Easter Seals Disability Services

— MIDWEST —

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FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

JUNE 30, 2015 AND 2014

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To the Board of Directors of
Easter Seals Midwest
St. Louis, Missouri

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated and consolidating financial statements of *Easter Seals Midwest* (a nonprofit organization) (the "Organization") which comprise the consolidated and consolidating statements of financial position as of June 30, 2015 and 2014, and the related consolidated and consolidating statements of activities, consolidated functional expenses, and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and consolidating 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 consolidated and consolidating 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 consolidated and consolidating financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and consolidating 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 consolidated and consolidating 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 consolidated and consolidating financial statements.

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

Opinion

In our opinion, the consolidated and consolidating financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

Mueller Prost LC
Certified Public Accountants

October 16, 2015
St. Louis, Missouri

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FINANCIAL STATEMENTS

EASTER SEALS MIDWEST
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS	ESMW 2015	Consolidated 2014
Current Assets		
Cash and cash equivalents	$ 227,987	$ 19,292
Investments	1,443,155	2,007,100
Accounts receivable (net of allowance for uncollectible accounts of $71,963 and $232,548, respectively)	6,322,035	5,043,160
Pledges receivable	225,932	135,489
Prepaid expenses	-	22,961
Restricted deposits and funded reserves	-	138,393
Total Current Assets	8,219,109	7,366,395
Property, Equipment, and Leasehold Improvements (net of accumulated depreciation of $3,204,948 and $4,984,794, respectively)	2,412,804	3,967,598
Other Assets		
Loan costs	-	70,127
Long-term pledges receivable	226,959	-
Security deposits	82,638	79,469
Assets restricted / designated for endowment	4,902,913	4,853,950
Total Other Assets	5,212,510	5,003,546
Total Assets	**$ 15,844,423**	**$ 16,337,539**

LIABILITIES AND NET ASSETS	ESMW 2015	Consolidated 2014
Current Liabilities		
Line-of-credit	$ 2,122,709	$ 1,692,173
Current maturities of long-term debt	120,097	168,149
Current portion of capital lease	2,269	6,113
Accounts payable	479,423	751,154
Accrued salaries and related expenses	2,300,846	1,708,251
Accrued expenses and other liabilities	87,288	50,883
Total Current Liabilities	5,112,632	4,376,723
Long-Term Liabilities		
Long-term debt, less current maturities	422,375	3,160,992
Long-term capital lease, less current portion	-	1,677
Total Long-Term Liabilities	422,375	3,162,669
Total Liabilities	5,535,007	7,539,392
Net Assets		
Unrestricted		
Operations	1,261,273	1,262,185
Investment in property, equipment, and leasehold improvements, net of related debt	1,870,332	638,457
Board designated endowment	2,255,240	2,256,935
Replacement of land and building	-	125,409
Residual receipts	-	105
Total Unrestricted	5,386,845	4,283,091
Temporarily restricted	2,660,724	2,482,166
Permanently restricted	2,261,847	2,032,890
Total Net Assets	10,309,416	8,798,147
Total Liabilities and Net Assets	**$ 15,844,423**	**$ 16,337,539**

The notes to consolidated financial statements are an integral part of these statements.

EASTER SEALS MIDWEST
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS	Easter Seals Midwest	LSF Properties, Inc.	Total
Current Assets			
Cash and cash equivalents	$ 6,300	$ 12,992	$ 19,292
Investments	2,007,100	-	2,007,100
Accounts receivable (net of allowance for uncollectible accounts of $232,548)	5,042,704	456	5,043,160
Pledges receivable	135,489	-	135,489
Prepaid expenses	22,961	-	22,961
Restricted deposits and funded reserves	-	138,393	138,393
Total Current Assets	7,214,554	151,841	7,366,395
Property, Equipment, and Leasehold Improvements (net of accumulated depreciation of $4,984,794)	2,796,142	1,171,456	3,967,598
Other Assets			
Loan costs	-	70,127	70,127
Security deposits	70,254	9,215	79,469
Assets restricted / designated for endowment	4,853,950	-	4,853,950
Total Other Assets	4,924,204	79,342	5,003,546
Total Assets	**$ 14,934,900**	**$ 1,402,639**	**$ 16,337,539**
LIABILITIES AND NET ASSETS			
Current Liabilities			
Line-of-credit	$ 1,692,173	$ -	$ 1,692,173
Current maturities of long-term debt	134,906	33,243	168,149
Current portion of capital leases	6,113	-	6,113
Accounts payable	730,261	20,893	751,154
Accrued salaries and related expenses	1,708,251	-	1,708,251
Accrued expenses and other liabilities	29,537	21,346	50,883
Total Current Liabilities	4,301,241	75,482	4,376,723
Long-Term Liabilities			
Long-term debt, less current maturities	919,212	2,241,780	3,160,992
Long-term capital lease, less current portion	1,677	-	1,677
Total Long-Term Liabilities	920,889	2,241,780	3,162,669
Total Liabilities	5,222,130	2,317,262	7,539,392
Net Assets			
Unrestricted	5,197,714	(914,623)	4,283,091
Temporarily restricted	2,482,166	-	2,482,166
Permanently restricted	2,032,890	-	2,032,890
Total Net Assets	9,712,770	(914,623)	8,798,147
Total Liabilities and Net Assets	**$ 14,934,900**	**$ 1,402,639**	**$ 16,337,539**

