

**EASTER SEALS LOUISIANA, INC.**

Audits of Financial Statements

June 30, 2015 and 2014



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## Independent Auditor's Report

To the Board of Directors  
Easter Seals Louisiana, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Easter Seals Louisiana, Inc. (the Organization) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals Louisiana, Inc. as of June 30, 2015 and 2014, 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.

## **Other Matters**

### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments and the schedule of expenditures of federal awards as required by Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statements or to the basic 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 taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2015, 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 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 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.



A Professional Accounting Corporation

Metairie, LA  
September 24, 2015

**EASTER SEALS LOUISIANA, INC.**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Cash Used for Operations	\$ 64,871	\$ 321,923
Cash Equivalents Designated for Investments	139,656	92,735
Cash Designated for Capital Projects	577,760	720,719
Accounts Receivable, Net	1,246,600	1,033,939
Prepaid Expenses and Deposits	16,862	12,577
Investments - Board-Designated	1,390,556	954,010
Unemployment Trust	125,707	128,937
Beneficial Interest in Asset Held by Others	5,532	5,237
Unimproved Real Estate	16,218	16,218
Furniture and Equipment, Net	78,377	54,947
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 3,662,139</b>	<b>\$ 3,341,242</b>
	<hr/>	<hr/>
<b>Liabilities</b>		
Accounts Payable	\$ 68,641	\$ 65,087
Payroll Taxes Payable	-	2,289
Other Liabilities	-	1,390
Accrued Vacation	140,517	159,084
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>209,158</b>	<b>227,850</b>
	<hr/>	<hr/>
<b>Net Assets</b>		
Unrestricted Net Assets		
Undesignated	1,345,009	1,345,928
Board-Designated	2,107,972	1,767,464
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>3,452,981</b>	<b>3,113,392</b>
	<hr/>	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,662,139</b>	<b>\$ 3,341,242</b>
	<hr/>	<hr/>

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

**EASTER SEALS LOUISIANA, INC.**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2015**

	2015	2014
<b>Support and Revenue</b>		
Contributions and Other Revenue		
Contributions	\$ 75,543	\$ 66,701
Special Events	61,677	68,322
Bingo (Net of Expenses and Winnings)	-	3,827
Net Investment (Loss) Income	(12,698)	58,645
Miscellaneous	9,246	335
Program Revenue		
Case Management	5,795,247	6,310,715
Mental Health Services	1,905,133	1,708,089
System Point of Entry (SPOE)	1,064,222	936,862
Integrated Community Engagement	217,514	253,238
Unity Permanent Supportive Housing	97,110	-
<b>Total Support and Revenue</b>	<b>9,212,994</b>	<b>9,406,734</b>
<b>Expenses</b>		
Program Services		
Case Management	5,426,670	5,796,888
Mental Health Services	1,305,195	1,139,595
System Point of Entry (SPOE)	974,964	884,094
Integrated Community Engagement	217,135	252,044
Unity Permanent Supportive Housing	129,798	-
Direct Services	61,271	54,251
Support Services		
Management and General	633,950	630,259
Fundraising	124,422	148,302
<b>Total Expenses</b>	<b>8,873,405</b>	<b>8,905,433</b>
<b>Increase in Net Assets</b>	<b>339,589</b>	<b>501,301</b>
<b>Net Assets, Beginning of Year</b>	<b>3,113,392</b>	<b>2,612,091</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,452,981</b>	<b>\$ 3,113,392</b>

