	16,235,374	-	16,235,374
Membership fees to affiliated organization	65,235	-	65,235	67,161	-	67,161
Total expenses	17,769,074	-	17,769,074	16,302,535	-	16,302,535
Changes in net assets, before other items	34,324	(49,333)	(15,009)	(106,849)	(100,895)	(207,744)
Employee retention tax credit, net of direct costs \$370,550	3,334,942	-	3,334,942	-	-	-
Tax expense	(378,393)	-	(378,393)	(825)	-	(825)
Changes in net assets	2,990,873	(49,333)	2,941,540	(107,674)	(100,895)	(208,569)
Net assets, beginning of year	27,156,040	164,214	27,320,254	27,263,714	265,109	27,528,823
Net assets, end of year	\$ 30,146,913	\$ 114,881	\$ 30,261,794	\$ 27,156,040	\$ 164,214	\$ 27,320,254

The accompanying notes are an integral part of these financial statements.

EASTER SEALS SOUTH FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

	Program Services					Supporting Activities			
	Early Childhood	Educational Services	Adult and Senior Care Services	Head Start	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total
Salaries and benefits:									
Salaries and wages	\$ 1,200,738	\$ 2,328,295	\$ 2,620,414	\$ 3,447,973	\$ 9,597,420	\$ 262,565	\$ 266,659	\$ 529,224	\$ 10,126,644
Payroll taxes and employee benefits	156,438	343,434	326,337	596,980	1,423,189	52,103	36,603	88,706	1,511,895
Total salaries and benefits	1,357,176	2,671,729	2,946,751	4,044,953	11,020,609	314,668	303,262	617,930	11,638,539
Other expenses:									
Contracted services	232,462	122,003	77,214	44,292	475,971	40,485	21,004	61,489	537,460
Professional fees	66,763	144,142	154,048	107,841	472,794	84,798	32,945	117,743	590,537
Program supplies and expenses	68,344	294,826	1,124,916	853,672	2,341,758	3,206	33,245	36,451	2,378,209
Occupancy	121,196	305,717	446,637	133,483	1,007,033	68,017	29,280	97,297	1,104,330
Travel and transportation	6,843	37,200	32,658	4,873	81,574	10,754	1,144	11,898	93,472
Insurance	60,882	113,843	98,353	36,576	309,654	30,413	13,870	44,283	353,937
Staff training and development	18,663	9,442	19,597	20,883	68,585	171,696	13,592	185,288	253,873
Office supplies	22,607	22,355	26,094	66,946	138,002	109,085	51,854	160,939	298,941
Bad debt expense	-	-	-	-	-	-	5,356	5,356	5,356
Depreciation and amortization	91,526	126,729	91,526	-	309,781	35,202	7,041	42,243	352,024
Interest, penalties, assessments, and other	1,996	7,655	4,686	-	14,337	28,946	1,304	30,250	44,587
Marketing and promotion	1,275	11,803	2,456	2,832	18,366	1,207	33,001	34,208	52,574
Total other expenses	692,557	1,195,715	2,078,185	1,271,398	5,237,855	583,809	243,636	827,445	6,065,300
Total expenses	\$ 2,049,733	\$ 3,867,444	\$ 5,024,936	\$ 5,316,351	\$ 16,258,464	\$ 898,477	\$ 546,898	\$ 1,445,375	\$ 17,703,839

The accompanying notes are an integral part of these financial statements.