EASTER SEALS MIDWEST
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operational Revenue				
Program Service Revenue	$ 44,955,455	$ -	$ -	$ 44,955,455
Contributions and Grants	437,679	439,290	-	876,969
Special Events	859,219	-	-	859,219
Investment Income within Board Spending Limit	310,412	-	-	310,412
Gain on Sale of Assets	158,211	-	-	158,211
Miscellaneous Income	277,377	-	-	277,377
	46,998,353	439,290	-	47,437,643
Net Assets Released From Restrictions:	352,478	(352,478)	-	-
Total Operational Revenue	47,350,831	86,812	-	47,437,643
Functional Expenses				
Program Services	41,000,985	-	-	41,000,985
Management and General	5,294,812	-	-	5,294,812
Special Events	231,985	-	-	231,985
Fund Development	848,457	-	-	848,457
Total Functional Expenses	47,376,239	-	-	47,376,239
Operational Changes in Net Assets	(25,408)	86,812	-	61,404
Non Operational Revenue (Expenses)				
Special Gifts	-	-	50,238	50,238
Endowment Capital Campaign	-	-	363,178	363,178
Deficit of investment board spending limit in excess of investment income	(314,297)	-	-	(314,297)
Acquisition - Inherent Contribution	213,548	91,746	-	305,294
Net assets released for endowment funds	92,872		(92,872)	-
Net assets released for endowment campaign	91,587	-	(91,587)	-
Total Non Operational Revenue (Expenses)	83,710	91,746	228,957	404,413
Changes in Net Assets	58,302	178,558	228,957	465,817
Net assets, beginning of year	4,283,091	2,482,166	2,032,890	8,798,147
Transfer due to change in board control of previously consolidated entity	1,045,452	-	-	1,045,452
Net assets, end of year	**$ 5,386,845**	**$ 2,660,724**	**$ 2,261,847**	**$ 10,309,416**

EASTER SEALS MIDWEST
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operational Revenue				
Program Service Revenue	$ 37,563,527	$ -	$ -	$ 37,563,527
Contributions and Grants	96,482	875,107	-	971,589
Special Events	852,163	28,088	-	880,251
Investment Income within Board Spending Limit	180,597	-	-	180,597
Gain on Sale of Assets	11,351	-	-	11,351
Miscellaneous Income	209,064	-	-	209,064
	38,913,184	903,195	-	39,816,379
Net Assets Released From Restrictions:	1,303,164	(1,303,164)	-	-
Total Operational Revenue	40,216,348	(399,969)	-	39,816,379
Functional Expenses				
Program Services	35,041,904	-	-	35,041,904
Management and General	4,299,635	-	-	4,299,635
Special Events	262,300	-	-	262,300
Fund Development	725,565	-	-	725,565
Total Functional Expenses	40,329,404	-	-	40,329,404
Operational Changes in Net Assets	(113,056)	(399,969)	-	(513,025)
Non Operational Revenue				
Special Gifts	-	-	136,364	136,364
Investment Income	101,880	553,218	-	655,098
Special Project Expenses	(195,431)	-	-	(195,431)
Total Non Operational Revenue	(93,551)	553,218	136,364	596,031
Changes in Net Assets	(206,607)	153,249	136,364	83,006
Net assets, beginning of year	4,489,698	2,328,917	1,896,526	8,715,141
Net assets, end of year	**$ 4,283,091**	**$ 2,482,166**	**$ 2,032,890**	**$ 8,798,147**

EASTER SEALS MIDWEST
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Easter Seals Midwest	LSF Properties, Inc.	Total
Operational Revenue			
Program Service Revenue	$ 44,649,713	$ 305,742	$ 44,955,455
Contributions and Grants	876,969	-	876,969
Special Events	859,219	-	859,219
Investment Income within Board Spending Limit	310,000	412	310,412
Gain on Sale of Assets	158,211	-	158,211
Miscellaneous Income	274,536	2,841	277,377
Total Operational Revenue	47,128,648	308,995	47,437,643
Functional Expenses			
Program Services	40,681,518	319,467	41,000,985
Management and General	5,174,455	120,357	5,294,812
Special Events	231,985	-	231,985
Fund Development	848,457	-	848,457
Total Functional Expenses	46,936,415	439,824	47,376,239
Operational Changes in Net Assets	192,233	(130,829)	61,404
Non Operational Revenue (Expenses)			
Special Gifts	50,238	-	50,238
Endowment Capital Campaign	363,178	-	363,178
Deficit of investment board spending limit in excess of investment income	(314,297)	-	(314,297)
Acquisition - Inherent Contribution	305,294	-	305,294
Total Non Operational Revenue (Expenses)	404,413	-	404,413
Changes in Net Assets	596,646	(130,829)	465,817
Net Assets, beginning of year	9,712,770	(914,623)	8,798,147
Transfer due to change in board control of previously consolidated entity	-	1,045,452	1,045,452
Net Assets, end of year	**$ 10,309,416**	**$ -**	**$ 10,309,416**

The notes to consolidated financial statements are an integral part of these statements.

