

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Financial Report
December 31, 2015

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
Easter Seals
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Easter Seals, Inc. and Easter Seals Foundation (collectively, Easter Seals) which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and changes in net assets, functional expenses and 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 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals as of December 31, 2015 and 2014, and the changes in its net assets, its cash flows and its functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Chicago, Illinois
April 29, 2016

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 593,800	\$ 483,300
Investments	7,720,900	8,326,500
Accounts receivable from affiliates, less allowance for doubtful accounts of 2015 \$208,500; 2014 \$140,000	216,100	233,400
Government grants and contract receivable	3,758,800	2,415,700
Pledges receivable, net	3,570,600	2,300,600
Other accounts receivable, less allowance for doubtful accounts of 2015 \$80,000; 2014 \$0	753,600	968,700
Prepaid expenses	424,300	280,200
Total current assets	17,038,100	15,008,400
Long-term assets:		
Fixed assets, net	456,000	673,600
Investments for charitable gift annuities	1,698,600	1,748,300
Pledges receivable, net	4,488,600	2,656,700
Beneficial interest in trusts	2,364,000	2,564,300
Total long-term assets	9,007,200	7,642,900
Total assets	\$ 26,045,300	\$ 22,651,300
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,024,900	\$ 4,782,300
Accounts payable to affiliates	3,740,600	2,746,800
Capital lease obligation	77,000	41,300
Line of credit	4,496,500	3,014,000
Total current liabilities	13,339,000	10,584,400
Long-term liabilities:		
Capital lease obligation	-	75,300
Accounts payable to affiliates	654,900	734,400
Charitable gift annuities	727,300	767,200
Deferred rent and other	1,596,900	590,400
Note payable	931,600	-
Pension liability	8,137,700	7,319,100
Total long-term liabilities	12,048,400	9,486,400
Total liabilities	25,387,400	20,070,800
Net assets (deficit):		
Unrestricted:		
Available for operations	4,272,900	4,857,200
Net actuarial pension loss	(13,946,500)	(12,458,600)
	(9,673,600)	(7,601,400)
Temporarily restricted	8,558,800	8,331,100
Permanently restricted	1,772,700	1,850,800
Total net assets	657,900	2,580,500
Total liabilities and net assets	\$ 26,045,300	\$ 22,651,300

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating				
Public support:				
Contributions	\$ 35,319,900	\$ 7,012,000	\$ -	\$ 42,331,900
Change in value of split interest agreements	(12,300)	-	500	(11,800)
Government grants	18,889,800	-	-	18,889,800
In-kind contributions	26,364,400	-	-	26,364,400
Total public support	80,561,800	7,012,000	500	87,574,300
Revenues:				
Membership fees from affiliates	3,418,100	-	-	3,418,100
Sales and services to affiliates	957,100	-	-	957,100
Government contract revenue	2,525,500	-	-	2,525,500
Investment returns	79,100	-	-	79,100
Net unrealized loss on perpetual trusts	-	-	(78,600)	(78,600)
Miscellaneous revenue	1,344,200	-	-	1,344,200
Net assets released from restrictions	6,784,300	(6,784,300)	-	-
Total revenues	15,108,300	(6,784,300)	(78,600)	8,245,400
Total public support and revenues	95,670,100	227,700	(78,100)	95,819,700
Expenses:				
Program services:				
Services for affiliates:				
Program development	22,753,400	-	-	22,753,400
Professional education and training	3,570,600	-	-	3,570,600
Fundraising advisory	6,093,800	-	-	6,093,800
Management advisory	2,071,900	-	-	2,071,900
Total services for affiliates	34,489,700	-	-	34,489,700
Public health education	27,457,100	-	-	27,457,100
Advocacy for persons with disabilities and research	14,454,800	-	-	14,454,800
Total program services	76,401,600	-	-	76,401,600
Supporting services:				
Fundraising	16,514,600	-	-	16,514,600
Management and general	2,574,500	-	-	2,574,500
Total supporting services	19,089,100	-	-	19,089,100
Total operating expenses	95,490,700	-	-	95,490,700
Public support and revenues less operating expenses	179,400	227,700	(78,100)	329,000

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Nonoperating:				
Pension liability adjustments other than net periodic benefit cost	\$ (1,487,900)	\$ -	\$ -	\$ (1,487,900)
Lease termination penalty	(763,700)	-	-	(763,700)
Total nonoperating expenses	<u>(2,251,600)</u>	-	-	<u>(2,251,600)</u>
Change in net assets	(2,072,200)	227,700	(78,100)	(1,922,600)
Net assets (deficit), beginning of year	<u>(7,601,400)</u>	<u>8,331,100</u>	<u>1,850,800</u>	<u>2,580,500</u>
Net assets (deficit), end of year	<u>\$ (9,673,600)</u>	<u>\$ 8,558,800</u>	<u>\$ 1,772,700</u>	<u>\$ 657,900</u>

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating				
Public support:				
Contributions	\$ 36,731,200	\$ 5,002,600	\$ -	\$ 41,733,800
Change in value of split interest agreements	(82,700)	3,800	92,100	13,200
Government grants	21,107,600	-	-	21,107,600
In-kind contributions	10,286,700	-	-	10,286,700
Total public support	68,042,800	5,006,400	92,100	73,141,300
Revenues:				
Membership fees from affiliates	3,314,900	-	-	3,314,900
Sales and services to affiliates	871,400	-	-	871,400
Government contract revenue	2,361,600	-	-	2,361,600
Investment returns	39,400	-	-	39,400
Net unrealized loss on perpetual trusts	-	-	(20,800)	(20,800)
Miscellaneous revenue	1,030,800	-	-	1,030,800
Net assets released from restrictions	4,871,400	(4,871,400)	-	-
Total revenues	12,489,500	(4,871,400)	(20,800)	7,597,300
Total public support and revenues	80,532,300	135,000	71,300	80,738,600
Expenses:				
Program services:				
Services for affiliates:				
Program development	24,646,200	-	-	24,646,200
Professional education and training	3,738,500	-	-	3,738,500
Fundraising advisory	5,994,800	-	-	5,994,800
Management advisory	2,766,000	-	-	2,766,000
Total services for affiliates	37,145,500	-	-	37,145,500
Public health education	19,843,900	-	-	19,843,900
Advocacy for persons with disabilities and research	5,661,800	-	-	5,661,800
Total program services	62,651,200	-	-	62,651,200
Supporting services:				
Fundraising	17,237,700	-	-	17,237,700
Management and general	2,714,900	-	-	2,714,900
Total supporting services	19,952,600	-	-	19,952,600
Total operating expenses	82,603,800	-	-	82,603,800
Public support and revenues less operating expenses	(2,071,500)	135,000	71,300	(1,865,200)

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Nonoperating:				
Pension liability adjustments other than net periodic benefit cost	\$ (3,781,200)	\$ -	\$ -	\$ (3,781,200)
Change in net assets	(5,852,700)	135,000	71,300	(5,646,400)
Net assets (deficit), beginning of year	(1,748,700)	8,196,100	1,779,500	8,226,900
Net assets (deficit), end of year	\$ (7,601,400)	\$ 8,331,100	\$ 1,850,800	\$ 2,580,500