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

**EASTER SEALS LOUISIANA, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**

**Program Services**

	<b>Mental Health Services</b>						
	<b>Case Management (All Regions)</b>	<b>Integrated Community Engagement I &amp; II</b>	<b>Shreveport Crisis Services</b>	<b>Shreveport Community Psychiatric Support Treatment</b>	<b>Shreveport Residential</b>	<b>Monroe Residential</b>	<b>Monroe Intensive Case Management</b>
Salaries and Employee Benefits	\$ 4,322,110	\$ 61,562	\$ 259,697	\$ 32,546	\$ 204,374	\$ 119,312	\$ 226,330
Professional Fees and Contracted Services	54,307	-	30,870	188	512	741	1,157
Supplies	39,850	21	20,276	5	18,733	1,167	876
Telecommunications	86,691	-	14,080	550	3,068	4,272	4,120
Postage and Shipping	17,594	-	147	-	1,401	358	204
Occupancy	308,836	-	14,248	-	105,068	128,908	7,576
Equipment Rent and Maintenance	76,524	-	8,354	111	2,048	4,488	4,857
Printing, Publications, and Media	11,376	-	1,986	242	1,273	266	561
Travel and Transportation	277,873	2,833	9,153	2,119	4,279	5,444	29,494
Conferences and Meetings	4,930	-	702	43	88	300	246
Dues and Memberships	-	-	-	-	-	-	-
Specific Assistance	-	127,726	845	-	-	-	-
Insurance	26,427	1,057	1,783	178	1,701	1,306	1,389
Auditing Fees	-	-	-	-	-	-	-
Bad Debt Expense	128,885	-	-	225	-	-	6,196
Miscellaneous	54,704	23,273	2,781	218	5,705	726	1,321
Depreciation	16,563	663	1,117	112	1,066	818	870
<b>Total Functional Expense</b>	<b>5,426,670</b>	<b>217,135</b>	<b>366,039</b>	<b>36,537</b>	<b>349,316</b>	<b>268,106</b>	<b>285,197</b>
National Membership Dues	-	-	-	-	-	-	-
<b>Total Functional Expense with Dues and Fees to National</b>	<b>\$ 5,426,670</b>	<b>\$ 217,135</b>	<b>\$ 366,039</b>	<b>\$ 36,537</b>	<b>\$ 349,316</b>	<b>\$ 268,106</b>	<b>\$ 285,197</b>

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

**EASTER SEALS LOUISIANA, INC.**  
**Statement of Functional Expenses (Continued)**  
**For the Year Ended June 30, 2015**

	Program Services			Support Services			Support Services Totals	Total
	Unity Permanent Supportive Housing	System Point of Entry All Regions	Direct Services	Program Services Totals	Management and General	Fundraising		
Salaries and Employee Benefits	\$ 47,430	\$ 739,276	\$ 12,367	\$ 6,025,004	\$ 448,543	\$ 84,525	\$ 533,068	\$ 6,558,072
Professional Fees and Contracted Services	1,078	5,154	-	94,007	21,192	18,724	39,916	133,923
Supplies	840	29,055	155	110,978	13,448	4,713	18,161	129,139
Telecommunications	1,224	23,453	-	137,458	9,266	540	9,806	147,264
Postage and Shipping	66	10,806	461	31,037	645	886	1,531	32,568
Occupancy	2,239	72,331	-	639,206	12,632	-	12,632	651,838
Equipment Rent and Maintenance	462	29,835	-	126,679	10,532	111	10,643	137,322
Printing, Publications, and Media	121	1,829	(37)	17,617	2,316	2,960	5,276	22,893
Travel and Transportation	2,039	45,449	-	378,683	32,327	2,833	35,160	413,843
Conferences and Meetings	-	1,301	48	7,658	10,598	1,520	12,118	19,776
Dues and Memberships	-	-	-	-	1,695	-	1,695	1,695
Specific Assistance	73,103	-	45,695	247,369	-	-	-	247,369
Insurance	632	4,748	298	39,519	3,087	606	3,693	43,212
Auditing Fees	-	3,000	-	3,000	16,590	-	16,590	19,590
Bad Debt Expense	-	-	-	135,306	-	-	-	135,306
Miscellaneous	168	5,751	2,097	96,744	12,765	6,624	19,389	116,133
Depreciation	396	2,976	187	24,768	1,935	380	2,315	27,083
<b>Total Functional Expense</b>	129,798	974,964	61,271	8,115,033	597,571	124,422	721,993	8,837,026
National Membership Dues	-	-	-	-	36,379	-	36,379	36,379
<b>Total Functional Expense with Dues and Fees to National</b>	\$ 129,798	\$ 974,964	\$ 61,271	\$ 8,115,033	\$ 633,950	\$ 124,422	\$ 758,372	\$ 8,873,405