EASTER SEALS MIDWEST
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Easter Seals Midwest	LSF Properties, Inc.	Total
Operational Revenue			
Program Service Revenue	$ 37,104,518	$ 459,009	$ 37,563,527
Contributions and Grants	971,589	-	971,589
Special Events	880,251	-	880,251
Investment Income within Board Spending Limit	180,252	345	180,597
Gain on Sale of Assets	11,351	-	11,351
Miscellaneous Income	203,836	5,228	209,064
Total Operational Revenue	39,351,797	464,582	39,816,379
Functional Expenses			
Program Services	34,609,313	432,591	35,041,904
Management and General	4,207,142	92,493	4,299,635
Special Events	262,300	-	262,300
Fund Development	725,565	-	725,565
Total Functional Expenses	39,804,320	525,084	40,329,404
Operational Changes in Net Assets	(452,523)	(60,502)	(513,025)
Non Operational Revenue (Expenses)			
Special Gifts	136,364	-	136,364
Investment Income	655,098	-	655,098
Special Project Expenses	(195,431)	-	(195,431)
Total Non Operational Revenue (Expenses)	596,031	-	596,031
Changes in Net Assets	143,508	(60,502)	83,006
Net Assets, beginning of year	9,569,262	(854,121)	8,715,141
Net Assets, end of year	**$ 9,712,770**	**$ (914,623)**	**$ 8,798,147**

The notes to consolidated financial statements are an integral part of these statements.

EASTER SEALS MIDWEST
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program	Management and General	Fund Development	Total Expenses
Salaries	$ 28,948,529	$ 2,896,944	$ 473,666	$ 32,319,139
Payroll Taxes	2,343,217	219,553	34,723	2,597,493
Employee Benefits	843,660	114,666	18,795	977,121
Worker's Compensation	2,821,419	277,210	57,492	3,156,121
Total Salaries and Related Expenses	34,956,825	3,508,373	584,676	39,049,874
Accreditation Fees	-	11,675	-	11,675
Advertising and Printing	20,295	28,324	42,332	90,951
Auto Expense	481,925	410	-	482,335
Bad Debt Expense	-	-	-	-
Bank Charges and Fees	23,877	27,662	22,327	73,866
Board Expense	-	14,388	3,640	18,028
Client Assistance	715,147	-	-	715,147
Conferences and Dues	31,198	106,356	3,490	141,044
Employee Costs	8,230	190,094	355	198,679
Equipment	26,304	169,150	995	196,449
Facility Costs	3,535	13,182	40	16,757
Insurance	170,963	4,465	578	176,006
Interest	114,301	76,075	-	190,376
Maintenance	234,118	9,493	40	243,651
Management Fee	15,485	-	-	15,485
Marketing Expense	4,365	26,739	29,019	60,123
Merger Integration	-	27,391	-	27,391
Miscellaneous	68,255	826	-	69,081
Office Supplies	84,308	47,432	4,882	136,622
Outside Services	186,866	49,646	81,724	318,236
Postage and Shipping	46,682	10,687	4,563	61,932
Program Supplies	195,900	21,659	15,362	232,921
Professional Fees	-	117,031	-	117,031
Rent	868,488	304,421	-	1,172,909
Software	3,358	122,556	8,115	134,029
Special Event Expense	-	-	231,985	231,985
Staff Mileage	1,422,530	32,117	9,681	1,464,328
Staff Training	17,755	1,462	2,507	21,724
Telephone	520,336	91,368	5,143	616,847
Travel and Entertainment	83,040	95,648	14,848	193,536
Utilities	148,773	2,588	-	151,361
Total Functional Expenses Before Depreciation and Amortization	40,452,859	5,111,218	1,066,302	46,630,379
Depreciation and Amortization	548,126	183,594	14,140	745,860
Total Operational Expenses	**$ 41,000,985**	**$ 5,294,812**	**$ 1,080,442**	**$ 47,376,239**

EASTER SEALS MIDWEST

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Program	Management and General	Fund Development	Total Expenses
Salaries	$ 24,971,801	$ 2,426,969	$ 501,941	$ 27,900,711
Payroll Taxes	2,088,816	180,259	37,577	2,306,652
Employee Benefits	2,140,544	205,710	42,540	2,388,794
Worker's Compensation	585,009	76,515	15,485	677,009
Total Salaries and Related Expenses	29,786,170	2,889,453	597,543	33,273,166
Accreditation Fees	-	15,112	-	15,112
Advertising and Printing	3,755	15,235	19,945	38,935
Auto Expense	429,758	284	-	430,042
Bad Debt Expense	7,442	-	-	7,442
Bank Charges and Fees	10,895	29,959	12,738	53,592
Board Expense	-	10,089	164	10,253
Client Assistance	690,667	-	-	690,667
Conferences and Dues	32,374	91,298	6,177	129,849
Employee Costs	11,087	139,367	260	150,714
Equipment	91,083	72,334	844	164,261
Facility Costs	17,530	15,223	-	32,753
Insurance	132,302	4,666	636	137,604
Interest	149,916	67,421	-	217,337
Maintenance	269,020	8,227	-	277,247
Management Fee	-	25,109	-	25,109
Marketing Expense	4,906	33,332	12,315	50,553
Merger Integration	-	19,578	-	19,578
Miscellaneous	6,813	21,011	-	27,824
Office Supplies	79,923	16,761	2,658	99,342
Outside Services	273,072	139,862	1,270	414,204
Postage and Shipping	44,527	9,601	17,281	71,409
Professional Fees	3,851	100,564	-	104,415
Program Supplies	115,211	21,217	5,028	141,456
Rent	610,265	224,528	7,217	842,010
Software	-	74,291	3,250	77,541
Special Event Expense	-	-	262,300	262,300
Staff Mileage	1,270,727	27,246	12,282	1,310,255
Staff Training	5,149	1,418	1,231	7,798
Telephone	343,247	73,870	4,632	421,749
Travel and Entertainment	66,590	60,445	10,278	137,313
Utilities	158,412	2,091	-	160,503
Total Functional Expenses Before Depreciation and Amortization	34,614,692	4,209,592	978,049	39,802,333
Depreciation and Amortization	427,212	90,043	9,816	527,071
Total Operational Expenses	**$ 35,041,904**	**$ 4,299,635**	**$ 987,865**	**$ 40,329,404**

The notes to consolidated financial statements are an integral part of these statements.

