

**EASTER SEALS
SOUTHWEST FLORIDA, INC.**

FINANCIAL STATEMENTS

AUGUST 31, 2024 AND 2023

**EASTER SEALS SOUTHWEST FLORIDA, INC.
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Easter Seals Southwest Florida, Inc.
Sarasota, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Easter Seals Southwest Florida, Inc., (the Organization), which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2024 and 2023, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, the Florida Single Audit Act, and Chapter 10.650, Rules of the Auditor General of the State of Florida, is presented for the 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.

Supplementary Information—continued

In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025 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.

CS&L CPAs

CS&L CPAs, P.A.

March 25, 2025
Sarasota, Florida

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31,

ASSETS

	2024	2023
Cash and cash equivalents	\$ 152,588	\$ 138,225
Cash restricted	3,993,789	100,109
Investments	2,815,670	1,550,413
Interest in net assets of Foundation	5,382,794	5,739,960
Accounts receivable	1,363,304	1,392,255
Less allowance for credit losses	(1,801)	(2,811)
Accounts receivable, net	1,361,503	1,389,444
Pledge receivable	-	100,000
Due from Foundation	-	5,584
Prepaid expenses	230,333	216,373
Deposits	10,692	10,692
Remainder trusts receivable	65,206	61,873
Property, plant and equipment, net	7,138,334	4,987,292
Investment in Braden Square, LLC	1,134,883	-
TOTAL ASSETS	\$ 22,285,792	\$ 14,299,965

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 320,504	\$ 226,285
Other accrued expenses	518,062	460,428
Line of credit	80,000	80,000
Boarding deposits	4,150	4,150
Due to Foundation	56,616	-
Deferred revenue	887,443	811,572
Total Liabilities	1,866,775	1,582,435
Net Assets		
Without donor restrictions	9,949,214	7,067,954
With donor restrictions	10,469,803	5,649,576
Total Net Assets	20,419,017	12,717,530
TOTAL LIABILITIES AND NET ASSETS	\$ 22,285,792	\$ 14,299,965

The accompanying notes are an integral part of these financial statements

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total
Revenues, Gains and Other Support			
Contributions	\$ 3,914,434	\$ 5,071,187	\$ 8,985,621
In-kind contributions	445,676	-	445,676
Special events	593,618	-	593,618
Less direct expenses	(149,982)	-	(149,982)
Program revenue	13,389,123	-	13,389,123
Contributions from Foundation	800,000	-	800,000
Investment income (loss)	233,045	135,067	368,112
Change in value of split interest agreement	-	3,333	3,333
Gain (Loss) on disposal of assets	(15,205)	-	(15,205)
Other income	228,614	-	228,614
Net assets released from restrictions			
Satisfaction of program restrictions	566,530	(566,530)	-
Appropriation from donor endowment and satisfaction of donor restrictions	21,026	(21,026)	-
Total net assets released from restrictions	<u>587,556</u>	<u>(587,556)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>20,026,879</u>	<u>4,622,031</u>	<u>24,648,910</u>
Expenses			
Program services	14,544,463	-	14,544,463
Fundraising	941,333	-	941,333
Management and general	1,048,841	-	1,048,841
	<u>16,534,637</u>	<u>-</u>	<u>16,534,637</u>
Payments to Easter Seals National	55,620	-	55,620
Total Expenses	<u>16,590,257</u>	<u>-</u>	<u>16,590,257</u>
Change in net assets before adjustment for interest in Foundation	3,436,622	4,622,031	8,058,653
Adjustment for change in interest in net assets of Foundation	<u>(555,362)</u>	<u>198,196</u>	<u>(357,166)</u>
Change in net assets	2,881,260	4,820,227	7,701,487
Net assets at beginning of year	<u>7,067,954</u>	<u>5,649,576</u>	<u>12,717,530</u>
Net assets at end of year	<u>\$ 9,949,214</u>	<u>\$ 10,469,803</u>	<u>\$ 20,419,017</u>

The accompanying notes are an integral part of these financial statements

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total
Revenues, Gains and Other Support			
Contributions	\$ 2,732,354	\$ 400,000	\$ 3,132,354
In-kind contributions	107,365	-	107,365
Special events	732,755	-	732,755
Less direct expenses	(186,677)	-	(186,677)
Program revenue	9,183,196	-	9,183,196
Contributions from Foundation	1,000,000	-	1,000,000
Investment income (loss)	82,933	33,750	116,683
Change in value of split interest agreement	-	(5,686)	(5,686)
Gain (Loss) on disposal of assets	-	-	-
Other income	139,170	-	139,170
Net assets released from restrictions			
Satisfaction of program restrictions	24,047	(24,047)	-
Appropriation from donor endowment and satisfaction of donor restrictions	-	-	-
Total net assets released from restrictions	<u>24,047</u>	<u>(24,047)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>13,815,143</u>	<u>404,017</u>	<u>14,219,160</u>
Expenses			
Program services	12,046,401	-	12,046,401
Fundraising	962,012	-	962,012
Management and general	1,051,686	-	1,051,686
Payments to Easter Seals National	14,060,099	-	14,060,099
Total Expenses	<u>14,105,099</u>	<u>-</u>	<u>14,105,099</u>
Change in net assets before adjustment for interest in Foundation	(289,956)	404,017	114,061
Adjustment for change in interest in net assets of Foundation	<u>(629,972)</u>	<u>1,707,312</u>	<u>1,077,340</u>
Change in net assets	(919,928)	2,111,329	1,191,401
Net assets at beginning of year	<u>7,987,882</u>	<u>3,538,247</u>	<u>11,526,129</u>
Net assets at end of year	<u>\$ 7,067,954</u>	<u>\$ 5,649,576</u>	<u>\$ 12,717,530</u>