EASTER SEALS SOUTH FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022

	Program Services					Supporting Activities			
	Early Childhood	Educational Services	Adult and Senior Care Services	Head Start	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total
Salaries and benefits:									
Salaries and wages	\$ 911,999	\$ 2,245,717	\$ 2,259,094	\$ 3,387,239	\$ 8,804,049	\$ 422,906	\$ 194,885	\$ 617,791	\$ 9,421,840
Payroll taxes and employee benefits	121,317	282,148	308,234	547,121	1,258,820	53,880	34,193	88,073	1,346,893
Total salaries and benefits	1,033,316	2,527,865	2,567,328	3,934,360	10,062,869	476,786	229,078	705,864	10,768,733
Other expenses:									
Contracted services	248,635	126,556	24,590	207,324	607,105	13,185	8,721	21,906	629,011
Professional fees	49,156	108,765	133,989	94,626	386,536	290,648	10,565	301,213	687,749
Program supplies and expenses	76,451	244,384	798,337	566,087	1,685,259	3,266	180	3,446	1,688,705
Occupancy	117,182	289,396	394,086	106,384	907,048	34,417	9,257	43,674	950,722
Travel and transportation	6,448	44,920	32,712	-	84,080	6,828	2,537	9,365	93,445
Insurance	42,801	56,470	53,107	65,549	217,927	61,446	3,480	64,926	282,853
Staff training and development	36,346	5,116	16,696	29,816	87,974	66,501	7,051	73,552	161,526
Office supplies	32,673	17,317	29,525	221,368	300,883	106,705	23,695	130,400	431,283
Depreciation and amortization	130,711	154,446	111,919	94	397,170	51,921	5,388	57,309	454,479
Interest, penalties, assessments, and other	1,405	4,695	7,203	-	13,303	20,894	7,634	28,528	41,831
Marketing and promotion	4,473	11,870	8,091	7,753	32,187	8,336	4,514	12,850	45,037
Total other expenses	746,281	1,063,935	1,610,255	1,299,001	4,719,472	664,147	83,022	747,169	5,466,641
Total expenses	\$ 1,779,597	\$ 3,591,800	\$ 4,177,583	\$ 5,233,361	\$14,782,341	\$ 1,140,933	\$ 312,100	\$1,453,033	\$16,235,374

The accompanying notes are an integral part of these financial statements.

EASTER SEALS SOUTH FLORIDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,941,540	\$ (208,569)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gains on investments	(1,750,642)	(3,204,463)
Gain on sale of property	-	(4,932,357)
Depreciation and amortization	352,024	454,481
Change in allowance for doubtful accounts	(15,724)	4,625
Reduction in right-of-use asset	207,099	-
Change in operating lease obligation	(200,795)	
Changes in operating assets and liabilities:		
Grants and accounts receivables	(505,022)	(130,667)
Contributions receivable, net	(236,000)	(25,559)
Prepaid expenses	(195,984)	(256)
Other assets	1,892	-
Accounts payable and accrued expenses	223,228	166,489
Taxes payable	380,472	(63,236)
Refundable advances	(581,811)	543,607
Net cash provided by (used in) operating activities	<u>620,277</u>	<u>(7,395,905)</u>
Cash flows from investing activities:		
Purchases of investments, net	(4,245,808)	(3,229,361)
Proceeds from sale of property and equipment	-	5,612,305
Purchase of property and equipment	<u>(371,458)</u>	<u>(210,772)</u>
Net cash (used in) provided by investing activities	<u>(4,617,266)</u>	<u>2,172,172</u>
Net (decrease) in cash and cash equivalents	(3,996,989)	(5,223,733)
Cash and cash equivalents, beginning of year	<u>8,470,181</u>	<u>13,693,914</u>
Cash and cash equivalents, end of year	<u>\$ 4,473,192</u>	<u>\$ 8,470,181</u>

SUPPLEMENTAL DISCLOSURE

Right-of-use assets obtained in exchange for lease obligations:

At implementation September 1, 2022	\$ 597,478	\$ -
Reductions in right-of-use assets	<u>(207,098)</u>	
	<u>\$ 390,380</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 1 – ORGANIZATION

Nature of Organization

Easter Seals South Florida, Inc. (the Organization) is a nonprofit organization established in 1942. The Organization's cause and purpose is to support and strengthen families living with a disability in its community. Its mission is to change the way the world defines and views disability by making profound, positive differences in people's lives every day. The Organization provides programs and services in early childhood education, special education, and aging services across eleven locations in South Florida.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets can be classified in the following categories:

- Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions, including stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.
- Net Assets Without Donor Restrictions - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in net assets with donor restrictions.

Expenses are reported as decreases in net assets without donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments as cash equivalents that have an original maturity of three months or less. The Organization maintains its cash in bank deposit accounts. These deposits may exceed the amount of Federal Deposit Insurance Corporation (FDIC) insurance provided on such deposits; generally, these deposits may be redeemed upon demand and; therefore, bear minimal risk. At August 31, 2023 and 2022, the Organization had \$4,062,268 and \$8,218,409, respectively, in cash uninsured by the FDIC.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 1 – ORGANIZATION (CONTINUED)

Grants and Accounts Receivable, Net

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances and consists of amounts due from various government agencies and other third parties. The Organization's agreements with government agencies typically require the Organization to apply for annual renewal. The Organization carries grants and accounts receivable net of an estimated allowance for doubtful accounts. The allowance is based on the Organization's experience with the agencies and the third-party contracts and other circumstances which may affect the ability of the funder to meet their obligations. Receivables are considered impaired if payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible grants and accounts receivable against the allowance when management determines the receivable will not be collected. The allowance for doubtful accounts as of August 31, 2023 and 2022 was \$116,086 and \$109,807, respectively.