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



**EASTER SEALS LOUISIANA, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2014**

**Program Services**

	<b>Mental Health Services</b>							
	<b>Case Management (All Regions)</b>	<b>Integrated Community Engagement I &amp; II</b>	<b>Shreveport Crisis Services</b>	<b>Shreveport Community Psychiatric Support</b>		<b>Shreveport Residential</b>	<b>Monroe Residential</b>	<b>Monroe Intensive Case Management</b>
				<b>Treatment</b>	<b>Residential</b>			
Salaries and Employee Benefits	\$ 4,714,779	\$ 71,873	\$ 221,432	\$ 26,644	\$ 185,236	\$ 114,398	\$ 171,512	
Professional Fees and Contracted Services	60,360	254	13,346	78	1,888	638	782	
Supplies	50,639	2,415	6,144	164	15,894	2,206	1,106	
Telecommunications	82,387	340	9,346	275	5,371	3,838	2,853	
Postage and Shipping	18,735	24	282	-	601	456	289	
Occupancy	311,999	-	15,791	-	107,911	89,281	9,070	
Equipment Rent and Maintenance	66,314	-	2,721	-	5,266	4,018	4,026	
Printing, Publications, and Media	1,324	39	692	-	158	62	-	
Travel and Transportation	286,848	423	8,161	2,045	1,761	4,975	28,992	
Conferences and Meetings	10,161	-	5,363	-	687	632	707	
Dues and Memberships	-	-	-	-	-	-	-	
Specific Assistance	-	132,392	-	-	-	-	-	
Insurance	23,303	1,013	1,147	124	1,357	893	1,060	
Interest	-	-	-	-	-	-	-	
Auditing Fees	-	-	-	-	-	-	-	
Bad Debt Expense	96,387	-	-	1,354	-	-	41,673	
Miscellaneous	59,677	42,663	178	1	10,726	334	904	
Depreciation	13,975	608	688	74	814	535	635	
<b>Total Functional Expense</b>	<b>5,796,888</b>	<b>252,044</b>	<b>285,291</b>	<b>30,759</b>	<b>337,670</b>	<b>222,266</b>	<b>263,609</b>	
National Membership Dues	-	-	-	-	-	-	-	
<b>Total Functional Expense with Dues and Fees to National</b>	<b>\$ 5,796,888</b>	<b>\$ 252,044</b>	<b>\$ 285,291</b>	<b>\$ 30,759</b>	<b>\$ 337,670</b>	<b>\$ 222,266</b>	<b>\$ 263,609</b>	

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

**EASTER SEALS LOUISIANA, INC.**  
**Statement of Functional Expenses (Continued)**  
**For the Year Ended June 30, 2014**