The accompanying notes are an integral part of these financial statements

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2024

	PROGRAM SERVICES			
	DAY PROGRAM AND EMPLOYMENT SERVICES	CHILDREN'S THERAPY SERVICES	FAMILY SUPPORT SERVICES	CHILDREN'S EDUCATIONAL PROGRAM
Salaries	\$ 826,532	\$ 3,509,087	\$ 83,148	\$ 2,094,807
Benefits	159,800	595,020	2,492	382,003
Payroll taxes	60,274	255,232	6,230	153,420
Total personnel expenses	1,046,606	4,359,339	91,870	2,630,230
Advertising	-	6,507	-	6,945
Contributions expense	-	-	-	-
Contract labor	752,641	2,415,410	650	747,531
Dues and subscriptions	1,687	8,790	-	3,034
Equipment expense	1,234	5,617	160	7,344
Inkind expense	1,284	4,184	-	900
Insurance	50,968	79,072	-	39,909
License, fees and taxes	56	4,485	-	10,289
Office expense	33,476	42,459	4,505	43,338
Other expenses	44,425	222,876	11,453	162,571
Professional fees	-	-	-	-
Properties	398,328	245,413	16,448	161,256
Rent	-	-	-	114,457
Repairs and maintenance	124,160	55,235	-	49,629
Telephone	6,214	8,700	-	4,967
Transportation	101,381	11,141	1,781	8,219
Travel and Training	2,867	32,301	641	5,014
Non-personnel expenses	1,518,721	3,142,190	35,638	1,365,403
Expenses before depreciation	2,565,327	7,501,529	127,508	3,995,633
Depreciation expense	176,595	99,056	7,292	71,523
TOTAL EXPENSES	\$ 2,741,922	\$ 7,600,585	\$ 134,800	\$ 4,067,156

SUPPORTING SERVICES

TOTAL PROGRAM SERVICES	FUND RAISING	MANAGEMENT AND GENERAL	TOTAL SUPPORT SERVICES	2024 TOTALS
\$ 6,513,574	\$ 392,463	\$ 291,608	\$ 684,071	\$ 7,197,645
1,139,315	76,087	122,149	198,236	1,337,551
475,156	32,383	24,001	56,384	531,540
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8,128,045	500,933	437,758	938,691	9,066,736
13,452	29,654	8,216	37,870	51,322
-	-	-	-	-
3,916,232	84,377	-	84,377	4,000,609
13,511	8,166	26,317	34,483	47,994
14,355	-	-	-	14,355
6,368	-	1,992	1,992	8,360
169,949	5,626	16,113	21,739	191,688
14,830	3,311	29,563	32,874	47,704
123,778	11,644	7,314	18,958	142,736
441,325	30,126	60,634	90,760	532,085
-	186,090	357,505	543,595	543,595
821,445	38,376	60,845	99,221	920,666
114,457	-	-	-	114,457
229,024	-	-	-	229,024
19,881	322	2,176	2,498	22,379
122,522	13,124	569	13,693	136,215
40,823	12,570	12,864	25,434	66,257
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6,061,952	423,386	584,108	1,007,494	7,069,446
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14,189,997	924,319	1,021,866	1,946,185	16,136,182
354,466	17,014	26,975	43,989	398,455
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\$ 14,544,463	\$ 941,333	\$ 1,048,841	\$ 1,990,174	\$ 16,534,637

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

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

	PROGRAM SERVICES			
	DAY PROGRAM AND EMPLOYMENT SERVICES	CHILDREN'S THERAPY SERVICES	FAMILY SUPPORT SERVICES	CHILDREN'S EDUCATIONAL PROGRAM
Salaries	\$ 1,007,133	\$ 3,234,058	\$ 116,555	\$ 2,023,723
Benefits	145,110	381,406	8,260	343,550
Payroll taxes	76,108	247,301	9,263	154,577
Total personnel expenses	1,228,351	3,862,765	134,078	2,521,850
Advertising	179	908	313	2,850
Contract labor	513,534	1,541,432	5,905	494,856
Dues and subscriptions	579	5,489	62	1,861
Equipment expense	23,322	15,380	427	7,784
Inkind expense	2,315	2,473	94	937
Insurance	72,015	41,814	1,684	16,518
License, fees and taxes	2,548	4,154	72	9,873
Office expense	42,181	57,974	1,016	47,586
Other expenses	16,270	235,727	5,506	127,427
Professional fees	3,163	7,799	287	4,933
Properties	28,587	44,651	1,162	86
Rent	2,926	2,559	119	113,183
Repairs and maintenance	45,339	87,051	1,802	2,311
Supplies	7,342	17,637	4,109	39,097
Telephone	7,655	10,575	248	6,502
Transportation	65,428	14,358	1,972	9,950
Travel and Training	3,387	42,202	167	8,933
Non-personnel expenses	836,770	2,132,183	24,945	894,687
Expenses before depreciation	2,065,121	5,994,948	159,023	3,416,537
Depreciation expense	204,647	114,791	8,450	82,884
TOTAL EXPENSES	\$ 2,269,768	\$ 6,109,739	\$ 167,473	\$ 3,499,421

SUPPORTING SERVICES

TOTAL PROGRAM SERVICES	FUND RAISING	MANAGEMENT AND GENERAL	TOTAL SUPPORT SERVICES	2023 TOTALS
\$ 6,381,469	\$ 434,635	\$ 417,315	\$ 851,950	\$ 7,233,419
878,326	49,912	111,092	161,004	1,039,330
487,249	34,942	32,375	67,317	554,566
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7,747,044	519,489	560,782	1,080,271	8,827,315
4,250	52,489	1,147	53,636	57,886
2,555,727	80,212	5,645	85,857	2,641,584
7,991	20,108	12,295	32,403	40,394
46,913	1,191	1,781	2,972	49,885
5,819	220	350	570	6,389
132,031	3,929	16,911	20,840	152,871
16,647	4,735	22,357	27,092	43,739
148,757	21,741	4,366	26,107	174,864
384,930	27,039	39,112	66,151	451,081
16,182	179,724	319,040	498,764	514,946
74,486	2,710	4,297	7,007	81,493
118,787	277	440	717	119,504
136,503	4,297	6,665	10,962	147,465
68,185	-	-	-	68,185
24,980	4,475	6,208	10,683	35,663
91,708	7,169	2,034	9,203	100,911
54,689	12,490	16,996	29,486	84,175
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3,888,585	422,806	459,644	882,450	4,771,035
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11,635,629	942,295	1,020,426	1,962,721	13,598,350
410,772	19,717	31,260	50,977	461,749
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\$ 12,046,401	\$ 962,012	\$ 1,051,686	\$ 2,013,698	\$ 14,060,099