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services											
	Affiliates					Headquarters						
	Program Development	Professional Education and Training	Fundraising Advisory	Management Advisory	Total Services for Affiliates	Public Health Education	Advocacy for Persons with Disabilities and Research	Total Headquarters' Programs	Total Program Services	Fundraising	Management and General	Total Expenses
Salaries and related expenses	\$ 3,254,600	\$ 1,267,700	\$ 1,445,300	\$ 1,344,200	\$ 7,311,800	\$ 335,600	\$ 709,500	\$ 1,045,100	\$ 8,356,900	\$ 2,701,000	\$ 1,651,300	\$ 12,709,200
Mail production and services	-	-	172,400	-	172,400	12,119,900	-	12,119,900	12,292,300	12,239,900	-	24,532,200
Grants and awards	15,406,700	31,200	2,885,000	-	18,322,900	6,400	1,300	7,700	18,330,600	1,200	7,500	18,339,300
Professional fees	2,812,900	1,753,000	831,800	302,200	5,699,900	1,718,600	207,200	1,925,800	7,625,700	847,600	457,400	8,930,700
Printing and media	128,200	14,100	370,800	3,600	516,700	13,115,600	13,325,600	26,441,200	26,957,900	115,900	22,400	27,096,200
Travel	209,000	74,600	49,000	73,000	405,600	23,500	33,200	56,700	462,300	39,100	28,100	529,500
Conferences and meetings	105,500	127,900	37,400	107,300	378,100	21,600	13,100	34,700	412,800	163,000	29,000	604,800
Occupancy	472,600	174,600	179,600	153,100	979,900	42,800	111,400	154,200	1,134,100	231,300	228,100	1,593,500
Telephone and communications	84,600	27,000	22,000	25,600	159,200	9,900	13,400	23,300	182,500	27,300	22,400	232,200
Office supplies	48,100	66,800	8,400	8,700	132,000	10,600	7,600	18,200	150,200	6,600	8,400	165,200
Postage and shipping	36,200	5,200	5,800	2,500	49,700	1,200	2,000	3,200	52,900	3,000	5,900	61,800
Repair and maintenance	27,800	6,800	4,600	3,000	42,200	12,200	7,200	19,400	61,600	300	6,600	68,500
Miscellaneous	110,300	3,100	33,600	24,700	171,700	3,200	9,700	12,900	184,600	100,900	83,200	368,700
Depreciation and amortization	56,900	18,600	48,100	24,000	147,600	36,000	13,600	49,600	197,200	37,500	24,200	258,900
Total expenses	\$ 22,753,400	\$ 3,570,600	\$ 6,093,800	\$ 2,071,900	\$ 34,489,700	\$ 27,457,100	\$ 14,454,800	\$ 41,911,900	\$ 76,401,600	\$ 16,514,600	\$ 2,574,500	\$ 95,490,700

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Functional Expenses
Year Ended December 31, 2014

	Program Services											
	Affiliates					Headquarters						
	Program Development	Professional Education and Training	Fundraising Advisory	Management Advisory	Total Services for Affiliates	Public Health Education	Advocacy for Persons with Disabilities and Research	Total Headquarters' Programs	Total Program Services	Fundraising	Management and General	Total Expenses
Salaries and related expenses	\$ 3,471,900	\$ 1,793,100	\$ 1,596,200	\$ 1,712,600	\$ 8,573,800	\$ 696,300	\$ 285,900	\$ 982,200	\$ 9,556,000	\$ 2,515,800	\$ 1,892,300	\$ 13,964,100
Mail production and services	-	-	142,000	-	142,000	13,093,800	200	13,094,000	13,236,000	13,203,200	-	26,439,200
Grants and awards	16,678,200	21,700	2,300,100	-	19,000,000	-	-	-	19,000,000	-	-	19,000,000
Professional fees	2,933,400	1,211,500	1,004,200	459,100	5,608,200	668,000	39,100	707,100	6,315,300	835,900	304,600	7,455,800
Printing and media	179,800	25,800	440,700	19,600	665,900	5,147,300	5,219,700	10,367,000	11,032,900	111,000	20,700	11,164,600
Travel	281,800	84,900	72,700	157,600	597,000	51,100	12,900	64,000	661,000	68,500	44,200	773,700
Conferences and meetings	229,400	150,700	143,200	145,300	668,600	9,200	13,100	22,300	690,900	41,100	47,800	779,800
Occupancy	473,300	272,900	171,700	143,500	1,061,400	84,000	48,500	132,500	1,193,900	223,600	205,700	1,623,200
Telephone and communications	91,000	58,000	25,200	37,300	211,500	32,500	10,300	42,800	254,300	31,400	23,400	309,100
Office supplies	52,100	69,700	10,200	9,500	141,500	7,800	4,200	12,000	153,500	5,700	9,800	169,000
Postage and shipping	45,000	8,000	7,900	3,300	64,200	1,200	700	1,900	66,100	4,100	5,000	75,200
Repair and maintenance	26,800	5,600	6,300	4,200	42,900	15,500	7,900	23,400	66,300	700	6,800	73,800
Miscellaneous	115,600	4,800	29,200	39,700	189,300	3,300	6,500	9,800	199,100	150,600	127,100	476,800
Depreciation and amortization	67,900	31,800	45,200	34,300	179,200	33,900	12,800	46,700	225,900	46,100	27,500	299,500
Total expenses	\$ 24,646,200	\$ 3,738,500	\$ 5,994,800	\$ 2,766,000	\$ 37,145,500	\$ 19,843,900	\$ 5,661,800	\$ 25,505,700	\$ 62,651,200	\$ 17,237,700	\$ 2,714,900	\$ 82,603,800

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

**Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (1,922,600)	\$ (5,646,400)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	258,900	299,500
Net unrealized and realized (gains) losses on investments	(29,200)	6,400
Net unrealized losses on perpetual trusts	78,600	20,800
Change in value of split-interest agreements	(38,100)	(4,300)
Loss on disposal of property	3,300	3,900
Change in value of pension liability	2,106,500	4,074,300
Changes in assets and liabilities:		
Accounts receivable from affiliates	17,300	80,700
Government grants and contract receivable	(1,343,100)	(183,300)
Pledges receivable, net	(3,101,900)	520,000
Other accounts receivable	215,100	(3,700)
Prepaid expenses	(144,100)	(91,300)
Beneficial interests in trusts and gift annuities, net	259,600	95,700
Accounts payable and accrued liabilities	242,600	(2,202,100)
Accounts payable to affiliates	914,300	(354,800)
Deferred rent and other	938,100	(46,000)
Payments on pension liability	(1,287,900)	(1,354,000)
Net cash used in operating activities	(2,832,600)	(4,784,600)
Cash flows from investing activities:		
Purchases of fixed assets	(44,600)	(69,300)
Purchases of investments	(7,097,700)	(4,521,200)
Proceeds from maturity or sale of investments	7,782,200	14,337,600
Net cash provided by investing activities	639,900	9,747,100
Cash flows from financing activities:		
Proceeds from issuance of debt	1,000,000	-
Payments on note payable	-	(3,450,000)
Net drawdowns (repayments) on line of credit	1,482,500	(2,561,500)
Payments to annuitants	(139,700)	(128,300)
Payments on capital lease obligations	(39,600)	(46,200)
Net cash provided by (used in) financing activities	2,303,200	(6,186,000)
Net change in cash and cash equivalents	110,500	(1,223,500)
Cash and cash equivalents:		
Beginning of year	483,300	1,706,800
End of year	\$ 593,800	\$ 483,300
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 56,100	\$ 109,300
Supplemental schedule of noncash investing and financing activities:		
Capital lease obligations incurred for use of equipment	\$ -	\$ 75,300

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of the organization: Easter Seals, Inc., is the leading nonprofit provider of services for individuals with autism, developmental disabilities, physical and mental disabilities, and other special needs. For nearly a hundred years, Easter Seals, Inc. has been offering help and hope to children and adults living with disabilities and to their families. Easter Seals, Inc. is supported in part by Easter Seals Foundation (collectively referred to as Easter Seals), which raises funds to further Easter Seals Inc.'s initiatives and programs.