	Program Services			Support Services				Total
	System Point of Entry (SPOE)		Direct Services	Program Services Totals	Management and General	Fundraising	Support Services Totals	
	New Orleans Early Steps	Monroe Early Steps						
Salaries and Employee Benefits	\$ 272,442	\$ 401,883	\$ 13,535	\$ 6,193,734	\$ 452,816	\$ 117,539	\$ 570,355	\$ 6,764,089
Professional Fees and Contracted Services	1,065	1,658	-	80,069	30,233	4,843	35,076	115,145
Supplies	15,473	8,922	5,921	108,884	11,811	7,886	19,697	128,581
Telecommunications	6,879	8,536	-	119,825	7,410	840	8,250	128,075
Postage and Shipping	4,810	4,726	170	30,093	1,468	545	2,013	32,106
Occupancy	24,997	42,290	-	601,339	14,264	-	14,264	615,603
Equipment Rent and Maintenance	9,951	13,416	-	105,712	6,793	-	6,793	112,505
Printing, Publications, and Media	150	306	331	3,062	1,020	1,223	2,243	5,305
Travel and Transportation	17,745	27,597	256	378,803	27,852	5,553	33,405	412,208
Conferences and Meetings	410	1,526	251	19,737	6,423	1,842	8,265	28,002
Dues and Memberships	-	-	-	-	1,630	-	1,630	1,630
Specific Assistance	-	-	33,412	165,804	-	-	-	165,804
Insurance	1,456	2,098	218	32,669	2,534	596	3,130	35,799
Interest	-	-	-	-	241	-	241	241
Auditing Fees	4,000	4,000	-	8,000	14,500	-	14,500	22,500
Bad Debt Expense	-	-	-	139,414	-	-	-	139,414
Miscellaneous	1,843	3,784	26	120,136	14,255	7,077	21,332	141,468
Depreciation	873	1,258	131	19,591	1,519	358	1,877	21,468
<b>Total Functional Expense</b>	<b>362,094</b>	<b>522,000</b>	<b>54,251</b>	<b>8,126,872</b>	<b>594,769</b>	<b>148,302</b>	<b>743,071</b>	<b>8,869,943</b>
National Membership Dues	-	-	-	-	35,490	-	35,490	35,490
<b>Total Functional Expense with Dues and Fees to National</b>	<b>\$ 362,094</b>	<b>\$ 522,000</b>	<b>\$ 54,251</b>	<b>\$ 8,126,872</b>	<b>\$ 630,259</b>	<b>\$ 148,302</b>	<b>\$ 778,561</b>	<b>\$ 8,905,433</b>

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

**EASTER SEALS LOUISIANA, INC.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**

	2015	2014
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 339,589	\$ 501,301
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	27,083	21,468
Bad Debt Expense	135,306	139,414
Realized and Unrealized Loss (Gain) on Investments	18,775	(41,488)
Realized Gain from Sale of Furniture and Equipment	(239)	-
(Increase) Decrease in Operating Assets		
Cash Equivalents Designated for Investments	(46,921)	1,089,967
Cash Designated for Capital Projects	142,959	(720,719)
Accounts Receivable	(347,967)	116,938
Prepaid Expenses and Deposits	(4,285)	(6,212)
Unemployment Trust	3,230	75,904
Beneficial Interest in Asset Held by Others	(295)	(5,237)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	3,554	30,789
Accrued Vacation	(18,567)	(7,358)
Payroll Taxes Payable	(2,289)	(3,109)
Other Liabilities	(1,390)	(1,110)
<b>Net Cash Provided by Operating Activities</b>	<b>248,543</b>	<b>1,190,548</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	(1,201,043)	(912,522)
Sales of Investments	745,722	-
Proceeds from Sale of Furniture and Equipment	477	-
Purchases of Furniture and Equipment	(50,751)	(32,021)
<b>Net Cash Used in Investing Activities</b>	<b>(505,595)</b>	<b>(944,543)</b>
<b>Net (Decrease) Increase in Cash</b>	<b>(257,052)</b>	<b>246,005</b>
<b>Cash, Beginning of Year</b>	<b>321,923</b>	<b>75,918</b>
<b>Cash, End of Year</b>	<b>\$ 64,871</b>	<b>\$ 321,923</b>

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

## EASTER SEALS LOUISIANA, INC.

### Notes to Financial Statements

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#### Note 1. Nature of Activities

Easter Seals Louisiana, Inc. (the Organization), is a non-profit, community-based healthcare agency organized under the laws of the State of Louisiana. The mission of the Organization is to help children and adults with disabilities of all ages, and their families, obtain, and effectively utilize resources necessary to lead more independent and purposeful lives. The Organization maintains programs and services that create an acceptance toward people with disabilities through the following: Camperships, Equipment Loan and Specific Assistance, Support Coordination (Case Management), Mental Health, and Early Intervention Services.

#### Note 2. Summary of Significant Accounting Policies

##### Organization and Income Taxes

The Organization is a nonprofit corporation organized under the laws of the State of Louisiana in 1951. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

##### Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

##### Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*. Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets.