Contributions Receivable, Net

Contributions receivables represent unconditional promises to give by donors. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected after one year have been discounted using risk-free interest rates applicable to the years in which the promises are received, approximately at 3% in 2023 and 1% in 2022, and are reflected in the financial statements at their net present value. Amortization of the discounts is included in contribution revenue. The Organization determines an allowance for doubtful accounts based upon management's evaluation of the collectability of individual promises. See Note 3.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position.

Unrealized gains and losses are included in the change in net assets. Recognized gains and losses, dividends, interest and other income generated by the investment in partnership are reported in the statements of activities as increases in net assets without donor restrictions unless the activity is restricted by the donor. Gains that are restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization maintains certain investment accounts. These include closed-end mutual funds, stocks, and corporate bonds (all Level 1 measurements). The fair value of these investments is based on quoted market values of the shares held by the Organization at year-end.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 1 – ORGANIZATION (CONTINUED)

Property and Equipment, Net

Purchased property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the assets, which are as follows below. Leasehold improvements are amortized over the estimated useful life of the improvement or the lease term, whichever is shorter. For donated property, refer to note Donated non-cash assets below.

Building and building improvements	10-40 years
Leasehold improvements	7 years
Furniture and equipment	5-7 years
Therapeutic pool	5 years
Vehicles	5 years
Software	3 years

Purchases of property and equipment in excess of \$2,500, unless specified otherwise by the funder, are capitalized. Costs of maintenance and repairs of minor items are charged to expense as incurred. Major repairs and improvements that extend the life of the asset are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statement of activities.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment has been recognized during the years ended August 31, 2023 and 2022.

Deferred Revenue

The Organization records advances on grant awards accounted for as contributions as deferred revenue until all measurable performance barriers and conditions have been met, at which time they are recognized as support on the statement of activities.

Contributions

Contributions, including unconditional promises to give, are recorded at fair value as made. Conditional promises to give, this is those with a measurable performance barrier or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Organization did not have any conditional contributions, except for advances from grant awards, at August 31, 2023 or 2022. The Organization reports gifts as contributions with donor restrictions if they are pledged, restricted for future periods, or received with donor stipulations that limit the use of the donation. 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 as net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 1 – ORGANIZATION (CONTINUED)

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.

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.

Contributed Nonfinancial Assets

Donations of non-cash assets are recorded as support at their estimated fair values at the date of donation. Donated non-cash assets include but are not limited to property and equipment, investments, and other tangible property. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use are also reported as donations with donor restrictions. Absent donor stipulations regarding how long donated long-lived assets must be used, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization releases net assets with donor restrictions to net assets without donor restrictions at that time.

Donated facilities and services are reflected in the accompanying statement of activities at their estimated fair value at the date of receipt. The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skill that would typically need to be purchased if not provided by donation. The value of donated services is recorded as contributions and expenses in the period received.

Leases

The Organization determines if a contract contains a lease at inception. GAAP requires that the Organization's leases be evaluated and classified as operating or finance leases for financial reporting purposes. The classification evaluation begins at the date the Organization takes possession of the premises (the "commencement date"), and the lease term used in the evaluation includes the noncancellable period for which the Organization has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option would result in an economic penalty.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 1 – ORGANIZATION (CONTINUED)

Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been summarized in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses have been assigned to functions based on specific identification. All indirect expenses have been allocated among the functions benefitted. Program services include costs of early childhood services, educational services, vocational services, adult and senior care services, and Head Start. Fundraising expenses include costs related to campaigns, development, and other fundraising efforts. Management and general expenses include executive, financial administration, information systems and personnel expenses. Occupancy costs and general supplies are allocated based on the percentage of square footage in the buildings by each function. The salaries of the executive staff are allocated based on the time spent in each function.

Following is a description of the Organization's program and support services:

Early Childhood

The Child Development Center includes specialized early childhood childcare and education as well as pediatric therapies for children from birth to five years old. Although the Organization is known for its work with persons with disabilities, the Child Development Center has an inclusive program for typical learners as well as children with developmental delays and disabilities.