Through therapy, training, education and support services, Easter Seals creates life-changing solutions so that people with disabilities can live, learn, work, and play in their communities.

Through its headquarters' office, 74 affiliates, and its global partners, Easter Seals provides services and support to individuals with disabilities and support to their families across the United States, Puerto Rico, Australia, Mexico, and Canada.

Easter Seals, Inc. and its affiliates are each separately incorporated and are tax exempt under the provisions of Section 501(c)(3) of the U.S. Internal Revenue Code (or similar tax treaties in other countries, as applicable), and are therefore exempt from taxation under current income tax laws. Easter Seals' financial statements do not include the accounts of these affiliates because they do not meet the criteria requiring consolidation. Each affiliate is a separately incorporated entity, has its own independent board of directors, conducts service programs independent of those of Easter Seals, Inc., and maintains its own separate accounts. Each of the affiliates pays an annual membership fee to Easter Seals, Inc.; membership agreements between Easter Seals, Inc. and the affiliates describe various obligations, terms, and conditions of Easter Seals, Inc. and its affiliates.

Easter Seals conducts a comprehensive national direct-response fundraising and public education campaign (National Campaign) in accordance with Easter Seals' charitable goals and objectives outlined in its by-laws. Easter Seals does not serve as an agent for its affiliates in conducting the National Campaign, but rather raises funds for Easter Seals in cooperation with its affiliates. The National Campaign and the funds raised in the National Campaign are managed and distributed in accordance with the policies and procedural guidelines agreed to by Easter Seals and its affiliates.

Summary of Significant Accounting Policies

Accounting policies: Easter Seals follows accounting standards established by the Financial Accounting Standards Board (the FASB) to ensure consistent reporting of financial position, results of activities, and cash flows. References to Generally Accepted Accounting Principles (GAAP) in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

Basis of consolidation: The accompanying consolidated financial statements include the consolidated accounts of Easter Seals, Inc. and Easter Seals Foundation. Easter Seals, Inc. has a controlling financial interest and an economic interest in Easter Seals Foundation and, therefore, presents consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and cash equivalents: Cash and cash equivalents include highly liquid short-term investments with maturities of 90 days or less from the date of purchase with the exception of cash held for reinvestment, which is included in investments.

Investments: Investments are in marketable securities and are recorded at fair value based on quoted market prices. Changes in fair value are recorded as unrealized gains (losses) and are included in investment return. Investments are exposed to various risks such as interest rate, market, and credit risks. It is at least reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Accounts receivable from affiliates: Affiliate receivables are carried at original invoice amount less an estimate for doubtful receivables (allowance) based on a monthly review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and considering historical experience. Affiliate receivables are written off when deemed uncollectible. Recoveries of affiliate receivables previously written off are recorded when received.

As required by the by-laws, any unpaid affiliate receivable balance, which became due and payable within any fiscal year, shall be paid by January 31 of the following fiscal year, unless Easter Seals approved an arrangement for payment at a later date. Non-payment of a past due account may result in a reclassification of the affiliate's membership status.

Fixed assets and intangible asset: Furniture, fixtures, computer equipment, software, and leasehold improvements are stated at cost. Contributions of long-lived assets are recorded at the estimated fair market value at the date of receipt and are recorded as unrestricted support unless the use of such contributed assets is restricted by a donor-imposed restriction. If donors contribute long-lived assets with stipulations as to how long the asset must be used or with any other restrictions, such contributions are reported as temporarily restricted support. Certain computer equipment is leased under capital leases for three to five years, which requires Easter Seals to pay all maintenance costs. Expenditures for maintenance and repairs are expensed as incurred and expenditures for major renovations are capitalized.

Easter Seals regularly evaluates whether circumstances have occurred that would indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. When factors indicate that such assets should be evaluated for possible impairment, Easter Seals uses an estimate of the undiscounted cash flows over the remaining life of the assets in measuring whether the assets are recoverable. In the opinion of management, no impairment adjustments were required at December 31, 2015 or 2014.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Leased assets' amortization is included in depreciation expense. The estimated useful lives are:

Leasehold improvements	4 - 12 years
Furniture and fixtures	5 - 11 years
Computer equipment and software	3 - 5 years

Easter Seals' domain name is considered an intangible asset with an indefinite life. Easter Seals reviews the intangible asset for impairment on or about December 31 of each year. Recoverability for this asset is measured by comparing its carrying amount to the fair value. If the intangible is considered impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value. Easter Seals did not record any impairment charges during 2015 or 2014.

Pledges receivable: Pledges that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Pledges receivable have been discounted using rates that approximate the risk associated with the ultimate collection of the receivable. The discount is amortized using an effective yield over the expected collection period of the receivable.

Beneficial interest in trusts: Easter Seals has been designated as the beneficiary of assets held in charitable lead and remainder trusts administered by other trustees. Easter Seals recognizes temporarily or permanently restricted contribution revenue and an asset for the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable to reflect the revaluation of the present value of the estimated future payments to Easter Seals are recognized in the statement of activities as a change in value of split interest agreements.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Easter Seals has also been designated as the beneficiary of perpetual irrevocable trusts which are administered by other trustees. Under the terms of the trusts, Easter Seals has the irrevocable right to receive all or a portion of the income earned on the trust assets in perpetuity. Easter Seals does not control the assets held by the outside trusts. The fair value of the beneficial interest in the trusts is recognized as an asset and as a permanently restricted contribution at the date the trust is established. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the statement of activities as net unrealized gains on perpetual trusts. Annual distributions from the trust are reported as investment returns in the statement of activities.

Charitable gift annuities: Annuity agreements are issued in exchange for a payment that constitutes part charitable contribution and part purchase of an annuity, providing for payments to the stated annuitants during their lifetimes. These agreements constitute a general obligation of Easter Seals. The gift portion of annuities and investment reserves in excess of liabilities are reported as a contribution in unrestricted net assets. Sufficient assets are maintained to meet the annuity requirements stipulated by the various state laws. Easter Seals is required to hold reserves related to the gift annuity program based on the laws in certain states in which Easter Seals solicits these gifts.

Net assets: The net assets of Easter Seals are reported as unrestricted, temporarily restricted, or permanently restricted. Unrestricted net assets are composed of all resources not included in restricted net assets, such as expendable resources used to support Easter Seals' core activities. All expenses are recorded as a reduction of unrestricted net assets.