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

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Collections from consumers	\$ 13,417,064	\$ 9,142,904
Operating expenses paid	(15,957,184)	(13,657,238)
Interest received	203,969	36,791
Interest paid	(5,999)	(3,070)
Other income received	10,710,892	4,671,823
Net cash provided by (used in) operating activities	<u>8,368,742</u>	<u>191,210</u>
Cash flow from investing activities		
(Purchases) of buildings and equipment	(2,215,125)	(422,943)
Proceeds from disposal of assets	(9,577)	-
Investment in joint venture	(1,134,883)	-
Sales of investments, net	(1,101,114)	323,544
Net cash provided by (used in) investing activities	<u>(4,460,699)</u>	<u>(99,399)</u>
Cash flow from financing activities		
Net receipts (payments) from line of credit	-	80,000
Net cash provided by (used in) financing activities	<u>-</u>	<u>80,000</u>
Net increase (decrease) in cash and cash equivalents	3,908,043	171,811
Cash and cash equivalents, Beginning of year	<u>238,334</u>	<u>66,523</u>
Cash and cash equivalents, End of year	<u>\$ 4,146,377</u>	<u>\$ 238,334</u>
Reconciliation of changes in net assets to net cash from operating activities:		
Change in net assets	\$ 7,701,487	\$ 1,191,401
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	398,455	461,749
Change in allowance	1,010	-
(Gain)/loss on disposal of assets	15,205	-
Unrealized (gain)/loss on investments	(164,143)	(79,892)
Change in value of split interest agreements	(3,333)	5,686
Change in net assets of Foundation	357,166	(1,077,340)
Donated land	(340,000)	-
(Increase) decrease in assets:		
Accounts receivable	26,931	(60,211)
Pledge receivable	100,000	(90,000)
Prepaid expenses	(13,960)	62,798
Deposits	-	-
Due from Foundation	5,584	(5,584)
Increase (decrease) in liabilities:		
Accounts payable	94,219	45,403
Other accrued expenses	57,634	(232,524)
Boarding deposits	-	1,150
Deferred revenue	75,871	30,992
Due to Foundation	56,616	(62,418)
Net cash provided by (used in) operating activities	<u>\$ 8,368,742</u>	<u>\$ 191,210</u>
Other Supplemental Disclosures:		
Cash and cash equivalents	\$ 152,588	\$ 138,225
Cash restricted	3,993,789	100,109
	<u>\$ 4,146,377</u>	<u>\$ 238,334</u>

The accompanying notes are an integral part of these financial statements

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Easter Seals Southwest Florida, Inc., (the Organization) is a not-for-profit Organization located in Manatee and Sarasota counties. The Organization creates solutions that change lives for children, adults and families through high quality therapeutic, educational and support services. The Organization offers various programs in achieving its mission, including: day and employment services, community living, early child development, rehabilitation, and Community Services. The Organization is primarily supported through program revenue and contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

Newly Adopted Accounting Pronouncement

Effective September 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02 *Leases* (Topic 842), as amended, which in some instances requires lessees to recognize leases on their statement of financial position as lease liabilities with corresponding right-of-use-assets. The lease liability is measured at the present value of unpaid lease payments based on the reasonably certain lease term and corresponding discount rate. Upon implementation, management determined that there were no material long-term leases that would require recognition on the statements of financial position under Topic 842.

Effective September 1, 2023, the Organization adopted the Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses, (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current unexpected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost. The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for applicable financial assets, at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. The adoption of this accounting standard update had no effect on net assets as previously reported as of August 31, 2023.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity date of three months or less at the date of acquisition to be cash and cash equivalents. Cash and money market funds held with investment accounts are not considered a cash equivalent.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

The Organization reports its investments at fair market value in accordance with generally accepted accounting principles. Investment income is reported as net assets without donor restrictions or net assets with donor restrictions depending on if any donor restrictions are present. Investment income and gains 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.

Accounts Receivable

Accounts receivable includes both trade accounts and contracts receivable. Accounts receivable consists of billings to individuals, state agencies, insurance companies, and other third parties. Contracts receivable consists of billings based on contracts with various agencies and organizations to provide rehabilitative, development and child care services. Accounts receivable are recorded at the amount expected to be collected.

The allowance for credit losses is estimated based on a review of the current status of existing receivables and management's estimate as to their collectability, as well as current conditions, and reasonable and supportable forecasts of future losses. The allowance for credit losses at August 31, 2024 and 2023 was \$1,801 and \$2,811, respectively. The allowance for credit losses decreased by \$1,010 from the prior year.

Bequests Receivable

Bequests are recorded at the date the Organization receives irrevocable notice of its interest in an estate and after the probate court declares a will to be valid. Bequests are recognized as a contribution and a receivable at the fair value interest in the estate.

Remainder Trusts Receivable

The Organization has been named the remainderman in various irrevocable charitable remainder trusts. The Organization records a receivable in the amount of the expected benefit upon receiving notification of a legally enforceable benefit. The Organization's beneficial interest in the trust's assets is measured at the present value of the estimated distributions that are expected to be received in the future, which may also be estimated using the fair value of the Organization's interest in the remainder trust's assets at year end. The discount rate utilized to measure the present value of future distributions is based upon the stated rate of return to be received by the designated life income beneficiaries included in the trust's terms.