Educational Services

The Elementary and Middle School Academy serve children from Kindergarten through 8th grade, providing expert support and special education for children with autism and other developmental disabilities. The academy incorporates specialized education services and life skills training to support academic growth and independent skill building that best prepares academy students for high school success. The Culinary Arts High School has uniquely addressed the needs of young adults with Autism Spectrum Disorder and other developmental disabilities for more than 25 years. The program combines high quality education services and supports that combine academic skills, life skills and vocational training for students ages 14 - 22.

Vocational Services

The Organization offers supported employment services and helps prepare youth & adults with physical, emotional and/or developmental and disabilities for employment through Vocational Evaluations. Assessments are offered in English & Spanish.

Adult and Senior Care Services

The Organization provides an array of activities for attendees to participate in, many of which can be adapted to each person's unique abilities maximizing enjoyment and minimizing frustration. These adult day services provide participants with the opportunity to connect with others living with Alzheimer's in a meaningful way. The Organization also offers in-home respite to those with Alzheimer's disease and other memory-related disorders. The specialty services include physical, music, recreational and pet therapies.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 1 – ORGANIZATION (CONTINUED)

Head Start

The Organization provides education to 488 young children in six Head Start programs (480 Head Start slots and 8 Early Head Start slots through the program). The Organization provides comprehensive early childhood care, case management, and education services for pregnant women, infants, toddlers, and pre-school age children.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code and similar income tax regulations of the State of Florida. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2). The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2020.

Income determined to be unrelated business income would be taxable. The Organization accrued approximately \$2,130,000 and \$1,749,000 as of August 31, 2023 and 2022, respectively, for tax liabilities for unrelated business income taxes. These amounts are included in taxes payable as of August 31, 2023 and 2022.

Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The Organization has adopted ASC 842, Leases, effective September 1, 2022, which requires lessees to recognize leases on the balance sheet as a right-of-use (“ROU”) assets and lease liabilities based on the value of the discounted future lease payments. For leases with a lease term of 12 months or less, the Organization has elected to adopt a practical expedient whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. In addition, the Organization elected certain other available practical expedients for new or amended leases post Topic 842 effective date. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. Upon adoption, the Organization recognized an operating ROU assets and a ROU lease liability of \$597,478. See Note 10.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported change in net assets.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 – FAIR VALUE MEASUREMENTS

Accounting Standard Codification (ASC) 820 - Fair Value Measurement defines fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820-10, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization have the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability, used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market data, which requires management to develop its own assumptions.

For the valuation of certain corporate bonds and notes, other fixed income, common and preferred stocks, marketable and nonmarketable alternative funds, commodities, and money market and others at August 31, 2023 and August 31, 2022 the Organization used quoted prices in principal active markets for identical assets as of valuation date (Level 1).

The following table present the Organization's investments measured at fair value and segregated by level within the fair value hierarchy as of August 31:

2023

	Level 1	Level 2	Level 3	Total
Description:				
Equities	\$ 12,451,420	\$ -	\$ -	\$ 12,451,420
Fixed income	11,391,060	-	-	11,391,060
Corporate bonds	473,275	-	-	473,275
Total	<u>\$ 24,315,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,315,755</u>

2022

	Level 1	Level 2	Level 3	Total
Description:				
Equities	\$ 12,272,296	\$ -	\$ -	\$ 12,272,296
Fixed income	1,365,674	-	-	1,365,674
Corporate bonds	4,681,335	-	-	4,681,335
Total	<u>\$ 18,319,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,319,305</u>

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 3 – CONTRIBUTIONS RECEIVABLE, NET

Gross contributions receivable as of August 31, 2023 and 2022 amounted to \$361,300 and \$125,300, respectively. Contributions receivable utilizing discount rates of 3% and 1% consist of:

	2023	2022
Receivables due in less than one year	\$ 261,300	\$ 110,300
Receivables due greater than one year	100,000	15,000
Less: discounts to net present value	(8,420)	(3,064)
Less: allowance for doubtful accounts	(300)	(300)
	<u>\$ 352,580</u>	<u>\$ 121,936</u>

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at August 31, 2023 and 2022 consisted of the following:

	2023	2022
Building and building improvements	\$ 7,078,182	\$ 6,984,132
Furniture and equipment	778,219	768,558
Therapeutic pool	134,869	134,869
Vehicles	255,528	255,528
Software	110,012	110,011
Leasehold Improvements	435,032	167,286
Total property and equipment	<u>8,791,842</u>	<u>8,420,384</u>
Accumulated depreciation	<u>(6,322,042)</u>	<u>(5,970,018)</u>
Property and equipment, net	<u>\$ 2,469,800</u>	<u>\$ 2,450,366</u>

NOTE 5 – NOTES PAYABLE

The Organization received an SBA Economic Injury Disaster (EID) Loan in the amount of \$150,000 on July 1, 2020. Installment payments of principal and interest of \$641 were set to begin in July of 2021. In March of 2021, the SBA announced that the first installment payments were deferred from 12 months to 24 months. In March of 2022, the SBA granted an additional 6-month deferment of principal and interest payments. The balance of principal and interest will be payable on July 1, 2050. Interest will accrue at the rate of 2.75% per annum and will accrue only on funds actually advanced from the date(s) of each advance. EID loans are included in Notes payable in the statements of financial position.

NOTE 6 – RETIREMENT PLAN

Effective June 1, 1997, the Organization implemented a defined contribution retirement plan in accordance with Section 403(b) of the Internal Revenue Code, Tax Deferred Annuity Plan. The plan, which is administered by a third party, is funded by employee contributions up to the amount allowed by law per employee per year and discretionary contributions by the Organization. All permissible employees of the Organization, as defined in accordance with the universal availability standards are eligible to enroll on the first day of the quarter following their date of hire. No discretionary contributions were made for the years ended August 31, 2023 and 2022.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 7 – MEMBERSHIP FEES TO AFFILIATED ORGANIZATION

In accordance with the terms of the membership agreement between the Organization and National Easter Seals, Inc. (the "National Organization"), the Organization is subject to membership fees as part of its national affiliation, as determined by a formula included in the membership agreement. Fees paid to the National Organization for the years ended August 31, 2023 and 2022 were \$65,235 and \$67,161, respectively, and are included on the accompanying statement of activities.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available with the following restrictions as of August 31, 2023 and 2022:

	2023	2022
Joan Bornstein Scholarship Fund - purpose restricted	\$ 114,881	\$ 119,881
Program services and projects - time restricted	-	44,333
Total net assets with donor restrictions	<u>\$ 114,881</u>	<u>\$ 164,214</u>

Net assets released from restrictions of \$124,333 and \$176,895 during the years ended August 31, 2023 and 2022, respectively were released due to either the expiration of time restrictions or use of purpose.

NOTE 9 – CONCENTRATIONS

Grant Awards

For 2023, the Organization received approximately 37% of its government grant funding from the U.S. Department of Health and Human Services - Head Start Program, 14% from Alliance for Aging, and 11% from The Children's Trust. As of August 31, 2023, receivables from the U.S. Department of Health and Human Services - Head Start Program, accounted for 36% of the Organization's total grants and accounts receivable. Receivables from the Alliance for Aging accounted for approximately 20% of the Organization's total grants and accounts receivable. Receivables from The Children's Trust accounted for approximately 21% of the Organization's total grants and accounts receivable.

For 2022, the Organization received approximately 39% of its government grant funding from the U.S. Department of Health and Human Services - Head Start Program, 13% from Alliance for Aging, and 10% from The Children's Trust. As of August 31, 2022, receivables from the U.S. Department of Health and Human Services - Head Start Program, accounted for 30% of the Organization's total grants and accounts receivable. Receivables from the Alliance for Aging accounted for approximately 13% of the Organization's total grants and accounts receivable. Receivables from The Children's Trust accounted for approximately 24% of the Organization's total grants and accounts receivable.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 10 – COMMITMENTS AND CONTINGENCIES

In-kind Leases

The property on which the Organization's building and improvements are located is owned by Miami-Dade County, Florida (the "County"). The Organization pays an annual rental of \$1 to the County for use of this property. The lease was executed in 1956 and provides for automatic five-year renewal periods not to exceed a total of 95 years. The Organization currently does not record in-kind revenue for the use of land.

In addition, the Organization also has an agreement to utilize space that is owned by Little Haiti Cultural Complex for Elementary after school and summer programs. This space is provided free of charge to the Organization and is included in the in-kind revenue (See Note 13).