Temporarily restricted net assets carry restrictions that expire upon passage of a prescribed period or upon the occurrence of a stated event as specified by the donor, at which time they are reclassified to unrestricted net assets and reported as net assets released from restrictions. Included in temporarily restricted net assets are gifts held by Easter Seals pending their use in accordance with donor stipulations and unexpended gifts from pledges and living trust agreements where the principal is expendable upon redemption or maturity. Contributions received with donor-imposed restrictions that are met in the same reporting period are reflected as an addition and reduction to temporarily restricted net assets.

Permanently restricted net assets are subject to donor-imposed restrictions that the principal be invested in perpetuity.

Contributions: Contributions are recognized when an unconditional promise to give is made (pledge receivable) or when cash is received, if an unconditional promise does not exist. Contributions include bequests, which are recorded at their estimated fair value when Easter Seals has received an unconditional promise to give. Easter Seals considers a bequest unconditional when the probate court declares the testamentary instrument valid and the proceeds are measurable.

Government grants and contract revenue: Government grant and contract revenue is recognized when earned, which is generally when qualifying expenses have been incurred and all other grant requirements have been met. Easter Seals receives a substantial amount of its operating support from the federal government. Any significant reduction in the level of this support could have an effect on Easter Seals' programs.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

In-kind contributions: Easter Seals records, as in-kind contributions, contributions of fundraising material, informational material, or advertising, including media time or space for public service announcements or other purposes, that are used for Easter Seals' benefit and that encourage the public to contribute to Easter Seals or help Easter Seals communicate its message or mission. Easter Seals will not record a contribution in circumstances in which Easter Seals is unable to have an active involvement in determining and managing the message and the use of the materials. In-kind contributions in 2015 and 2014 primarily relate to public service announcements for the Dixon Center Veteran Services and Make the First Five Count. These contributions are recorded at fair value, which is based on the number of airings and average market media prices obtained from the nation's largest media buying sources. The in-kind contributions are offset by like amounts included in public health education and advocacy for persons with disabilities and research expense in the statement of activities and changes in net assets, as well as in printing and media expense in the statement of functional expenses.

Membership fees from affiliates: Membership fees are recognized in the month for which the membership applies, and affiliates are invoiced at the beginning of each month. Monthly fees per affiliate include a base fee plus supplementary fees for major markets included in that affiliate's assigned territory. Major markets are defined as the most populous counties in the nation as determined by the U.S. Census Bureau Population Estimates Program.

Sales and services to affiliates: Sales and services to affiliates are recognized when the related services are provided. Sales and services may include registration fees for events, website management fees, planned giving management, and various fees for Easter Seals articles.

Operating expenses: Operating expenses are presented in the statement of activities on a functional basis, classified according to the significant program activity related to the purpose for which Easter Seals exists or supporting service. Where expenses affect more than one area, they are allocated to the respective areas based on estimates made by management.

The significant activities are:

Program Development: Funds, leadership, and assistance to provide services for children and adults with autism and other disabilities. Primary services are medical rehabilitation, job training and employment, inclusive child care, adult day services, and camping and recreation. Building from Easter Seals' expertise, Easter Seals is focusing on four service areas of critical importance: young children, older adults, people living with autism, and military service members and veterans.

Professional Education and Training: Activities to improve the knowledge, skills, and critical judgment of affiliate staff, volunteers, caregivers, and other health and education professionals.

Fundraising Advisory: Training and consultation with Easter Seals' affiliates to strengthen their relationships with donors and make the general public aware of the needs of children and adults with disabilities and their families.

Management Advisory: Managing Easter Seals' brand and membership standards with affiliates; consulting on general management issues, including, Easter Seals' best practices for service delivery, board development, and doing business as a nonprofit: finance and accounting, budgeting, strategic planning, and personnel selection.

Public Health Education: Creating a public awareness about individuals living with disabilities and the issues they face through multi-media public education campaigns, community advocacy, and by providing up-to-date resources about disabilities, disability awareness, opportunities, universal design, and other relevant topics. The primary focus is on young children, older adults, people living with autism, and military service members and veterans with disabilities.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Advocacy for Persons with Disabilities and Research: Activities to assure equal access and opportunities for people with disabilities, and awards, grants, and/or activities to support studies or investigations in the physical and social sciences that seek new evidence-based knowledge to benefit children and adults with disabilities, their families, and the personnel that serve them.

Grants and awards: Grants and awards to affiliates for program development purposes are recognized as expense once a grant or award has been made. Grants and awards, which are payable beyond one year, are reported at the present value of their estimated future cash flows and have been discounted using a rate, which is commensurate with the risks involved with the ultimate payment of these obligations at the time the obligation is incurred. The discount is amortized using an effective yield over the expected life of the awards and grants contracts and is reflected as program service expense.

Income taxes: Easter Seals, Inc. and Easter Seals Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

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 financial statements. Under this guidance, Easter Seals, Inc. and Easter Seals Foundation 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 Easter Seals, Inc. and Easter Seals Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in these financial statements.

Easter Seals, Inc. and Easter Seals Foundation file Form 990 in the U.S. federal jurisdiction and the State of Illinois. Easter Seals, Inc. and Easter Seals Foundation are generally no longer subject to examination by the Internal Revenue Service for years before 2012.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Pending accounting pronouncements: In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for Easter Seals beginning in 2019. Easter Seals is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 850): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also limits certain disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. This ASU will be effective for the Easter Seals beginning in 2017. As ASU 2015-07 only amends and eliminates certain disclosures, Easter Seals does not anticipate its adoption will have a material impact on its consolidated financial statements.

Reclassifications: Certain items for 2014 have been reclassified to conform to the current year presentation with no effect on net asset classifications or changes in net assets.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Subsequent events: Easter Seals has evaluated subsequent events for potential recognition and/or disclosure through April 29, 2016, the date the consolidated financial statements were available to be issued.

Note 2. Pledges Receivable

Donors' promises to give to Easter Seals, net of a discount to present value (ranging from 0.9 percent to 1.52 percent) are due to be collected as follows:

	2015	2014
Gross amounts due in:		
One year	\$ 3,570,600	\$ 2,380,600
One to five years	4,647,500	2,756,000
Subtotal	8,218,100	5,136,600
Less discount to present value	158,900	99,300
Less allowance for doubtful pledges	-	80,000
Total	<u>\$ 8,059,200</u>	<u>\$ 4,957,300</u>

The discount will be recognized as contribution revenue through 2019 as the discount is amortized using an effective yield over the duration of each pledge.