##### Cash Flow Information

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Organization did not make any cash payments for interest or income taxes during the years ended June 30, 2015 and 2014.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## EASTER SEALS LOUISIANA, INC.

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

##### **Contributions**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

##### **Accounts Receivable**

The Organization provides services under contracts entered into with various state and federal agencies. Accounts receivable includes amounts billed under these contracts and amounts due from patients for services provided.

A major portion of the accounts receivable balances as of June 30, 2015 and 2014 is from the Louisiana Department of Health and Hospitals. Management closely monitors outstanding accounts receivable and estimates an allowance for uncollectible receivables based on prior experience. Balances that are determined to be uncollectible are written off. As of June 30, 2015 and 2014, the allowance for uncollectible receivables was \$155,227 and \$120,699, respectively.

##### **Furniture and Equipment**

Furniture and equipment is recorded at cost. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments of \$500 or greater are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method over the estimated useful life of each asset which ranges from five to seven years. Donated property is recorded at its fair market value at the date of donation.

##### **Allocated Expenses**

The cost of providing the various programs and other activities are summarized in the statements of functional expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

## EASTER SEALS LOUISIANA, INC.

### Notes to Financial Statements

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#### Note 3. Unemployment Trust

The Organization self-insures for unemployment expenses via the Unemployment Services Trust. The unemployment trust balance per contract would be fully refunded to the Organization upon payment of all outstanding unemployment claims. The balance of the unemployment trust is based on the gross balance of the account less an estimate of actual claims. The net recorded balance as of June 30, 2015 and 2014 was \$125,707 and \$128,937, respectively.

#### Note 4. Investments

Investments are summarized as follows at June 30:

	2015	
	Cost	Fair Market Value
Corporate Stocks	\$ 816,881	\$ 825,076
Corporate Bonds	564,386	565,480
<b>Total</b>	<b>\$ 1,381,267</b>	<b>\$ 1,390,556</b>

  

	2014	
	Cost	Fair Market Value
Corporate Stocks	\$ 627,434	\$ 667,192
Corporate Bonds	248,570	251,633
Preferred Stock	35,888	35,185
<b>Total</b>	<b>\$ 911,892</b>	<b>\$ 954,010</b>

The following schedule summarizes the investment income shown in the statements of activities and changes in net assets for the year ended June 30:

	2015	2014
Interest and Dividend Income, Net of Expenses	\$ 6,077	\$ 17,157
Unrealized and Realized (Loss) Gain, Net	(18,775)	41,488
<b>Net Investment (Loss) Income</b>	<b>\$ (12,698)</b>	<b>\$ 58,645</b>

## EASTER SEALS LOUISIANA, INC.

### Notes to Financial Statements

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#### Note 5. Fair Value Measurements

FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. FASB ASC Topic 820 establishes a fair value hierarchy which prioritizes inputs to the valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data (observable inputs) or they may be internally developed (unobservable inputs). The fair value hierarchy prioritizes the inputs to the valuation techniques used to measure fair value into three broad categories. These categories include: Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any output 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.

The market approach is used for valuing common stocks and money market funds, which are all classified within Level 1 of the fair value hierarchy. The remainder of the Organization's investment portfolios consists of fixed income securities, such as corporate bonds, which may not trade on a daily basis. Fixed income securities are generally valued based upon quoted market prices from brokers and dealers, which represent fair value, and are classified within Level 2.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

Assets measured at fair value are comprised of the following as of June 30:

Description	2015			
	Total Assets Measured at Fair Value	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common Stocks	\$ 825,076	\$ 825,076	\$ -	\$ -
Corporate Bonds	565,480	-	565,480	-
<b>Total</b>	<b>\$ 1,390,556</b>	<b>\$ 825,076</b>	<b>\$ 565,480</b>	<b>\$ -</b>

## EASTER SEALS LOUISIANA, INC.

### Notes to Financial Statements

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#### Note 5. Fair Value Measurements (Continued)