ROU Leases

The Organization leases offices and office equipment under various operating lease agreements. These leases have various terms of up to 39 months and expire on various dates through 2027. The Organization determines if an arrangement is a lease at inception and when the terms of an existing contract are changed. At the implementation date of September 1, 2022, the Organization recorded a lease right-of-use (ROU) asset of \$597,478 and a ROU liability of \$597,478 for existing leases.

Lease right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term discounted using the rate implicit on the lease (if available) or the Organization's average incremental borrowing rate.

Operating lease cost is recognized on a straight-line basis over the lease term and are included within operating expenses in the statement of activities.

Future minimum rental payments under these lease arrangements are as follows for the years ending August 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 96,970	\$24,368	\$ 121,338
2025	96,048	17,954	114,002
2026	106,523	10,899	117,422
2027	<u>97,143</u>	<u>3,144</u>	<u>100,286</u>
	<u>\$396,684</u>	<u>\$56,365</u>	<u>\$453,048</u>

Lease expense for the years ended August 31, 2023 and 2022 was approximately \$396,000 and \$368,000, respectively, and is included in occupancy and office supplies on the accompanying statements of functional expenses.

Contingencies

In the normal course of business, the Organization has received grants which are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that all the expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be significant.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 11 – EMPLOYEE RETENTION TAX CREDIT

During the year ended August 31, 2023, the Organization applied for the Employee Retention Tax Credit (ERTC). The ERTC was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in March 2020 to help businesses retain employees. Eligible businesses could receive a quarterly refundable payroll tax credit. The Organization applied for and was approved for a credit of \$3,705,492. As a result, the Organization has recorded income of \$3,334,942, net of expenses of \$370,550, on the statement of activities.

NOTE 12 – LIQUIDITY

Financial assets and liquidity resources available within one year for general expenditure were as follows:

	2023	2022
Cash and cash equivalents	\$ 4,473,192	\$ 8,470,181
Grants and accounts receivable, net	2,453,625	1,927,523
Contributions receivable, net	352,580	121,936
Investments	24,315,755	18,319,305
Less: Restricted net assets	(114,881)	(164,214)
Financial Assets without Donor Restriction	<u>\$ 31,480,271</u>	<u>\$ 28,674,731</u>

NOTE 13 – CONTRIBUTED NON-FINANCIAL ASSETS

For the years ended August 31, 2023 and 2022, contributed non-financial assets recognized within the statement of activities included:

	2023	2022
Goods	\$ 8,235	\$ 2,000
Services	153,830	382,141
Rent	119,258	130,100
	<u>\$ 281,323</u>	<u>\$ 514,241</u>

Goods

The Organization receives donations of goods. The Organization recognized as contribution revenue along with a corresponding expense at an amount approximating fair value at the time of the donation.

Services

The Organization receives in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, and advisory services. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 13 – CONTRIBUTED NON-FINANCIAL ASSETS (Continued)

Rent

The Organization receives in-kind contributions of rental space from third parties that are used to provide program services. The Organization recognized as contribution revenue along with a corresponding expense at an amount approximating fair value at the time of the donation.

NOTE 14 – SUBSEQUENT EVENTS

On October 10, 2023 the Organization entered into a master agreement with The Northern Trust Company for a line of credit up to \$2,000,000. The Organization pays interest on the unpaid principal amount at a rate of 1% or the Prime Rate minus 2.25%. The Organization has evaluated subsequent events through January 12, 2024 the date which the financial statements were available to be issued and no additional disclosures were required. See Note 5

SUPPLEMENTARY INFORMATION



**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 South Florida, Inc.
Miami, Florida

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 Easter Seals South Florida, Inc. (the Organization), which comprise the Organization's statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization'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, misstatement's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 the Organization'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 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.

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.

Coral Gables, Florida
January 12, 2024

A handwritten signature in black ink, reading "Verdy De la Cruz". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS



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 CHAPTER 10.650, RULES OF THE FLORIDA AUDITOR GENERAL

To the Board of Directors
Easter Seals South Florida, Inc.
Miami, Florida

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

Opinion on Compliance for Each Major Federal Program and Major State Project

We have audited Easter Seals South Florida, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement, and the requirements identified as subject to audit in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on the Organization's major federal program and state project for the year ended August 31, 2023. The Organization's major federal program and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and the major state project for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Florida Auditor General. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, Government Auditing Standards, the Uniform Guidance, and Chapter 10.650, Rules of the Florida Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, the Uniform Guidance, and Chapter 10.650, Rules of the Florida Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 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 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Coral Gables, Florida
January 12, 2024