Note 3. Beneficial Interest in Trusts

Easter Seals' beneficial interest in charitable lead trusts is summarized as follows:

	Discount Rate	Annual Distribution	Remaining Years	Fair Value 2015	Fair Value 2014
2006 Charitable lead trust	0.00%	\$ 75,000	1	\$ 75,000	\$ 149,500
2010 Charitable lead trust	1.70%	4,200	5	17,200	21,000
2011 Charitable lead trust	1.17%	2,300	15	36,200	31,500
				<u>\$ 128,400</u>	<u>\$ 202,000</u>

Easter Seals' beneficial interest in charitable remainder trusts are summarized as follows:

	Discount Rate	Principal Amount	Remaining Years	Fair Value 2015	Fair Value 2014
1998 Charitable remainder trust	3.05%	\$ 232,200	19	\$ 122,900	\$ 140,600
1999 Charitable remainder trust	2.43%	1,000,000	17	665,400	664,900
2009 Charitable remainder trust	2.39%	379,600	16	97,300	94,900
2011 Charitable remainder trust	1.17%	295,500	15	234,500	213,700
2011 Charitable remainder trust	0.22%	30,700	3	17,800	18,500
2011 Charitable remainder trust	1.44%	78,500	3	10,400	7,400
2011 Charitable remainder trust	0.00%	56,500	0	-	56,500
				<u>\$ 1,148,300</u>	<u>\$ 1,196,500</u>

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 3. Beneficial Interest in Trusts (Continued)

Easter Seals' beneficial interest in perpetual trusts is summarized as follows:

	Principal Amount	Easter Seals Interest	Fair Value 2015	Fair Value 2014
2011 Perpetual trust	\$ 703,400	100%	\$ 703,400	\$ 755,500
2011 Perpetual trust	3,029,000	10%	302,900	325,700
2011 Perpetual trust	889,000	6.25%	55,600	57,100
2012 Perpetual trust	508,100	5%	25,400	27,600
			<u>\$ 1,087,300</u>	<u>\$ 1,165,900</u>

Contribution revenue recognized in the consolidated statements of activities related to the above beneficial interest in trusts was \$0 for the years ended December 31, 2015 and 2014.

Note 4. Fixed Assets

Fixed assets are summarized by major classification, net of accumulated depreciation and amortization, as follows:

	2015	2014
Leasehold improvements	\$ 50,000	\$ 50,000
Furniture and fixtures	351,500	349,900
Computers, equipment and software	1,038,300	1,031,400
	<u>1,439,800</u>	<u>1,431,300</u>
Accumulated depreciation and amortization	(1,183,800)	(957,700)
Total fixed assets	256,000	473,600
Intangible asset	200,000	200,000
Total fixed assets and intangible asset	<u>\$ 456,000</u>	<u>\$ 673,600</u>

Software amortization expense for the years ended December 31, 2015 and 2014 was approximately \$74,700 and \$78,800, respectively. Total accumulated software amortization expense for the years ended December 31, 2015 and 2014, was approximately \$203,300 and \$128,600, respectively.

Note 5. Fair Value Disclosures

The Fair Value Measurements and Disclosures Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the Topic are described below:

Level 1: Quoted market prices in active markets, such as the New York Stock Exchange, for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 5. Fair Value Disclosures (Continued)

Easter Seals assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2015 and 2014, there were no such transfers.

For the years ended December 31, 2015 and 2014, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis:

Investment Securities

The fair value of publicly traded mutual funds is based upon market quotations of national security exchanges.

Beneficial Interest in Trusts

Nonperpetual trusts are recorded at their estimated fair value based on the present value of the estimated future cash receipts from the trust. Future cash receipts are based on an income approach using internally developed models. Assumptions are made regarding the expected rate of return on investments in the trust, the discount rate, and the expected mortality of the individual(s) if the termination of the agreement is dependent on life expectancy. An expected rate of return on the investments in the trusts is estimated using historical investment returns. The expected mortality is estimated using the Center for Disease Control life tables. Each of these calculations is based on the fair value of the underlying assets of the trust. As the fair value of these trusts is derived from internal estimates of the present value of Easter Seals' interest in the underlying assets, the amounts ultimately received could differ from the amounts reflected in the historical financial statements.

Perpetual trusts are recorded at fair value based on Easter Seals' interest in the fair value of the underlying trust assets.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 5. Fair Value Disclosures (Continued)

The following tables present Easter Seals' fair value hierarchy for the investments as of December 31, 2015 and 2014:

	2015			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Money Market Funds	\$ 7,003,900	\$ 7,003,900	\$ -	\$ -
Equity Securities:				
U.S. Large Cap Growth - Mutual Funds	1,500	1,500	-	-
U.S. Small & Mid Cap - Mutual Funds	856,500	856,500	-	-
International Mutual Funds	472,100	472,100	-	-
Total Equity Securities	1,330,100	1,330,100	-	-
Fixed Income Securities:				
Government Bonds	197,900	197,900	-	-
U.S. Corporate Bond Mutual Funds	887,600	887,600	-	-
Total Fixed Income Securities	1,085,500	1,085,500	-	-
Total Investments	\$ 9,419,500	\$ 9,419,500	\$ -	\$ -
Beneficial Interest in Trusts	\$ 2,364,000	\$ -	\$ -	\$ 2,364,000
	2014			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Money Market Funds	\$ 62,400	\$ 62,400	\$ -	\$ -
Equity Securities:				
U.S. Large Cap Growth - Mutual Funds	2,957,100	2,957,100	-	-
U.S. Small & Mid Cap - Mutual Funds	651,300	651,300	-	-
International Mutual Funds	2,096,200	2,096,200	-	-
Total Equity Securities	5,704,600	5,704,600	-	-
Fixed Income Securities:				
Government Bonds	218,300	218,300	-	-
U.S. Corporate Bond Mutual Funds	3,520,500	3,520,500	-	-
International Bond Mutual Funds	569,000	569,000	-	-
Total Fixed Income Securities	4,307,800	4,307,800	-	-
Total Investments	\$ 10,074,800	\$ 10,074,800	\$ -	\$ -
Beneficial Interest in Trusts	\$ 2,564,300	\$ -	\$ -	\$ 2,564,300

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 5. Fair Value Disclosures (Continued)

Easter Seals maintains a portion of its investment portfolio in a separate account as a reserve for its charitable gift annuities. This reserve totaled \$1,698,600 and \$1,748,300 at December 31, 2015 and 2014, respectively.

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	2015	2014
	Beneficial Interest in Trusts	Beneficial Interest in Trusts
Balance, beginning of year	\$ 2,564,300	\$ 2,570,300
Annual distributions from charitable lead trust	(140,200)	(81,000)
Change in value of trusts	(60,100)	75,000
Balance, end of year	<u>\$ 2,364,000</u>	<u>\$ 2,564,300</u>

Note 6. Investment Returns and Net Unrealized Gains on Perpetual Trusts

Investment returns recorded in the statements of activities and changes in net assets are as follows:

	2015	2014
Interest and dividends	\$ 123,500	\$ 188,800
Perpetual trust interest and dividends	47,800	41,200
Realized gain	219,000	2,339,500
Unrealized (loss)	(311,200)	(2,530,100)
Perpetual trust unrealized (loss)	(78,600)	(20,800)
	<u>\$ 500</u>	<u>\$ 18,600</u>

Investment advisory fees paid by Easter Seals were \$4,900 and \$13,400 for 2015 and 2014, respectively.

Note 7. Debt

Easter Seals has an available \$6,500,000 bank line of credit. Borrowings outstanding under the line are due on demand and are collateralized by certain unrestricted investments. Easter Seals had \$4,496,500 and \$3,014,000 outstanding under this line of credit as of December 31, 2015 and 2014, respectively. The interest rate options are the bank's prime rate less 1.25 percent or LIBOR plus 1.5 percent. Easter Seals had selected the LIBOR rate option. The weighted average interest rate on the line of credit was 1.83 percent and 1.84 percent for 2015 and 2014, respectively. Under the terms of this bank debt, Easter Seals is subject to various covenants including the requirement to maintain a ratio of eligible investments compared to debt. The line of credit expires on May 5, 2016. Easter Seals is negotiating a renewal of the line with the bank.

A term loan with a balance of \$3,450,000 was paid in full during 2014.