Property, Plant and Equipment

Property, plant, and equipment is recorded at cost if purchased, and estimated fair value if donated. The Organization's capitalization policy is to capitalize all items of \$500 or more with an estimated useful life of more than one year. Buildings and equipment are depreciated using the straight-line method based on the estimated life of more than one year. Estimated useful lives of the assets range from 4 to 40 years. Depreciation expense for the years ended August 31, 2024 and 2023 was \$398,455 and \$461,749, respectively. Repair and maintenance costs are expensed as incurred.

**EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Net Assets

Net assets of the Organization consist of the following:

- Net assets without donor restrictions: Net assets that are available for general activities and obligations of the Organization.
- Net assets with donor restrictions: Net assets that are restricted by donors to be used for donor-specified uses, and a portion of the interest in net assets of the Foundation. This classification also includes net assets held in perpetuity as restricted by donors that cannot be used by the Organization with the exception of income and capital gains which are treated as net assets without donor restrictions upon appropriation.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$51,322 in 2024 and \$57,886 in 2023.

Contributions

Contributions received are recorded as either changes in net assets without donor restrictions, or depending on the existence and/or nature of any donor restrictions, changes in net assets with donor restrictions. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

The Organization receives items of personal property from donors from time to time, which is estimated at a value which approximates the lower of cost or net realizable value. The Organization utilizes non-financial assets across its various programs in providing services rather than monetizing them. The Organization recognized the following contributed nonfinancial assets within revenue for the year ended August 31,:

	<u>2024</u>	<u>2023</u>
Advertising and promotional services	\$ 20,000	\$ 45,000
Fundraising and auction items	59,667	45,975
Professional services	6,176	-0-
Repairs and maintenance services	1,284	16,390
Land	340,000	-0-
Other	<u>3,600</u>	<u>-0-</u>
	<u>\$ 445,676</u>	<u>\$ 107,365</u>

During 2024, advertising and promotional services, and fundraising and auction items were donated from local public media and other local companies to assist in promoting various fundraising events of the Organization. Land was donated from a local company to assist with the Organization's mission, and was valued at the appraised market value at the time of the donation. Professional services are legal and other services donated, which the Organization would have otherwise had to pay for. The value of the services provided was based on the current rates for similar services. Repairs and maintenance services consisted of various repairs and services made throughout the building, and consist of labor and material costs. The services are valued and reported based on current rates for similar services.

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions – continued

During 2023, advertising and promotional services, and fundraising and auction items were donated from local public media and other local companies to assist in promoting various fundraising events of the Organization. Repairs and maintenance services consisted of various air conditioning and other repairs and services made throughout the building, and consist of labor and material costs. The services are valued and reported based on current rates for similar services.

Pledge Receivable

Revenues from unconditional promises to give (pledge receivable) are recognized as contributions in the period in which a receipt or an unconditional promise to give is received. Promises to give in the future are valued at the present value of the estimated future cash flows. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At August 31, 2024 and 2023 the Organization deems all amounts collectable.

Revenue Recognition

In accordance with Topic 606, the Organization recognizes revenue when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The Organization records revenue from exchange transactions based on a five-step model for its customers with contracts: identify the contract, identify performance obligation, determine the transaction price, allocate the contract transaction price to the performance obligations, and recognize the revenue when control of goods or services is transferred to the customer.

The Organization has revenue streams that are accounted for as exchange transactions including program based revenue (therapy and client related services, as well as school tuition), and special events. Related receivables (contract assets) were \$1,361,503, \$1,389,444, and \$1,329,233 for the years ended August 31, 2024, 2023 and 2022, respectively, and these are included in accounts receivable, net on the statements of financial position. Contract liabilities, which are payments received in advance were \$887,443, \$811,572 and \$780,580 at August 31, 2024, 2023 and 2022, respectively, and are included as deferred revenue in the statements of financial position.

The following revenue stream is recognized over time:

Tuition

The Organization charges stated tuition and fees that are recognized over the school year as instruction is provided and the performance obligation is considered to have been met. Tuition collected in advance are considered contract liabilities–deferred revenue on the statements of financial position. Tuition collected on payment plans are at stated rates and all tuition and related fees are recognized over the course of the school year as instruction is provided. All tuition amounts are expected to be paid during the applicable school year. Amounts received as scholarships from the State of Florida are recognized in the same manner. Total tuition, including scholarship awards, in 2024 and 2023 was \$1,373,766 and \$1,154,010, respectively.

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The following revenue streams are recognized at a point in time:

Therapy and client services

Program revenue includes those revenue items earned from providing services to clients in the ordinary course of business by the Organization. Those revenues are recognized at the time of service and recorded at the amount the Organization expects to collect. These include direct pay and reimbursement from third parties, such as insurance providers and state and local governments or other nonprofit organizations. The total of these services in 2024 and 2023 were \$12,015,357 and \$8,029,186.

Special Events

Special event income includes events to raise money for the Organization's ongoing programs and operations and is recognized at the time of the event.

Grant and Contract Revenue

The Organization enters into reimbursement based and fixed-price performance based contracts. Revenue is recognized as expenses are incurred related to reimbursement based contracts, and as the related activity occurs to achieve the purpose of the fixed-price performance based contract. The revenues are included as part of program revenue in providing services to clients.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation. Accordingly, no provision has been made for income taxes in the accompanying financial statements. The Organization adopted guidance issued by the FASB on accounting for uncertainty in tax positions. Management believes the Organization has no material unrecognized income tax liabilities, including any potential loss of its tax exempt status. The Organization has no ongoing federal, state, or local tax audits; however, the Organization's tax returns for the three previous fiscal years remain open to examination.