CERTIFIED PUBLIC ACCOUNTANTS

EASTER SEALS SOUTH FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

Federal or Grantor/Pass -Through/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Expenditures
U.S. Department of Health and Human Services			
Pass-through from Miami-Dade County			
Head Start/Early Head Start Program	93.600	RFA 16, D-10122p	\$ 4,619,894
Pass-through from Council/City of Pembroke Pines			
Title III, Part B Support Services	93.044	JA1 16-10-2017	183,273
Title III, Part E Support Services	93.052	JA1 16-10-2017	99,189
Subtotal pass through from City of Pembroke Pines			282,462
Pass-through from Alliance for Aging			
Coronavirus Aid, Relief, and Economics Safety (CARES) Act	93.554	KCA-2092	2,715
Coronavirus Aid, Relief, and Economics Safety (CARES) Act	93.045	KCV-2192	2,634
American Rescue Plan (Adult Day Care)	93.043-93.044	RP2192.2	38,382
Subtotal pass through from Alliance for Aging			43,731
Total U.S. Department of Health and Human Services			4,946,087
Corporation for National and Community Service			
Pass-through from State of Florida			
Department of Elder Affairs			
AmeriCorps Program	94.006	XV121	179,064
Total Corporation for National and Community Service			179,064
U.S. Department of Agriculture			
Pass-Through from State of Florida			
Department of Elder Affairs			
Adult Care Food Program			
(Non-Pricing Program)	10.558	013	78,756
Pass-Through from State of Florida			
Department of Health			
Child Care Food Program	10.558	3934	489,772
(Non-Pricing Program)	10.558	3934	55,490
TOTAL U.S. DEPARTMENT OF AGRICULTURE			624,018
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,749,169

See accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

EASTER SEALS SOUTH FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED AUGUST 31, 2023

State Grantor/Pass-Through Grantor/ Program or Title	CSFA Number	Pass-through Entity Identifying Number	Total Expenditures
Florida Department of Elder Affairs Pass-Through from Alliance of Aging Alzheimer's Disease Initiative	65.002	KZ-2292 & KZ-2392	\$ 1,678,829
Total Expenditures of State Financial Assistance			\$ 1,678,829

See accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

EASTER SEALS SOUTH FLORIDA, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the "Schedules") include the federal awards and state financial assistance project activity of Easter Seals South Florida, Inc. (the "Organization") under programs of the federal government and State of Florida for the year ended August 31, 2023. The information in these Schedules 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 Chapter 10.650, Rules of the Florida Auditor General, respectively. Because the Schedules present only a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Organization.

The Organization had no federally funded insurance programs or loan guarantees during the year ended August 31, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

EASTER SEALS SOUTH FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED AUGUST 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued

Unmodified

Internal Control over Financial Reporting

- | | | |
|---|-----------|----------------------------|
| • Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None reported |
| • Noncompliance material to financial statements noted? | _____ Yes | <u> X </u> No |

Federal Awards and State Projects

Type of auditor’s report issued on compliance for major programs:

Unmodified

Internal control over major programs:

- | | | |
|---|-----------|----------------------------|
| • Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None reported |

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.650, Rules of Florida Auditor General?

_____ Yes	<u> X </u> No
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Identification of Major Programs

Federal Program/State Project or Cluster	ALN/CSFA Number	Expenditures
Federal Programs:		
<u>U.S. Department of Health and Human Services</u> Head Start Program	93.600	\$4,619,894
State Projects:		
<u>Florida Department of Elder Affairs</u> Alzheimer’s Disease Initiative	65.002	\$1,678,829

EASTER SEALS SOUTH FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED AUGUST 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS(CONTINUED)

Dollar threshold used to distinguish between type A and
type B programs for Federal Awards:

\$750,000

Auditee qualified as a low risk auditee?

 X yes no

Dollar threshold used to distinguish between type A and
type B programs for State Financial Assistance:

\$503,649

SECTION II - FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

**SECTION III - AWARD FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE PROJECTS**

The audit disclosed no matters that are reportable for the current year.

SECTION IV – OTHER ISSUES

1. No management letter was issued for the year ended June 30, 2023.
2. A summary schedule of prior audit findings was not required.
3. No corrective action plan is required because there were no findings required to be reported under the Uniform Guidance or the Department of Financial Services’ State Project Compliance Supplement.