EASTER SEALS MIDWEST
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	$ 465,817	$ 83,006
Adjustments to reconcile change in net assets to		
net cash provided (used) by operating activities		
Depreciation and amortization	745,861	604,206
Unrealized (gain) loss on investments	6,916	(291,996)
Realized (gain) loss on investments	(2,815)	(412,473)
Gain on disposal of property	(158,211)	(11,352)
Contribution of Triality Net Assets and Cash	(324,073)	-
Contributions received restricted for permanent endowment	(74,507)	(136,364)
(Increase) decrease in operating assets		
Accounts receivable	(1,278,875)	(399,600)
Pledges receivable, non-endowment	(317,402)	70,349
Prepaid expenses	22,961	95,445
Security deposits	(3,169)	(52,172)
Other assets	-	652
Increase (decrease) in operating liabilities		
Accounts payable	(271,731)	259,269
Accrued salaries and related expenses	592,595	(220,593)
Accrued expenses and other liabilities	36,405	(67,643)
Net Cash Provided (Used) by Operating Activities	(560,228)	(479,266)
Cash Flows from Investing Activities		
Purchases of property, equipment, and leasehold improvements	(394,296)	(415,919)
Proceeds from sale of property, equipment, and leasehold improvements	119,654	8,624
Deposits into restricted deposits and funded reserves	(20,959)	-
Proceeds from sale of investments	893,262	5,731,956
Purchases of investments	(382,381)	(5,833,062)
Net Cash Used By Investing Activities	215,280	(508,401)
Cash Flows from Financing Activities		
Net borrowings (payments) on line-of-credit	280,536	991,163
Payments on long-term debt	(134,788)	(154,185)
Payments on capital lease	(5,521)	(7,779)
Contributions restricted for permanent endowment	413,416	136,364
Net Cash Provided (Used) by Financing Activities	553,643	965,563
Net Decrease in Cash and Cash Equivalents	208,695	(22,104)
Cash and Cash Equivalents, Beginning of Year	19,292	41,396
Cash and Cash Equivalents, End of Year	**$ 227,987**	**$ 19,292**

The notes to consolidated financial statements are an integral part of these statements.

NOTE 1 NATURE OF THE ORGANIZATION

Easter Seals Midwest is a Missouri not-for-profit organization whose mission is to assist individuals with developmental disabilities, including autism, how to learn, live, work and participate in the community. *Easter Seals Midwest* is unconditionally committed to assisting these individuals to live and work with self-fulfillment and dignity. Effective July 1, 2014 Triality became a part of *Easter Seals Midwest*. See Note 3 for further details.

Principles of Consolidation

The accompanying consolidated and consolidating financial statements include the accounts of *Easter Seals Midwest* and LSF Properties, Inc. (a HUD-insured 501(c)(3) organization which owns an apartment complex with tenants supported by *Easter Seals Midwest*) (collectively, the "Organization"), through March 3, 2015, the date that *Easter Seals Midwest* no longer controlled the board of LSF properties, Inc. There were no significant inter-entity accounts, balances or transactions prior to that date needed to be eliminated in consolidation.

Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying consolidated and consolidating financial statements:

Community Living Services

Community Living Services provide homes with on-site supports where adults with developmental disabilities, including autism, can live independent and productive lives in the community. The program also provides training and support to people with disabilities to help them acquire valuable skills. Individuals are assisted in living in independent, yet supportive environments, learning various home management skills and developing a social support network.

Employment Services

Employment Services develop employment opportunities for individuals in the community, locates paying positions, and provides on-the-job supports. Jobs are carefully matched to meet each individual's work preferences, skills, and support needs.

Autism Services

The Autism Services division works with individuals with autism as well as with their families to help them develop communication and social skills, while troubleshooting problem behaviors. Autism Services customizes its services to meet each individual's and family's need for support.

Children's Services

Early childhood services help at-risk children achieve more in life. At the early education center, teachers incorporate an age-appropriate curriculum and innovative technology into the learning environment to meet the needs of children with and without special health needs or developmental disabilities, including autism, cerebral palsy and other diagnoses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management and General

Management and General includes the functions necessary to maintain an equitable human resources system; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Fundraising provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations. It is an important and necessary component of the Organization's ability to offer quality service.

Financial Statement Presentation

The Organization has adopted the provisions of the Financial Accounting Standards Board ("FASB") in regards to consolidated and consolidating financial statements of not-for-profit organizations as discussed under ASC 958-210, Financial Statements of Not-For-Profit Organizations. This provision requires the reporting of total assets, liabilities, and net assets in a statement of financial position, and reporting the change in net assets in a statement of activities. This provision also requires that net assets, revenue, expenses, gains, and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

Basis of Accounting

The Organization maintains its accounting records on the accrual basis, whereby revenue is recognized when pledged or earned and expenses are recognized when incurred.