Easter Seals entered into a \$2,000,000 program related loan agreement in December 2015 with a charitable foundation at a below market interest rate of 1.50 percent. The loan is collateralized by the accounts receivable and list income revenue of Easter Seals, and is subordinated to the \$6,500,000 line of credit. The drawn portion of the loan agreement was \$1,000,000 and is documented by a non-revolving line of credit promissory note, which has a due date of December 31, 2017 for both principal and unpaid interest. The imputed below-market portion of this loan was calculated at \$68,400 and recorded as contribution revenue in 2015. The loan balance of \$931,600 at December 31, 2015 was classified as long-term debt. Accretion of the loan balance will be recorded as interest expense.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 8. Affiliates

Easter Seals requires each affiliate to submit its annual audited financial statements, its annual return of organization exempt from income tax (Form 990, filed with the Internal Revenue Service), and an Easter Seals data template, by certain dates during each year. Easter Seals headquarters reviews the audited statements and agrees the information to the template to ensure accuracy. The information is then aggregated and included in Easter Seals' non-audited annual report. This unaudited information, summarized for the most recent annual reporting periods (2014), is as follows:

	(Unaudited)	
	2014	2013
Total assets	\$ 1,497,635,400	\$ 1,436,280,200
Total liabilities	513,842,000	521,531,100
Total net assets	983,793,400	914,749,100
Total revenues	1,981,062,000	1,845,929,100
Total expenses and other changes in net assets	1,912,017,700	1,721,555,500

The nature of Easter Seals' relationship with its affiliates, as described in the membership agreements, does not require consolidation under accounting principles generally accepted in the United States of America.

As participants in the Easter Seals organization, affiliates paid membership fees of \$3,418,100 and \$3,314,900 for 2015 and 2014, respectively. Accounts receivable balances from affiliates, after allowances for uncollectible accounts, at December 31, 2015 and 2014, were \$216,100 and \$233,400, respectively. These amounts are classified in current assets based on timing of expected payments.

The aggregate amount of program awards and grants for which Easter Seals is obligated to its affiliates as of December 31, 2015 and 2014 are \$4,397,100 and \$3,482,800, respectively. The present value as of December 31, 2015 and 2014 is \$4,395,500 and \$3,481,000, respectively using a discount rate of 0.8%. As of December 31, 2015 and 2014, the program awards and grants are payable as follows:

	2015	2014
Gross amounts due in:		
One year	\$ 3,740,600	\$ 2,746,800
One to five years	67,000	134,000
Thereafter	589,500	602,000
Subtotal	4,397,100	3,482,800
Less discount and allowance to present value	1,600	1,600
Total	\$ 4,395,500	\$ 3,481,200

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 9. Allocation of Joint Information Costs

For the years ended December 31, 2015 and 2014, Easter Seals incurred joint program services costs of \$24,119,800 and \$26,269,700, respectively, for informational materials that included fundraising appeals. For 2015 and 2014, Easter Seals allocated \$11,585,400 and \$13,093,800, respectively, to public health education and \$12,534,400 and \$13,175,900, respectively, to fundraising.

Note 10. Pension Plan

Easter Seals has a defined benefit pension plan covering substantially all of its employees. Benefits are based on years of service and the employee's average compensation. Easter Seals' funding policy has been to contribute annually an amount equal to at least the minimum amount required under the applicable employment retirement regulations. The plan was last amended effective April 30, 2012, freezing eligibility, compensation, and benefit accruals.

The following tables set forth the accumulated benefit obligation, projected benefit obligation, and the change in the plan assets of the defined pension plan with measurement dates of December 31, 2015 and 2014, respectively. The tables also reflect the funded status of the plans, as well as recognized and unrecognized amounts in the statements of financial position.

	2015	2014
Accumulated benefit obligation	\$ 29,357,200	\$ 29,328,500
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 29,328,600	\$ 25,642,200
Interest cost	1,224,100	1,321,400
Actuarial loss	261,500	3,443,800
Benefits paid	(1,457,000)	(1,078,800)
Projected benefit obligation at end of year	29,357,200	29,328,600
Change in plan assets:		
Fair value of plan assets at beginning of year	22,009,500	21,043,300
Actual return on plan assets	(620,900)	691,000
Employer contributions	1,287,900	1,354,000
Benefits paid	(1,457,000)	(1,078,800)
Fair value of plan assets at end of year	21,219,500	22,009,500
Reconciliation of funded status:		
Funded status	(8,137,700)	(7,319,100)
Net amount recognized	\$ (8,137,700)	\$ (7,319,100)
Amounts recognized in statement of financial position consist of:		
Noncurrent liabilities	\$ (8,137,700)	\$ (7,319,100)

Included in unrestricted net assets at December 31, 2015 and 2014, are unrecognized actuarial losses of \$13,946,500 and \$12,458,600, respectively, that have not been recognized in the net periodic pension cost.

The estimated net actuarial loss for this defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$1,210,000.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 10. Pension Plan (Continued)

Changes in plan assets and benefit obligations recognized in unrestricted net assets during the reporting period include:

	2015	2014
Current year actuarial loss	\$ 2,519,900	\$ 4,428,100
Amortization of net loss	(1,032,000)	(646,900)
	<u>\$ 1,487,900</u>	<u>\$ 3,781,200</u>
Components of net periodic benefit cost:		
Interest cost	\$ 1,224,100	\$ 1,321,400
Expected return on plan assets	(1,637,500)	(1,675,300)
Amortization of actuarial loss	1,032,000	646,900
Net periodic benefit cost	<u>\$ 618,600</u>	<u>\$ 293,000</u>

The weighted-average assumptions used in determining the actuarial present value of the projected benefit obligation were as follows:

Weighted-average discount rate	4.66%	4.29%
Weighted-average rate of compensation increase	N/A	N/A

The weighted-average assumptions used in determining the net periodic benefit cost were as follows:

Weighted-average discount rate	4.29%	5.30%
Weighted-average rate of compensation increase	N/A	N/A
Weighted-average expected long-term rate of return on plan assets	7.00%	7.50%

Easter Seals determines the long-term expected rate of return on plan assets by examining historical capital market returns, correlations between asset classes, and the plan's normal asset allocation. Current and near-term market factors, such as inflation and interest rates, are then evaluated to arrive at the expected return on plan assets. Peer group or benchmarking data are also reviewed to ensure reasonable and appropriate assumptions.

Plan Assets

Easter Seals participates in a pooled pension plan sponsored by Easter Seals and its various affiliates throughout the country. All plan assets are held in a Master Trust, which holds the assets of all retirement plans sponsored by the various organizations. Easter Seals' percentage interest in the assets of the Master Trust was approximately 60 percent as of December 31, 2015 and 2014.