Donated Services

A substantial number of volunteers have donated their time to assist the Organization with its program services and fundraising campaigns. These services have not been recorded in the financial statements since an objective basis is not available to measure the value of such services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on relative benefit provided.

The operating expenses are allocated on a square-footage basis. Salaries and related benefits are allocated on the basis of estimates of time and effort.

**EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements

FASB ASC Topic 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy used to measure fair value are described as follows: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE B – INVESTMENTS

Investments for the year ended August 31, 2024 were as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Appreciation (Depreciation)</u>
Without donor restriction	\$ 1,009,340	\$ 1,028,759	\$ 19,419
With donor restriction	1,700,426	1,786,911	86,485
	<u>\$ 2,709,766</u>	<u>\$ 2,815,670</u>	<u>\$ 105,904</u>

Investments for the year ended August 31, 2023 were as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Appreciation (Depreciation)</u>
Without donor restriction	\$ 975,089	\$ 988,085	\$ 12,996
With donor restriction	568,679	562,328	(6,351)
	<u>\$ 1,543,768</u>	<u>\$ 1,550,413</u>	<u>\$ 6,645</u>

**EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE B – INVESTMENTS – CONTINUED

Investments consist of the following at August 31,:

	<u>2024</u>	<u>2023</u>
	<u>FAIR MARKET VALUE</u>	<u>FAIR MARKET VALUE</u>
Money market funds	\$ 364,198	228,031
Mutual funds:		
Corporate bond funds	1,082,955	161,287
Stock funds	630,067	185,408
Commodities	3,449	12,787
Real estate	13,256	13,797
Mutual funds – equity	109,323	842,088
U.S. Treasuries	508,805	-
Alternative investments	103,617	107,015
	<u>\$ 2,815,670</u>	<u>\$ 1,550,413</u>

Investment income (loss) is comprised of the following amounts at August 31,:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 203,969	\$ 36,791
Realized gains (losses) on investments	22,513	12,160
Unrealized gains (losses) on investments	141,630	67,732
Total	<u>\$ 368,112</u>	<u>\$ 116,683</u>

Fair Value Measurements

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at August 31, 2024 and 2023 are as follows:

	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Short-term Money Market	\$ -	\$ 364,198	\$ -	\$ 364,198
Equities:				
Large Cap	594,280	-	-	594,280
Small Cap	2,170	-	-	2,170
International	-	33,617	-	33,617
Mutual Funds – Equity	109,323	-	-	109,323
Commodities	-	3,449	-	3,449
Real Estate Funds	13,256	-	-	13,256
Fixed Income:				
Corporate/Government	-	1,082,955	-	1,082,955
U.S. Treasuries	508,805	-	-	508,805
Alternative investments	-	103,617	-	103,617
Investments	<u>1,227,834</u>	<u>1,587,836</u>	<u>-</u>	<u>2,815,670</u>
Interest in net assets of the Foundation	-	-	5,382,794	5,382,794
Interest in Remainder Trusts	-	-	65,206	65,206
Totals	<u>\$ 1,227,834</u>	<u>\$ 1,587,836</u>	<u>\$ 5,448,000</u>	<u>\$ 8,263,670</u>

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – INVESTMENTS – CONTINUED

	2023			Totals
	Level 1	Level 2	Level 3	
Short-term Money Market	\$ -	\$ 228,031	\$ -	\$ 228,031
Equities:				
Large Cap	152,857	-	-	152,857
Mid Cap	1,621	-	-	1,621
Small Cap	-	30,930	-	30,930
International	842,088	-	-	842,088
Mutual Funds – Equity	-	12,787	-	12,787
Commodities	13,797	-	-	13,797
Real Estate Funds				-
Fixed Income:				
Corporate/Government	-	161,287	-	161,287
Alternative investment	-	107,015	-	107,015
Investments	<u>1,010,363</u>	<u>540,050</u>	<u>-</u>	<u>1,550,413</u>
Interest in net assets of the Foundation	-	-	5,739,960	5,739,960
Interest in Remainder Trusts	-	-	61,873	61,873
Totals	<u>\$ 1,010,363</u>	<u>\$ 540,050</u>	<u>\$ 5,801,833</u>	<u>\$ 7,352,246</u>

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2024 and 2023.

Short-term money market funds:

The money market funds are valued at amortized cost, which approximates fair market value. Money market funds seek to preserve a value of \$1.00 per share. Under the amortized cost method, the portfolio instrument is initially valued at cost, and thereafter assumes the constant accretion/amortization to maturity date, or next reset date of any discount or premium.

Equities and Commodities:

Equities and commodities are valued at the closing price reported on the active market on which the individual securities are traded.

Fixed Income:

Fixed income funds are valued at the closing price reported in the active market in which the bonds are traded. Other fixed income/bond funds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual, Real Estate and Alternative Funds:

Mutual real estate funds and alternative investments are valued based on the fair value of shares held at year end. The mutual funds may also be valued as determined by an independent pricing service, based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity, and type; indications as to values from dealers; and general market conditions.

Interest in Net Assets of the Foundation:

Interest in net assets of the Foundation is measured at the fair value of the Organization's interest in the net assets of the Foundation at year end. The Foundation holds short-term money market funds, equity securities, and equity and fixed income traded funds. The Foundation also has beneficial interests in perpetual trusts, which are recorded at the fair value of the underlying investments of the trusts multiplied by the Foundation's interest in the trusts.

**EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE B – INVESTMENTS – CONTINUED

Interest in the Remainder Trusts:

The interest in the remainder trusts are measured at the fair value of the Organization’s beneficial interest in the trust’s assets as determined by the present value of the estimated distributions that are expected to be received in the future, which also estimates the fair value of the Organization’s interest in the remainder trust’s assets at year end. The Organization calculates its interest by considering the age of the remainder-man and using a discount rate for expected future distributions multiplied by fair value of the assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth a summary of the changes in fair value of the assets classified as Level 3 on a recurring basis:

<u>Interest in Net Assets of the Foundation</u>	<u>8/31/2024</u>	<u>8/31/2023</u>
Beginning Balance	\$ 5,739,960	\$ 4,662,620
Change in value of interest in net assets of Foundation	(357,166)	1,077,340
Ending Balance	<u>\$ 5,382,794</u>	<u>\$ 5,739,960</u>

<u>Interest in Remainder Trusts</u>	<u>8/31/2024</u>	<u>8/31/2023</u>
Beginning Balance	\$ 61,873	\$ 67,559
Distributions received	-	-
Change in value of interest in Remainder	3,333	(5,686)
Ending Balance	<u>\$ 65,206</u>	<u>\$ 61,873</u>

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C – PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at August 31,:

	2024		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 2,750,671	\$ -	\$ 2,750,671
Construction in progress	273,882	-	273,882
Land improvements	278,517	(258,073)	20,444
Buildings and improvements	6,733,634	(3,067,377)	3,666,257
Leasehold improvements	1,469	(286)	1,183
Vehicles	772,821	(719,122)	53,699
Furniture, fixtures and equipment	855,872	(593,409)	262,463
Horses	19,450	(8,717)	10,733
Software	483,946	(384,944)	99,002
Totals	\$ 12,170,262	\$ (5,031,928)	\$ 7,138,334

	2023		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 2,410,671	\$ -	\$ 2,410,671
Construction in progress	287,899	-	287,899
Land improvements	292,678	(260,190)	32,488
Buildings and improvements	4,743,127	(2,987,230)	1,755,897
Leasehold improvements	1,469	(188)	1,281
Vehicles	772,821	(680,744)	92,077
Furniture, fixtures and equipment	771,324	(536,091)	235,233
Horses	21,200	(7,391)	13,809
Software	457,531	(299,594)	157,937
Totals	\$ 9,758,720	\$ (4,771,428)	\$ 4,987,292

**EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

At August 31, 2024 and 2023, net assets with donor restrictions are restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
Subject to expenditures for specified purposes:		
Charitable remainder trusts	\$ 65,206	\$ 61,873
Pledges receivable	-	100,000
Capital improvements	4,968,744	300,000
Interest in net assets of Foundation	<u>1,509,249</u>	<u>1,550,395</u>
	<u>\$ 6,543,199</u>	<u>\$ 2,012,268</u>
Subject to spending policy and appropriation:		
Investment in perpetuity (Endowment Fund)	\$ 612,283	\$ 562,328
Interest in nets assets of Foundation	<u>3,314,321</u>	<u>3,074,980</u>
	<u>\$ 3,926,604</u>	<u>\$ 3,637,308</u>
 Total net assets with donor restrictions	 <u><u>\$ 10,469,803</u></u>	 <u><u>\$ 5,649,576</u></u>

In the statements of financial position, net assets with donor restrictions are included in cash and cash equivalents, charitable remainder trusts, investments, and in interest net assets of Foundation.

Net assets were released from donor restrictions by incurring expense satisfying the restricted purposes or by occurrence of passage of time or other events specified by donors during the years ended August 31, 2024 and 2023 in the amount of \$587,556 and \$24,047, respectively.

NOTE E – ENDOWMENT

The Organization has an endowment fund which includes donor restricted endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The donor-restricted endowment is included in net assets with donor restrictions based on donor imposed restrictions on the principal balance. Income from the endowment is distributed and used in accordance with the endowment document. Investment income is appropriated for distribution pursuant to the document and as such, is included as part of the net assets without donor restrictions, unless required to be retained as part of the restricted endowment.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the 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. Distributions of principal in excess of earnings are allowed pursuant to the document. As a result of this interpretation, the Organization classified as net assets with donor restrictions (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

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E – ENDOWMENT – CONTINUED

permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, net of any distributions in excess of earnings.

In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulated 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

Investment Policies

The Organization's overall investment policy covers the endowment fund. The Organization manages contributions in a manner that will maximize the benefit intended by the donor, produce income to support the work of the Organization, and achieve growth of principal value sufficient to increase the purchasing power of the assets over time. Secondly, the objective is to maintain a sufficient degree of flexibility to meet the changing environment.

Assets are diversified to insure that adverse results from any one security or securities will not have a detrimental impact on the entire portfolio. Asset allocation is an important tool to achieve desired results. The decision on how to allocate assets is based on the needs and circumstances during any period of time.

The following risk parameters are in place:

	<u>Percent of Total Fund</u>		
	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Cash and cash equivalents	5%	5%	10%
Equities	30%	55%	75%
Fixed Income	25%	30%	70%
Alternatives (e.g. hedging, managed futures, private equity)	5%	10%	15%

In addition, no more than 10% may be concentrated in equities or a fixed income strategy of a single company or 15% in the same industry. Investments in any one company may not exceed 5% of its common shares outstanding. All fixed income issues shall be investment grade or better as rated by S&P or Moodys.

Strategies, Objectives and Spending Policies

All of the investment objectives and strategies are in place to achieve the Organization's mission. Distributions are in accordance with the endowment document and considers both the short and long-term expected returns of the endowment fund. Overall, the Board's policy is to protect and preserve the assets and appropriate amounts necessary and allowable in accordance with the terms of the endowment document.

**EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE E – ENDOWMENT – CONTINUED

The Board appropriates spending through the budget process. The investment policy contemplates a distribution of approximately 10% of the average asset market values for the most recent three fiscal years.