Description	2014			
	Total Assets Measured at Fair Value	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common Stocks	\$ 667,192	\$ 667,192	\$ -	\$ -
Corporate Bonds	251,633	-	251,633	-
Preferred Stock	35,185	-	35,185	-
<b>Total</b>	<b>\$ 954,010</b>	<b>\$ 667,192</b>	<b>\$ 286,818</b>	<b>\$ -</b>

#### Note 6. Board-Designated Endowment

In May 2013, an endowment fund was established by the Board of Directors in the form of investments with the purpose of providing perpetual financial support to the Organization. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of restrictions imposed by a donor. The funds in the investment portfolio are not anticipated to be utilized for the daily operations of the Organization, and as such, are invested over a long-term investment horizon. The endowment fund uses a total-return based spending policy, which means that it will fund distributions from net investment income, net realized capital gains and proceeds from the sale of investments. A distribution of fund assets is permitted to the extent that such distributions do not exceed a level that would erode the portfolio's real assets over time.

The investment strategy of the portfolio is to provide for capital appreciation over the long term deploying a moderate growth investment objective. The portfolio is managed in a way that reflects an above average risk tolerance and the ability to accept higher levels of volatility while seeking to achieve annual returns of 5% to 8% above the rate of inflation. In order to accomplish this, the investment advisor is instructed to invest the portfolio using an allocation of both equities and fixed income securities. With regards to equity securities held in the portfolio, the investment manager is not restricted in its selection of securities. However, the Organization retains the right to request the divestiture of any security it may find objectionable. With regards to fixed income securities, securities which are deemed suitable for the portfolio will be of investment grade and represent obligations of the U.S. Government or its agencies and/or domestic corporations.



**EASTER SEALS LOUISIANA, INC.****Notes to Financial Statements**

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**Note 6. Board-Designated Endowment (Continued)**

To implement the investment strategy outlined above, the investment manager will invest the portfolio as follows:

<b>Asset Class</b>	<b>Strategic %</b>	<b>Minimum</b>	<b>Maximum</b>
Cash and Cash Equivalents	5%	0%	5%
Fixed Income	30%	20%	50%
Equities	65%	50%	80%

Endowment fund net asset composition by type of fund as of June 30, 2015 and 2014 are as follows:

<b>2015</b>				
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total Endowment Fund Net Assets</b>
<b>Board-Designated Endowment Fund</b>	<b>\$ 1,530,212</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,530,212</b>
<b>Total</b>	<b>\$ 1,530,212</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,530,212</b>

<b>2014</b>				
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total Endowment Fund Net Assets</b>
<b>Board-Designated Endowment Fund</b>	<b>\$ 1,046,745</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,046,745</b>
<b>Total</b>	<b>\$ 1,046,745</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,046,745</b>

**EASTER SEALS LOUISIANA, INC.****Notes to Financial Statements**

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**Note 6. Board-Designated Endowment (Continued)**

Changes in endowment fund net assets for the years ended June 30, 2015 and 2014, are as follows:

	2015		
	Unrestricted	Temporarily Restricted	Total Endowment Fund Net Assets
Net Assets, Beginning of Year	\$ 1,046,745	\$ -	\$ 1,046,745
Contributions	500,000	-	500,000
Investment Earnings			
Unrealized and Realized Loss, Net	(18,775)	-	(18,775)
Dividends and Interest	12,124	-	12,124
Appropriated for Expenditure	-	-	-
Investment Expense	(9,882)	-	(9,882)
Change in Donor Restriction	-	-	-
Net Assets, End of Year	<u>\$ 1,530,212</u>	<u>\$ -</u>	<u>1,530,212</u>

	2014		
	Unrestricted	Temporarily Restricted	Total Endowment Fund Net Assets
Net Assets, Beginning of Year	\$ -	\$ -	\$ -
Contributions	1,000,000	-	1,000,000
Investment Earnings			
Unrealized and Realized Gain, Net	41,488	-	41,488
Dividends and Interest	5,257	-	5,257
Appropriated for Expenditure	-	-	-
Investment Expense	-	-	-
Change in Donor Restriction	-	-	-
Net Assets, End of Year	<u>\$ 1,046,745</u>	<u>\$ -</u>	<u>1,046,745</u>

**Note 7. Beneficial Interest in Asset Held by Others**

During the year ended June 30, 2014, the Organization was made aware of a gift annuity contract entered into by a donor wherein the Organization is to receive 75% of the remainder. As of June 30, 2015 and 2014, the balance estimated to be received by the Organization was \$5,532 and \$5,237, respectively.