The valuation methodologies used for the plan assets are described in Note 5.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 10. Pension Plan (Continued)

Fair value measurements at December 31, 2015 and 2014 were as follows:

	2015			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Money Market Funds	\$ 1,214,100	\$ 1,214,100	\$ -	\$ -
Equity Securities:				
U.S. Large Cap Growth - Mutual Funds	5,457,000	5,457,000	-	-
U.S. Small & Mid Cap - Mutual Funds	2,282,700	2,282,700	-	-
International Mutual Funds	7,174,200	7,174,200	-	-
Total Equity Securities	14,913,900	14,913,900	-	-
Fixed Income Securities:				
U.S. Corporate Bond Mutual Funds	18,618,100	18,618,100	-	-
International Bond Mutual Funds	291,700	291,700	-	-
Total Fixed Income Securities	18,909,800	18,909,800	-	-
Total	\$ 35,037,800	\$ 35,037,800	\$ -	\$ -
Easter Seals' portion of the above investments	\$ 21,219,500	\$ -	\$ 21,219,500	\$ -
	2014			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Money Market Funds	\$ 1,220,400	\$ 1,220,400	\$ -	\$ -
Equity Securities:				
U.S. Large Cap Growth - Mutual Funds	5,249,700	5,249,700	-	-
U.S. Small & Mid Cap - Mutual Funds	3,239,100	3,239,100	-	-
International Mutual Funds	6,791,600	6,791,600	-	-
Total Equity Securities	15,280,400	15,280,400	-	-
Fixed Income Securities:				
U.S. Corporate Bond Mutual Funds	19,883,900	19,883,900	-	-
International Bond Mutual Funds	261,000	261,000	-	-
Total Fixed Income Securities	20,144,900	20,144,900	-	-
Total	\$ 36,645,700	\$ 36,645,700	\$ -	\$ -
Easter Seals' portion of the above investments	\$ 22,009,500	\$ -	\$ 22,009,500	\$ -

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 10. Pension Plan (Continued)

Easter Seals employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income. Equity investments are diversified across the U.S. and non-U.S. corporate stocks, as well as growth, value, and small and large capitalizations. Fixed income securities include corporate bonds of companies from diversified industries and U.S. Treasuries. Other types of investments include investments in institutional funds that follow several different strategies. Easter Seals' external investment managers may use derivatives to gain market exposure in an efficient and timely manner. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

Contributions

Easter Seals made contributions to the pension plan of \$1,287,900 and \$1,354,000 during the years ended December 31, 2015 and 2014, respectively. Easter Seals plans on contributing \$991,000 to the plan in 2016.

Estimated Future Benefit Payments

Estimated future benefit payments are as follows:

Year Ending December 31:		
2016	\$	1,522,600
2017		1,586,900
2018		1,650,400
2019		1,725,200
2020		1,744,400
2021-2025		9,425,200

Note 11. Restricted Net Assets

Temporarily restricted net assets (including unexpended earnings from permanently restricted net assets) at December 31, 2015 and 2014, have been restricted by donors as follows:

	2015		2014	
	Temporarily Restricted		Temporarily Restricted	
Program restrictions				
Advocacy	\$	142,300	\$	338,800
Brand management		849,500		1,011,600
Geographic location		517,000		52,600
Education		327,500		363,100
Services for young children		313,200		152,600
Services for people with autism		200		200
Services for veterans		3,933,900		2,722,000
Time restriction		2,475,200		3,690,200
Totals	\$	8,558,800	\$	8,331,100

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 11. Restricted Net Assets (Continued)

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes specified by donors or time restrictions met for the years ended December 31, 2015 and 2014, as follows:

	2015	2014
Program restrictions		
Advocacy	\$ 495,200	\$ 109,800
Brand management	1,038,500	-
Geographic location	519,700	1,366,500
Education	363,100	36,900
Services for young children	79,900	151,700
Services for veterans	2,957,200	2,400,000
Time restriction	1,330,700	806,500
Totals	<u>\$ 6,784,300</u>	<u>\$ 4,871,400</u>

Permanently restricted net assets consists of beneficial interest in perpetual trusts, a charitable remainder trust receivable and a donation to be held in perpetuity. Easter Seals does not consider its beneficial interest in perpetual trusts to be part of its endowment since it has no control over the assets included in the perpetual trusts. Easter Seals' endowment consists of the donation to be held in perpetuity of \$20,000. The income generated from the fund is not donor restricted.

Note 12. Special Events

Easter Seals conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. There were no special events conducted in 2015. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual costs to Easter Seals. The direct costs of the special events that ultimately benefit the donor rather than Easter Seals are recorded as exchange transaction income and exchange transaction expenses. All proceeds received in excess of the direct costs are recorded as special events revenue in the accompanying statement of activities.

Easter Seals, Inc. and Easter Seals Foundation

Notes to Consolidated Financial Statements

Note 13. Leases

Easter Seals has an operating lease with 233 S. Wacker LLC for its corporate headquarters. In December 2015, Easter Seals provided written notice exercising its early termination right. As a result, the 233 S. Wacker lease will terminate on December 31, 2016, and Easter Seals incurred a lease termination penalty of \$1,164,900. The lease termination penalty net of \$401,200 of existing deferred rent credits, or \$763,700, was charged as an expense in the 2015 statement of activities.

Easter Seals signed a twelve-year lease agreement with Chicago BT Property, LLC in November 2015. As an incentive for the new office space, Chicago BT Property paid \$582,450 of the 233 S. Wacker lease termination penalty on behalf of Easter Seals, and will pay the remaining \$582,450 by December 2016. The lease also provides Easter Seals with a \$1,470,500 tenant improvement allowance. Easter Seals will take occupancy of the new office effective in January 2017.

The lease termination penalty payments totaling \$1,164,900 and the tenant improvement allowance of \$1,470,500 are or will be recorded as a deferred rent liability which will be amortized over the life of the new lease as a reduction of rent expense, beginning in 2017.

Base rent is recognized on a straight-line basis and rental expense for operating leases amounted to \$445,200 for the years ended December 31, 2015 and 2014, respectively.

Easter Seals has an operating lease for office space in Washington, D.C. which provides for annual base rent plus a pro rata share of real estate taxes and other operating expense as defined in the lease. Rent expense is recognized on a straight-line basis over the life of the lease and was \$550,800 and \$503,100 for the years ended December 31, 2015 and 2014. This lease expires in June 2017.

Certain equipment is leased under agreements expiring in various years through 2018 and are recorded herein as capital leases.

Future minimum lease payments are as follows:

	<u>Capital Leases</u>	<u>Operating Leases</u>
Year Ending December 31:		
2016	\$ 35,400	\$ 1,059,900
2017	34,300	919,400
2018	8,900	646,300
2019	-	659,200
2020	-	672,500
2021-2028	-	5,887,100
Total minimum lease payments	<u>78,600</u>	<u>\$ 9,844,400</u>
Less amounts representing interest	<u>1,600</u>	
Present value of net minimum lease payments	<u>\$ 77,000</u>	

Note 14. Contingencies

Easter Seals is occasionally party to lawsuits and claims arising out of the conduct of its business. Easter Seals' management is of the opinion that the outcome of these matters will not have a material effect on the financial statements.