Use of Estimates

The preparation of consolidated and consolidating financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization's cash and cash equivalents are on deposit with primarily one financial institution in the St. Louis metropolitan area. Bank balances are fully insured by the Federal Deposit Insurance Corporation ("FDIC") at June 30, 2015 and 2014, but exceeded FDIC limits at various times during the year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value. Gains or losses on sales of investments are determined on a specified cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position. Investments are managed in accordance with a board approved investment policy by a registered investment firm.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of the existing receivables.

Pledges Receivable

Unconditional promises to give (pledges receivable) are recognized as revenue or gains in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Organization uses the direct write-off method, which, for the Organization, is not considered to be materially different from the allowance method. The Organization records unconditional promises to give at the full promise amount, which is not deemed to be materially different than the net present value for promises to be received in over one year. Unconditional promises to give that are expected to be received in less than one year are classified as current on the consolidated statements of financial position. Unconditional promises to give that are expected to be received in over one year are classified as long-term on the consolidated statements of financial position. There were no conditional promises to give as of June 30, 2015 and 2014.

Property, Equipment, and Leasehold Improvements

All property, equipment, and leasehold improvements with the value of $1,000 or more are capitalized. Property, equipment, and leasehold improvements are carried at cost, if purchased, or at fair value, if donated, less accumulated depreciation computed using the straight-line method over periods ranging from 3 to 40 years.

Loan Costs

Loan fees totaling $90,073 associated with refinancing long-term debt on LSF Properties, Inc. are amortized over the life of the note. At June 30, 2014, $19,946 had been amortized. At June 30, 2015, these loan fees were reduced to zero due to the change in board control of LSF Properties as described in Note 4.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received and unconditional promises to give (pledges receivable) are measured at fair value and are recognized as increases in net assets when received or promised. The Organization reports contributions as temporarily restricted if they are received with donor stipulations that limit the use of the donation, or if they are designated as support for future periods. The Organization considers special gifts to be those gifts that are significant, non-budgeted gifts.

When a donor restriction expires, i.e., when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts received with restrictions that are satisfied within the same year are recorded as increases in unrestricted net assets. Pledges receivable of $225,932 and $135,489 are unconditional promises to give as of June 30, 2015 and 2014, respectively, and are expected to be received within the next fiscal year. Pledges receivable expected to be received in over one year of June 30, 2015 and 2014 totaled $226,959 and $0, respectively.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services

Donated services are recognized as contributions in accordance with “FASB Accounting Standards Codification 958-605-15, Contributions Received”, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. However, a substantial number of volunteers have donated significant amounts of their time to the Organization’s programs, special events, and fundraising events which is not included in the financial statements.

Donated Materials

Various materials are donated to the Organization. Donated materials that meet the criteria for recognition under the provisions of accounting for contributions received and contributions made in regard to financial statements of not-for-profit organizations as discussed under this topic of the FASB Accounting Standards Codification, have been recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of functional expenses. Expenses are charged to program services and supporting activities (management and general, special events and fund development) on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non Operational Revenue and Expenses

Contributions typically classified as one time gifts to savings or endowment that are not part of the annual operational development plan are deemed non-operational revenue. Secondly, investment revenue either realized or unrealized in excess of the board approved spending limit is also non operational revenue. All other revenue is deemed to be operational revenue for reporting purposes. Expenses for special projects that are not part of the operational development plan, such as merger related expenses, are deemed non operational expenses.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Therefore, there are no provisions for income taxes reflected in these financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated and consolidating financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (“UBIT”). The tax benefits recognized in the consolidated and consolidating financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2015 and 2014.

The Organization's information returns for the years ending June 30, 2015, 2014, 2013, and 2012 are subject to examination by the IRS, generally for 3 years after they were filed.

Inter-Organizational Accounts

The Organization accounts for certain program activities as independent functions in its accounting system. Accordingly, inter-organizational expenses, revenue, assets and liabilities have been eliminated when consolidating these program activities.

NOTE 3 INHERENT CONTRIBUTION

On July 1, 2014, Triality Inc. became part of *Easter Seals Midwest*. Triality, Inc. was a 501(c)(3) organization providing similar services in the Kansas City area. *Easter Seals Midwest* sought to further their common mission of serving more individuals with disabilities, including autism, and achieving economies of scale and other synergies through integrating their service delivery. The assets and liabilities of Triality, Inc. were transferred to *Easter Seals Midwest* at their fair value as of July 1, 2014 with a resulting inherent contribution of $305,294. *Easter Seals Midwest* assumed $91,746 of purpose restrictions on the assets, which are now to be satisfied by *Easter Seals Midwest* by passage of time or fulfilling purpose restrictions.

There were no material transactions between *Easter Seals Midwest* and Triality, Inc. prior to the merger and there were no material adjustments to conform the accounting policies of the consolidating organizations.

NOTE 4 CHANGE IN BOARD CONTROL OF LSF PROPERTIES, INC.

On March 3, 2015, the board members of LSF Properties, Inc. changed to eliminate the commonality of board members and *Easter Seals Midwest* no longer had control over the board of LSF Properties, Inc. The change in board control eliminated the requirement to consolidate LSF Properties, Inc. with *Easter Seals Midwest*. All LSF Properties, Inc. activity prior to March 3, 2015 has been consolidated and activity after that date has not been consolidated. LSF Properties, Inc. transferred ownership of the buildings and the new owner refinanced the debt and it is no longer HUD insured.

NOTE 5 FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 I) and the lowest priority to unobservable inputs (Level III). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level I – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level II – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level II input must be observable for substantially the full term of the asset or liability.

Level III – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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 June 30, 2015 and June 30, 2014.