For the year ended August 31, 2024, the Organization had the following donor-restricted endowment-related activities:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ <u>-0-</u>	\$ <u>612,283</u>	\$ <u>612,283</u>

The Endowment consists of the following at August 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning Balance	\$ -	\$ 562,328	\$ 562,328
Current year contributions	-	-	-
Investment return:			
Net income	-	12,598	12,598
Net appreciation/(depreciation)	-	58,382	58,382
Current year distributions	-	(19,094)	(19,094)
Amounts appropriated for expenditures	-	(1,931)	(1,931)
Total	\$ -	\$ 612,283	\$ 612,283

For the year ended August 31, 2023, the Organization had the following donor-restricted endowment-related activities:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ <u>-0-</u>	\$ <u>562,328</u>	\$ <u>562,328</u>

The Endowment consists of the following at August 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning Balance	\$ -	\$ 552,626	\$ 552,626
Current year contributions	-	-	-
Investment return:			
Net income	-	11,658	11,658
Net appreciation/(depreciation)	-	22,091	22,091
Current year distributions	-	(22,118)	(22,118)
Amounts appropriated for expenditures	-	(1,929)	(1,929)
Total	\$ -	\$ 562,328	\$ 562,328

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F – RETIREMENT PLAN

Effective January 1, 2003, the Organization instituted a deferred variable annuity plan under Section 403(b) of the Internal Revenue Code. Under provisions of the plan, employees may defer a portion of their salaries up to a maximum amount as allowed under the Internal Revenue Code. The Organization may make a discretionary matching contribution as determined by the Board of Directors. Matching contributions totaled \$263,700 and \$244,352 for the years ended August 31, 2024 and 2023, respectively.

NOTE G – LINE OF CREDIT

The Organization has a line of credit (LOC) with a financial institution, in an amount not to exceed \$500,000. The interest rate on the LOC is at SOFR plus 2% (7.35% at August 31, 2024). The LOC matures in December 2025. The LOC is collateralized by marketable securities held in an investment account.

At August 31, 2024 and 2023, the total amount outstanding on the LOC amounted to \$80,000.

NOTE H – RELATED PARTY TRANSACTIONS

The Easter Seals Southwest Florida Foundation, Inc. (Foundation) was organized in 1995 for the purpose of supporting the Organization. An independent Board of Trustees directs the Foundation.

During the fiscal year ended August 31, 2024, the Organization received support from the Foundation in the amount of \$218,285 for purchased services. This amount represented contributions of \$170,885 for wages and benefits, \$39,000 for professional services, and \$8,400 for software fees. The Organization also received a contribution of \$800,000 from the Foundation. During 2024, the Foundation repaid \$5,584 of amounts due to the Organization at August 31, 2023. At August 31, 2024, the Organization owes the Foundation \$56,616.

During the fiscal year ended August 31, 2023, the Organization received support from the Foundation in the amount of \$202,104 for purchased services. This amount represented contributions of \$151,104 for wages and benefits, \$39,000 for legal and professional fees, and \$12,000 for software fees. The Organization also received a contribution of \$1,000,000 from the Foundation. At August 31, 2023, the Foundation owed the Organization \$5,584.

The offices of the Foundation are located in the building, which is owned and occupied by the Organization. The value of the office space is immaterial to these financial statements.

The Organization, a beneficiary of permanent transfers made to the Foundation, has reported an asset for its interest in the net assets of the Foundation in accordance with accounting principles generally accepted in the U.S. Basically, if the specified beneficiary is financially interrelated to the recipient organization, the beneficiary must recognize its interest in the net assets of the recipient organization. The Organization is financially interrelated to the Foundation and therefore, is required to report its beneficial interest in the net assets of the Foundation. At August 31, 2024 and 2023, the Organization's interest in the net assets of the Foundation was \$5,382,794 and \$5,739,960, respectively. The Organization's change in interest in the net assets of the

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H – RELATED PARTY TRANSACTIONS–CONTINUED

Foundation has been recorded as a change to net assets in the statements of activities for the years ended August 31:

	2024	2023
Adjustment for change in interest		
In net assets of Foundation	<u>\$ (357,166)</u>	<u>\$ 1,077,340</u>

The Foundation has approved a \$500,000 line-of-credit to the Organization to cover operating costs. The line does not contemplate interest and must be paid to a \$-0- balance at least once during each year. There was a balance of \$0 outstanding on the line-of-credit at August 31, 2024 and 2023, respectively.

NOTE I – CONCENTRATION OF CREDIT AND OTHER RISKS

Financial instruments that potentially subject the Organization to credit risk consists of cash and cash equivalents and investments.

The Organization maintains numerous bank accounts at one institution. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time throughout the year, amounts may exceed FDIC limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and deposits.

The Organization holds various investments in securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonable possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

NOTE J – LIQUIDITY AND AVAILABLE RESOURCES

The Organization’s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	\$ 4,146,377	\$ 238,334
Accounts receivable	1,361,503	1,389,444
Due from Foundation	-	5,584
Investments	2,194,756	988,085
Total	\$ 7,702,636	\$ 2,621,447

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$500,000 with the Foundation, which it could draw upon with approval of the Foundation. The Organization also has a line of credit with a financial institution in the amount of \$500,000.

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE K – CONTINGENCIES

The Organization is involved in litigation from time to time with various parties in the normal course of business. The outcome of these matters and potential losses to the Organization cannot be fully determined. The Organization does have insurance to cover certain of these matters. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Organization's future financial position. As a result, no liability has been recorded in these financial statements. However, it is at reasonably possible that an unfavorable resolution could result in a liability that may affect the Organization's financial results in a particular period.

NOTE L – INVESTMENT IN JOINT VENTURE

The Organization accounts for joint ventures under the equity method of accounting. Under this method, investments are carried at cost and adjusted for the Organization's proportionate share of undistributed earnings and losses.