## EASTER SEALS LOUISIANA, INC.

### Notes to Financial Statements

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#### Note 8. Uncertain Tax Positions

Accounting principals generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

#### Note 9. Furniture and Equipment

The following is a summary of furniture and equipment at June 30, 2015 and 2014:

	2015	2014
Furniture and Equipment		
Furniture and Fixtures	\$ 51,418	\$ 45,686
Office Equipment	216,616	173,192
	<hr/>	<hr/>
Total Furniture and Equipment	268,034	218,878
Less: Accumulated Depreciation	(189,657)	(163,931)
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 78,377</b>	<b>\$ 54,947</b>

Depreciation expense was \$27,083 and \$21,468 for the years ended June 30, 2015 and 2014, respectively.

#### Note 10. Operating Leases

The Organization leases certain office facilities in New Orleans, Shreveport, Covington, Monroe, Alexandria and Thibodaux. The payments on the leases range from \$723 to \$8,524 per month. Rent expense related to operating leases was approximately \$415,000 and \$414,000 for the years ended June 30, 2015 and 2014, respectively.

## EASTER SEALS LOUISIANA, INC.

### Notes to Financial Statements

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#### Note 10. Operating Leases (Continued)

The future minimum lease payments under the above described noncancelable leases are as follows.

For the Years Ended		
June 30,		Amount
2016		\$ 281,306
2017		142,781
2018		97,088
2019		42,665
<b>Total</b>		<b>\$ 563,840</b>

#### Note 11. Line of Credit

The Organization has a \$500,000 revolving bank line of credit. Interest is payable at the prime rate, plus 1.25% points, with a floor of 4.50%. The interest rate was 4.50% as of June 30, 2015 and 2014. All unpaid interest and principal is due on December 14, 2015. The loan is secured with receivables and property, furniture, and equipment. There was no outstanding balance on the line of credit as of June 30, 2015 and 2014.

#### Note 12. Net Assets

As further explained in Note 6, a portion of the unrestricted net assets has been designated by the Board of Directors to be used for specific purposes. Designations are voluntary, board-approved segregations of unrestricted net assets for specific purposes and are used as an aid in planning future expenditures and investing. Information regarding the components of unrestricted net assets at June 30, 2015 and 2014 is as follows:

	2015	2014
Undesignated Net Assets	\$ 1,345,009	\$ 1,345,928
Designated Net Assets		
Designated for Endowment	1,530,212	1,046,745
Designated for Capital Projects	577,760	720,719
Total Designated Net Assets	2,107,972	1,767,464
<b>Total Unrestricted Net Assets</b>	<b>\$ 3,452,981</b>	<b>\$ 3,113,392</b>

## **EASTER SEALS LOUISIANA, INC.**

### **Notes to Financial Statements**

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#### **Note 13. Related Party Transactions**

The Organization is affiliated with the Easter Seals, Inc. (Easter Seals) and pays an annual membership fee. For the years ended June 30, 2015 and 2014, the fee was \$36,379 and \$35,490, respectively. Easter Seals provides supplies for certain campaigns and charges the Organization for those supplies. Easter Seals also remits to the Organization contributions collected on behalf of the Organization. There was no balance due to Easter Seals as of June 30, 2015 and 2014.