Exchange-traded and closed-ended funds: Value is based upon the most recent closing prices of the assets in the fund and an actual accounting of the cash in the fund at the time of calculation, less any liabilities of the fund.

Mutual funds: Valued at the published asset value per share as of the reporting date.

Unconditional promises (pledges receivable) to give are considered to be Level III assets. The Organization records unconditional promises to give at the full promise amount, which is not deemed to be materially different than the net present value for promises to be received beyond the next fiscal year.

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis as of June 30, 2015 and June 30, 2014 are as follows:

	Fair Value Measurements Using:			
	(Level I)	(Level II)	(Level III)	Total
June 30, 2015				
Assets				
Cash and cash equivalents	$ 117,488	$ -	$ -	$ 117,488
Exchange-traded and closed-end funds	4,895,545	-	-	4,895,545
Mutual funds				
Bonds	1,081,013	-	-	1,081,013
Bank Loans	227,960	-	-	227,960
Value	4,514	-	-	4,514
Foreign blend	865	-	-	865
Foreign value	862	-	-	862
Fixed incomes	13,253	-	-	13,253
Growth	4,568	-	-	4,568
Pledges receivable	-	-	452,891	452,891
Total Assets	**$ 6,346,068**	**$ -**	**$ 452,891**	**$ 6,798,959**

	(Level I)	(Level II)	(Level III)	Total
June 30, 2014				
Assets				
Cash and cash equivalents	$ 621,714	$ -	$ -	$ 621,714
Exchange-traded and closed-end funds	4,779,780	-	-	4,779,780
Mutual funds				
Bonds	1,160,212	-	-	1,160,212
Bank Loans	272,978	-	-	272,978
Blend	824	-	-	824
Value	5,747	-	-	5,747
Foreign blend	1,946	-	-	1,946
Fixed income	11,199	-	-	11,199
Growth	6,650	-	-	6,650
Pledges receivable	-	-	135,489	135,489
Total Assets	**$ 6,861,050**	**$ -**	**$ 135,489**	**$ 6,996,539**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table provides further details of the pledges receivable to give fair value measurements:

Balance at June 30, 2013	$	205,838
Pledges Promised		267,437
Pledges Paid		(337,786)
Balance at June 30, 2014		135,489
Pledges Promised		679,485
Pledges Paid		(362,083)
Balance at June 30, 2015	**$**	**452,891**

Valuation techniques utilized to determine fair values are consistently applied.

NOTE 6 PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Property, equipment, and leasehold improvements consist of the following as of June 30:

		2015		**2014**
Buildings and land	$	1,175,164	$	5,598,071
Leasehold improvements		586,509		129,364
Equipment and software		3,482,904		3,039,211
Vehicles		373,175		185,746
		5,617,752		8,952,392
Less: Accumulated depreciation		(3,204,948)		(4,984,794)
	$	**2,412,804**	**$**	**3,967,598**

NOTE 7 LINE-OF-CREDIT

The Organization had a $2,500,000 revolving line-of-credit, collateralized by a Commercial Pledge Agreement, multiple Deeds of Trust, and multiple Assignments of Rents. The line-of-credit was renewed on June 5, 2015, increasing the available amount to $5,000,000 and changing the collateral and interest rate. Bank advances on the credit line were subject to a minimum monthly payment of interest only and carry an interest rate equal to the Index Rate minus 1.25 and 1.00 percentage point with a rate of 2.00% and 2.25% as of June 30, 2015 and 2014, respectively. The renewed line-of-credit is collateralized by the Organization’s unrestricted investment account. The line-of-credit should not exceed 80% of the current market value of the pledged collateral. Should the loan exceed that threshold, the line-of-credit would be subject to a call provision. At June 30, 2015 and 2014, the Organization had outstanding balances on its line-of-credit of $2,122,709 and $1,692,173, respectively. The consolidated and consolidating financial statements are due to the bank within 120 days of year end and the Organization must satisfy a financial covenant.

The Organization has a $2,500,000 revolving line-of-credit, collateralized by a Commercial Pledge Agreement, multiple Deeds of Trust, and multiple Assignments of Rents. Bank advances on the credit line are subject to a minimum monthly payment of interest only and carry an interest rate equal to the Index Rate minus 0.50 percentage points with a rate of 2.75% as of June 30, 2015 and June 30, 2014. At June 30, 2015 and June 30, 2014, the Organization had no outstanding balances on its line-of-credit. The consolidated and consolidating financial statements are due to the bank within 120 days of yearend. The line-of-credit was terminated subsequent to year end.

NOTE 8 LONG-TERM DEBT

Long-term debt consisted of the following at June 31:

		2015		2014
Note Payable – Productive Living Board, secured by first deed of trust on Calverton property, principal payable in monthly installments of $372, non-interest bearing, paid in full December 2014.	$	-	$	28,106
Note Payable – Productive Living Board, secured by first deed of trust on Forest Home property, principal payable in monthly installments of $305, non-interest bearing, paid in full December 2014.		-		29,001
Note Payable – Productive Living Board, secured by first deed of trust on Dobbin property, principal payable in monthly installments of $304, non-interest bearing, paid in full December 2014.		-		28,898
Note Payable – bank, secured by first deed of trust on Weber Road property, payable in monthly installments of $6,648 including principal and interest at a fixed rate of 4.75%. The final balloon payment is due April 2016.		473,153		533,218
Note Payable – bank, secured by a Commercial Security Agreement, payable in monthly installments of $553 including principal and interest at a fixed rate of 4%. The final balloon payment is due October 2015.		2,128		8,530
Note Payable – bank, secured by first deed of trust on certain properties, payable in monthly installments of $3,907 including principal and interest at a fixed rate of 4.75%. Paid in full December 2014.		-		426,365
Note Payable - bank, secured by a first deed of trust on land and buildings, insured by HUD, payable in monthly installments of $14,306 including principal and interest at a fixed rate of 6.125%. Paid in full March 2015. See Note 4.		-		2,275,023
Note Payable – landlord, payable in monthly installments of $2,495, including principal and interest at the rate of 7%, through maturity in June 2017.		53,138		-
Note payable – bank, payable in 60 monthly installments of $581, including interest through maturity in November 2017. The lease is secured by a van.		14,053		-
		542,472		3,329,141
Less: Current Maturities		120,097		168,149
	$	**422,375**	**$**	**3,160,992**

NOTE 8 LONG-TERM DEBT (CONTINUED)

The following are scheduled maturities of long-term debt for each of the next five years and in the aggregate at June 30:

2016	$	120,097
2017		67,962
2018		70,827
2019		70,541
2020		70,541
Thereafter		142,504
	$	**542,472**

NOTE 9 ENDOWMENT FUNDS

The Organization's endowment consists of five individual funds as well as one fund created by the Organization's endowment campaign. The funds were established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The fund created by the endowment campaign can be utilized to pay for expenses related to the operation of the campaign. During the years ended June 30, 2015 and 2014, $91,587 and $0, respectively, was released from the endowment fund campaign to pay for campaign related expenses.

Interpretation of Relevant Law

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

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization

NOTE 9 ENDOWMENT FUNDS (CONTINUED)

At June 30, 2015, the Organization had the following endowment funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 385,826	$ 2,261,847	$ 2,647,673
Board-designated quasi-endowment funds	2,255,240	-	-	2,255,240
	$ 2,255,240	**$ 385,826**	**$ 2,261,847**	**$ 4,902,913**

At June 30, 2014, the Organization had the following endowment funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 564,125	$ 2,032,890	$ 2,597,015
Board-designated quasi-endowment funds	2,256,935	-	-	2,256,935
	$ 2,256,935	**$ 564,125**	**$ 2,032,890**	**$ 4,853,950**

The changes in the endowment funds for the fiscal years ended June 30, 2015 and 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets - July 1, 2014	**$ 2,256,935**	**$ 564,125**	**$ 2,032,890**	**$ 4,853,950**
Investment Return				
Interest and dividends, net of fees	25,993	26,139	-	52,132
Net realized and unrealized loss	(27,688)	(27,843)	-	(55,531)
Total Investment Return	(1,695)	(1,704)	-	(3,399)
Contributions	-	-	413,416	413,415
Releases	-	-	(92,872)	(92,871)
Appropriation of endowment assets for expenditure	-	(176,595)	(91,587)	(268,182)
Endowment Assets - June 30, 2015	**$ 2,255,240**	**$ 385,826**	**$ 2,261,847**	**$ 4,902,913**

NOTE 9 ENDOWMENT FUNDS (CONTINUED)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets - July 1, 2013	**$ 1,979,313**	**$ 41,519**	**$ 1,896,526**	**$ 3,917,358**
Investment Return				
Interest and dividends	43,676	87,206	-	130,882
Net realized and unrealized gain	233,946	466,012	-	699,958
Total Investment Return	277,622	553,218	-	830,840
Contributions	-	-	136,364	136,364
Appropriation of endowment assets for expenditure	-	(30,612)	-	(30,612)
Endowment Assets - June 30, 2014	**$ 2,256,935**	**$ 564,125**	**$ 2,032,890**	**$ 4,853,950**

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index and Bond index based on asset allocation while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 6-8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 9 ENDOWMENT FUNDS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

During 2011, the Organization adopted a policy of appropriating for distribution each year a rate of no more than 5% of the Endowment Fund's average assets of the immediately preceding eight quarters as of July 1st while complying with any donor-imposed restrictions. The board has approved a limit of 5% and 4% as the spending limit for the years ended June 30, 2015 and 2014, respectively. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow on an annual basis. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Unrestricted Net Assets

Unrestricted net assets include amounts designated by the board for specific purposes and reserves as required by HUD.

Easter Seals Midwest's board has designated net assets of $2,255,240 and $2,256,935 at June 30, 2015 and 2014, respectively, as principal, which is to be maintained similarly to the permanently restricted net assets. Interest and dividends on these designated assets are available for unrestricted use.

LSF Properties, Inc. receives funds from HUD. HUD requires that a restricted cash fund be maintained for the replacement of apartment property. All disbursements from the fund must be approved by HUD. As of June 30, 2014, the balance in this reserve was $125,409. HUD also requires that surplus cash related to these apartments, as specifically determined by HUD, be deposited to a residual receipts account within 60 days of LSF Properties', Inc. fiscal year end. At June 30, 2014, no deposit was required. All disbursements of residual receipts must be approved by HUD. As June 30, 2014, the residual receipt account balance was $105. Due to the change in control of LSF Properties, Inc., restricted cash is no longer required at June 30, 2015. See Note 4 for further details.