The Organization has entered into a joint venture agreement, (Braden Square, LLC), (Braden Square), for the purpose of acquiring real estate (the Sarasota Property), and holding for future development or development in support of the charitable mission of Community Assisted and Supported Living, Inc. (CASL) and the Organization. The Organization formed ES Legacy Village, LLC, as a wholly owned subsidiary for the purpose of participating in the joint venture. CASL is named as the Managing Member. Units of ownership may be Class A Voting Units (Class A Units) or Class B Convertible Preferred Nonvoting Units (Class B Units). CASL owns 51 Class A Units (51%), and ES Legacy Village owns 49% Class B Units (49%). Class B Units are entitled to a preferred distribution pursuant to the agreement, and to the extent of their capital contribution. The holder of Class B Units may elect to convert 100% of those units to Class A Units at any time upon or after the earlier of: A) June 1, 2024, and B) a sale, transfer, or other disposition of the Sarasota Property; and in the event of a default on any financing for the Sarasota Property obtained by Braden Square, or CASL, the Organization or ES Legacy Village, LLC, shall be permitted to purchase the Class A Units held by CASL at a purchase price equal to its capital account balance. Initial contributions are stated in the Operating Agreement and are not proportionate to units owned. Total assets of the joint venture (consisting mainly of land and construction costs) are \$3,642,053 and liabilities were \$1,817,261. Braden Square has a note payable in the amount of \$1,750,000 with Manatee County, secured by the Sarasota Property. Interest is fixed rate of 2.185%. Interest accrues on outstanding principal and shall be paid annually commencing two years after the completion of the project. The note matures twenty years from the completion date. If the project is not placed in operation within five years of January 23, 2024 (closing date), the full amount will be due within 30 days. At August 31, 2024, Braden Square owed the Organization \$6,680. The Organization's investment in Braden Square at August 31, 2024 is \$1,134,883.

NOTE M – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2025, the date on which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

EASTER SEALS SOUTHWEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED AUGUST 31, 2024

Federal/State Grantor/Pass-through Grantor/Program/Project	ALN/ CSFA Number	Pass-through Entity Entity Identifying Number	Provided to Subrecipients	Total Expenditures
<u>Federal Programs</u>				
U.S. Department of Transportation Passed through the Florida Department of Transportation Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	G2936 & G2X03	\$ -	\$ 38,973
Total U.S. Department of Transportation			\$ -	\$ 38,973
U.S. Department of Health and Human Services Congressional Directives	93.493	6CE1HS46131-01-01	\$ -	\$ 1,742,432
Total U.S. Department of Health and Human Services			\$ -	\$ 1,742,432
Total Expenditures of Federal Awards			\$ -	\$ 1,781,405
<u>State Financial Assistance</u>				
Florida Agency for Persons with Disabilities Easter Seals Southwest Florida, Inc.	67.071	ACZ18	\$ 3,350,000	\$ 6,360,759
Total Florida Agency for Persons with Disabilities			\$ 3,350,000	\$ 6,360,759
Total Expenditures of State Financial Assistance			\$ 3,350,000	\$ 6,360,759

The Independent Auditor's report should be read in connection with this supplementary schedule.

EASTER SEALS SOUTHWEST FLORIDA, INC.
NOTES TO SCHEDULE OF EXPENDITURES FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED AUGUST 31, 2024

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Easter Seals Southwest Florida, Inc. (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the Florida Single Audit Act and Rules of the Auditor General of the State of Florida, Chapter 10.650. Some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. The Organization elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note B – Contingencies

Grant monies received and distributed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such review, if any, may result in a request for a reimbursement due to disallowed expenditures. The Organization does not believe that such allowances, if any, would have a material effect on the financial statements of the Organization. As of March 25, 2025, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note C – Types of Contracts

The Organization's federal grant award is a reimbursement based award. The Organization records expenditures based on when the expenditures is incurred in the performance of the grant award.

The Organization's state grant award is a fixed-price performance based awards. The Organization records expenditures related to its fixed-price performance based contracts pursuant to DFS Rule 69I-5.004(2)(a) based on when the related activity occurs to achieve the purpose of the contract.

The Independent Auditor's report should be read in connection with this supplementary schedule.

OTHER AUDITOR'S REPORTS

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*

Board of Directors
Easter Seals Southwest Florida, Inc.
Sarasota, 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 Southwest Florida, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of August 31, 2024, 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 25, 2025.

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, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been 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 the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Handwritten signature in black ink that reads "CS&L CPAs". The letters are cursive and somewhat stylized.

CS&L CPAs, P.A.

March 25, 2025
Bradenton, Florida

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

Board of Directors
Easter Seals Southwest Florida, Inc.
Sarasota, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Easter Seals Southwest Florida, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended August 31, 2024. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs and state projects for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the audit requirements of Chapter 10.650, Rules of the Auditor General of the State of Florida. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General of the State of Florida 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 Rules of the Auditor General of the State of Florida 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General of the State of Florida, 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 Auditor General of the State of Florida, 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

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 and state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Handwritten signature in black ink that reads "CS&L CPAs". The letters are cursive and slightly slanted.

CS&L CPAs, P.A.

March 25, 2025
Bradenton, Florida

**EASTER SEALS SOUTHWEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED AUGUST 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal Control over financial reporting:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards and State Financial Assistance

Internal Control over major federal programs or state projects:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x none reported

Type of auditor’s report issued on compliance for major federal programs and state projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.656, Rules of the Auditor General? ___ yes x no

Identification of Major Federal Programs:

AL Number

Congressional Directives 93.493

Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000

Auditee qualified as a low-risk auditee pursuant to the Uniform Guidance? ___ yes x no

Identification of Major State Projects:

CSFA Number

Florida Agency for Persons with Disabilities
Easter Seals Southwest Florida, Inc. 67.071

Dollar threshold used to distinguish between Type A and Type B state projects: \$750,000

**EASTER SEALS SOUTHWEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED AUGUST 31, 2024**

Section II – Financial Statement Findings

No matters were reported.

PRIOR YEAR FINDINGS

There were no prior audit findings.

Section III – Federal Program Findings and Questioned Costs

No matters were reported.

Section IV – State Project Findings and Questioned Costs

No matters were reported.

PRIOR YEAR FINDINGS

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.