#### **Note 14. Significant Contracts and Grants**

For the years ended June 30, 2015 and 2014, approximately \$6,606,000 and \$6,963,000, respectively, of contract revenue was from the State of Louisiana Department of Health and Hospitals acting as a Medicaid fiscal intermediary, and approximately \$1,065,000 and \$935,000, respectively, of contract revenue was from the State of Louisiana Department of Health and Hospitals acting as a pass through entity for federal grants. The State of Louisiana provides annual contracts to the Organization which grant the State of Louisiana the right to audit program accounts and activities. The State, acting as the Medicaid intermediary for Medicaid patients, reimburses services rendered to Medicaid program beneficiaries under an allowable cost reimbursement formula that is subject to audit and retroactive adjustments. Management believes that the Organization is in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the financial statements.

#### **Note 15. Risk Management**

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2015 and 2014.

#### **Note 16. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued September 24, 2015, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**EASTER SEALS LOUISIANA, INC.**  
**Schedule of Compensation, Benefits and Other Payments**  
**to Agency Head**  
**For the Year Ended June 30, 2015**

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Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statement of local governmental and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head**  
Tracy Garner, Chief Executive Officer

<b>Purpose</b>	<b>Compensation and Benefits Funded by Use of Public Funds</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Cell and Data Plan	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Mileage	\$0
Registration Fees	\$0
Conference Travel	\$0
Professional Dues/ Memberships	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

**OMB CIRCULAR A-133 SECTION**



**EASTER SEALS LOUISIANA, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

<b>FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE (per CFDA)</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>United States Department of Education</b>		
Pass-Through Program from:		
Louisiana Department of Health and Hospitals		
Special Education - Grants for Infants and Families with Disabilities	84.181	<u>\$ 1,064,222</u>
Total United States Department of Education		<u>1,064,222</u>
 <b>United States Department of Housing and Urban Development</b>		
Pass-Through Program From:		
UNITY of Greater New Orleans, Inc.		
Bridge House Permanent Supportive Housing	14.267	97,110
Office of Community Planning and Development		
Supportive Housing Program -		
Integrated Community Engagement		
Shelter Plus Care	14.238	<u>217,514</u>
Total United States Department of Housing and Urban Development		<u>314,624</u>
 <b>Total Expenditures of Federal Awards</b>		 <u><u>\$ 1,378,846</u></u>

See notes to schedule of expenditures of federal awards.

**EASTER SEALS LOUISIANA, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

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**Note 1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Easter Seals Louisiana, Inc. and is prepared in accordance with the accrual method of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Payments to Subrecipients**

There were no payments to subrecipients for the year ended June 30, 2015.

**Note 2. Findings of Noncompliance**

There are no findings of noncompliance disclosed in the accompanying schedule of findings and questions costs.



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**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**

**Independent Auditor's Report**

To the Board of Directors  
Easter Seals Louisiana, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Easter Seals Louisiana, Inc. (the Organization), which comprise the financial statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2015.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

**NEW ORLEANS HOUSTON BATON ROUGE COVINGTON**

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### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA  
September 24, 2015



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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

### Independent Auditor's Report

To the Board of Directors  
Easter Seals Louisiana, Inc.

#### **Report on Compliance for Each Major Federal Program**

We have audited Easter Seals Louisiana, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

#### **Opinion on Each Major Federal Program**

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 for the year ended June 30, 2015.

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## **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 charges with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA  
September 24, 2015

**EASTER SEALS LOUISIANA, INC.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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**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? No
- Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) Circular A-133? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.181	Special Education – Grants for Infants and Families with Disabilities

Dollar threshold used to determine Type A Programs: \$300,000

Auditee qualified as low-risk auditee? Yes

**Section II. FINANCIAL STATEMENT FINDINGS**

None.

**Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**EASTER SEALS LOUISIANA, INC.**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2015**

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**Identifying Number:**

2014-01 Internal Controls Over Documentation

**Audit Finding and Recommendation:**

During our audit procedures, we noted an overall lack of centralization of documentation relating to the rent expenditures of the program. This resulted in difficulty in locating supporting documentation for one participant selected for testing. In addition, we noted inconsistent documentation maintained within the participant files examined for testing. It was recommended that a standardized checklist be created and maintained in each rental assistance participant's file and updated as necessary.

**Current Status:**

The recommendation was adopted during the year ended June 30, 2015. No similar findings were noted in the 2015 audit.