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets from public support were restricted as follows as of June 30:

	2015	2014
Learning center	$ 170,033	$ 164,106
Training	25,519	13,728
Loan fund	37,266	37,266
Timing restrictions, including non-endowment pledges receivable	310,690	146,742
Clinical	-	25,000
Autism Services	17,446	11,494
Innovation	1,857,548	1,858,965
Scholarships	8,250	10,625
Individual support	6,574	-
Annuity	2,529	2,658
Service fees	52,983	17,153
NAP credits	-	10,039
Property and equipment	71,202	-
Employment	100,684	184,389
	$ 2,660,724	**$ 2,482,166**
Net Assets Released as of June 30:		
Program restrictions	$ 205,736	$ 1,254,449
Timing restrictions	146,742	48,715
Total net assets released	**$ 352,478**	**$ 1,303,164**

NOTE 11 SUPPLEMENTAL CASH FLOW INFORMATION

The Organization paid $86,474 and $77,249 for interest during the years ended June 30, 2015 and 2014, respectively.

The Organization also had various non-cash transactions related to the acquisition of Triality, Inc. and the change in board control of LSF Properties, Inc.. See Notes 3 and 4 for further information.

NOTE 12 SPECIAL EVENTS

Special events consist of the following at June 30:

	Revenue	Expenses	Net
June 30, 2015			
Festival of Trees	$ 348,285	$ 75,884	$ 272,401
Golf Tournaments	395,767	108,119	287,648
Walk with Me	38,947	24,753	14,194
Central Missouri Events	27,777	640	27,137
Other	48,443	22,589	25,854
	$ 859,219	**$ 231,985**	**$ 627,234**

NOTE 12 SPECIAL EVENTS (CONTINUED)

	Revenue	Expenses	Net
June 30, 2014			
Festival of Trees	$ 389,266	$ 88,762	$ 300,504
Golf Tournaments	375,749	126,278	249,471
Walk with Me	39,959	27,704	12,255
Central Missouri Events	28,871	640	28,231
Other	46,406	18,916	27,490
	$ 880,251	**$ 262,300**	**$ 617,951**

NOTE 13 LEASE COMMITMENTS

The Organization leases office space under a non-cancellable operating lease. The Organization also leases various office equipment and vehicles. All of these are non-cancellable operating leases that have various expiration dates through December 2019. Rent expense is recognized on a straight-line basis over the life of each lease. Total rent expense for the years ended June 30, 2015 and 2014 was $1,172,909 and $842,260, respectively.

Future minimum lease payments are as follows at June 30:

2016	$ 1,116,286
2017	807,455
2018	457,581
2019	269,183
2020	21,518
	$ 2,672,023

Other

The Organization contracts with several government agencies to provide services for people with developmental disabilities and autism. The contracts specify rates of payment based upon budgeted cost information submitted by the Organization. The governmental agencies retain the right to request reimbursement for overpayments in cases where they determine that the Organization's budgeted costs were not accurate. Any liability for reimbursement, should it arise, is not believed to be material to the financial statements as a whole.

NOTE 14 CONCENTRATION OF CREDIT RISK

Approximately 77% of the Organization’s total public support and revenue was received from the Missouri Department of Mental Health (“DMH”) for the each of the years ended June 30, 2015 and 2014. The majority of the Organization’s program revenue is through contractual arrangements with state and local agencies and school districts as follows at June 30:

	2015	2014
Missouri Department of Mental Health	$ 36,825,712	$ 31,060,286
St. Louis County – Productive Living Board	3,336,614	3,347,315
St. Louis Office of DDRB	657,006	661,876
St. Louis Office of VR	668,679	593,064

NOTE 15 GRANT CONTINGENCIES

The Organization has received grants from the St. Louis Office of DDR which were used to purchase equipment and renovate buildings. According to the terms of the grants, if the Organization disposes of, sells, trades, or in any other way alters the ownership of the property, the Organization must reimburse the grantor according to a schedule of declining percentages.

At June 30, 2015, contingent reimbursements were as follows:

Property	Date Contingency Begins	Date Contingency Ends	Original Amount	Current Contingent Liability
Program Equipment	July 2011	July 19, 2016	$ 8,535	$ 3,414
Kitchen Equipment/ Renovations	July 2011	July 19, 2021	$ 14,887	$ 10,421
Retaining Wall at Weber location	May 2014	No End Date	$ 17,196	$ 17,196

At June 30, 2014, contingent reimbursements were as follows:

Property	Date Contingency Begins	Date Contingency Ends	Original Amount	Current Contingent Liability
Program Equipment	July 2011	July 19, 2016	$ 8,535	$ 5,121
Kitchen Equipment/ Renovations	July 2011	July 19, 2021	$ 14,887	$ 11,910
Retaining Wall at Weber location	May 2014	No End Date	$ 17,196	$ 17,196

NOTE 16 EMPLOYEE DEFERRAL COMPENSATION PLAN

The Organization has a 403(b) plan that covers eligible employees with one year tenure and 1,000 hours or more worked. The plan allows the participants to make contributions to the plan through salary deferrals. The plan also requires the Organization to match 50% of each employee's contributions up to 6% of the employee's annual base compensation, thereby resulting in a maximum matching contribution of 3%. The Organization's contributions to the plan totaled $153,893 and $126,617 for the years ended June 30, 2015 and 2014, respectively.

NOTE 17 LITIGATION

The Organization is involved in legal actions arising in the normal course of business. After taking into consideration legal counsel’s evaluation of such actions, management is of the opinion that their outcome will not have a significant effect on the Organization’s financial statements. The Organization has sufficient insurance to handle the risk associated with these legal actions.

NOTE 18 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors’ report, the date the consolidated and consolidating financial statements were available to be issued.