RSM US LLP

**Independent Auditor's Report
on the Supplementary Information**

To the Board of Directors
Easter Seals
Chicago, Illinois

We have audited the consolidated financial statements of Easter Seals, Inc. and Easter Seals Foundation (collectively, Easter Seals) as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon, dated April 29, 2016, which contained an unmodified opinion on those consolidated financial statements (see pages 1 and 2). Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and change in net assets of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

RSM US LLP

Chicago, Illinois
April 29, 2016

Easter Seals, Inc. and Easter Seals Foundation

Consolidating Statement of Financial Position
December 31, 2015

	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	\$ 593,800	\$ -	\$ -	\$ 593,800
Investments	7,720,900	-	-	7,720,900
Accounts receivable from affiliates, net	216,100	-	-	216,100
Government grants and contract receivable	3,758,800	-	-	3,758,800
Pledges receivable, net	1,239,400	2,331,200	-	3,570,600
Other accounts receivable, net	753,600	-	-	753,600
Prepaid expenses	424,300	-	-	424,300
Contributions receivable from the Foundation	2,331,200	-	(2,331,200)	-
Total current assets	17,038,100	2,331,200	(2,331,200)	17,038,100
Long-term assets:				
Fixed assets, net	456,000	-	-	456,000
Investments for charitable gift annuities	1,698,600	-	-	1,698,600
Pledges receivable, net	708,700	3,779,900	-	4,488,600
Beneficial interest in trusts	2,364,000	-	-	2,364,000
Contributions receivable from the Foundation	3,779,900	-	(3,779,900)	-
Total long-term assets	9,007,200	3,779,900	(3,779,900)	9,007,200
Total assets	\$ 26,045,300	\$ 6,111,100	\$ (6,111,100)	\$ 26,045,300
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 5,024,900	\$ -	\$ -	\$ 5,024,900
Accounts payable to affiliates	3,740,600	-	-	3,740,600
Contributions payable to Easter Seals, Inc.	-	6,111,100	(6,111,100)	-
Capital lease obligation	77,000	-	-	77,000
Line of credit	4,496,500	-	-	4,496,500
Total current liabilities	13,339,000	6,111,100	(6,111,100)	13,339,000
Long-term liabilities:				
Accounts payable to affiliates	654,900	-	-	654,900
Charitable gift annuities	727,300	-	-	727,300
Deferred rent and other	1,596,900	-	-	1,596,900
Note Payable	931,600	-	-	931,600
Pension liability	8,137,700	-	-	8,137,700
Total long-term liabilities	12,048,400	-	-	12,048,400
Total liabilities	25,387,400	6,111,100	(6,111,100)	25,387,400
Net assets (deficit):				
Unrestricted:				
Available for operations	4,272,900	-	-	4,272,900
Net actuarial pension loss	(13,946,500)	-	-	(13,946,500)
	(9,673,600)	-	-	(9,673,600)
Temporarily restricted	8,558,800	-	-	8,558,800
Permanently restricted	1,772,700	-	-	1,772,700
Total net assets	657,900	-	-	657,900
Total liabilities and net assets	\$ 26,045,300	\$ 6,111,100	\$ (6,111,100)	\$ 26,045,300

Easter Seals, Inc. and Easter Seals Foundation

**Consolidating Statement of Financial Position
December 31, 2014**

	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	\$ 483,300	\$ -	\$ -	\$ 483,300
Investments	8,326,500	-	-	8,326,500
Accounts receivable from affiliates, net	233,400	-	-	233,400
Government grants and contract receivable	2,415,700	-	-	2,415,700
Pledges receivable, net	755,300	1,545,300	-	2,300,600
Other accounts receivable, net	968,700	-	-	968,700
Prepaid expenses	280,200	-	-	280,200
Contributions receivable from the Foundation	1,545,300	-	(1,545,300)	-
Total current assets	15,008,400	1,545,300	(1,545,300)	15,008,400
Long-term assets:				
Fixed assets, net	673,600	-	-	673,600
Investments for charitable gift annuities	1,748,300	-	-	1,748,300
Pledges receivable, net	241,600	2,415,100	-	2,656,700
Beneficial interest in trusts	2,564,300	-	-	2,564,300
Contributions receivable from the Foundation	2,415,100	-	(2,415,100)	-
Total long-term assets	7,642,900	2,415,100	(2,415,100)	7,642,900
Total assets	\$ 22,651,300	\$ 3,960,400	\$ (3,960,400)	\$ 22,651,300
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,782,300	\$ -	\$ -	\$ 4,782,300
Accounts payable to affiliates	2,746,800	-	-	2,746,800
Contributions payable to Easter Seals, Inc.	-	3,960,400	(3,960,400)	-
Capital lease obligation	41,300	-	-	41,300
Line of credit	3,014,000	-	-	3,014,000
Total current liabilities	10,584,400	3,960,400	(3,960,400)	10,584,400
Long-term liabilities:				
Capital lease obligation:	75,300	-	-	75,300
Accounts payable to affiliates	734,400	-	-	734,400
Charitable gift annuities	767,200	-	-	767,200
Deferred rent and other	590,400	-	-	590,400
Pension liability	7,319,100	-	-	7,319,100
Total long-term liabilities	9,486,400	-	-	9,486,400
Total liabilities	20,070,800	3,960,400	(3,960,400)	20,070,800
Net assets (deficit):				
Unrestricted:				
Available for operations	4,857,200	-	-	4,857,200
Net actuarial pension loss	(12,458,600)	-	-	(12,458,600)
	(7,601,400)	-	-	(7,601,400)
Temporarily restricted	8,331,100	-	-	8,331,100
Permanently restricted	1,850,800	-	-	1,850,800
Total net assets	2,580,500	-	-	2,580,500
Total liabilities and net assets	\$ 22,651,300	\$ 3,960,400	\$ (3,960,400)	\$ 22,651,300

Easter Seals, Inc. and Easter Seals Foundation

Consolidating Statement of Activities and Changes in Net Assets
December 31, 2015

	Unrestricted				Temporarily Restricted				Permanently Restricted	Consolidated Totals
	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated	Easter Seals, Inc.	
Operating:										
Public support:										
Contributions	\$ 34,464,300	\$ 855,600	\$ -	\$ 35,319,900	\$ 3,847,800	\$ 3,164,200	\$ -	\$ 7,012,000	\$ -	\$ 42,331,900
Transfer of Foundation contributions to Easter Seals, Inc.	855,600	(855,600)	-	-	3,164,200	(3,164,200)	-	-	-	-
Contributions from Easter Seals, Inc.	-	782,100	(782,100)	-	-	-	-	-	-	-
Change in value of split interest agreements	(12,300)	-	-	(12,300)	-	-	-	-	500	(11,800)
Government grants	18,889,800	-	-	18,889,800	-	-	-	-	-	18,889,800
In-kind contributions	26,228,800	135,600	-	26,364,400	-	-	-	-	-	26,364,400
Total public support	80,426,200	917,700	(782,100)	80,561,800	7,012,000	-	-	7,012,000	500	87,574,300
Revenues:										
Membership fees from affiliates	3,418,100	-	-	3,418,100	-	-	-	-	-	3,418,100
Sales and services to affiliates	957,100	-	-	957,100	-	-	-	-	-	957,100
Government contract revenue	2,525,500	-	-	2,525,500	-	-	-	-	-	2,525,500
Investment returns	79,100	-	-	79,100	-	-	-	-	-	79,100
Net unrealized loss on perpetual trusts	-	-	-	-	-	-	-	-	(78,600)	(78,600)
Miscellaneous revenue	1,344,200	-	-	1,344,200	-	-	-	-	-	1,344,200
Net assets released from restrictions	6,784,300	-	-	6,784,300	(6,784,300)	-	-	(6,784,300)	-	-
Total revenues	15,108,300	-	-	15,108,300	(6,784,300)	-	-	(6,784,300)	(78,600)	8,245,400
Total public support and revenues	95,534,500	917,700	(782,100)	95,670,100	227,700	-	-	227,700	(78,100)	95,819,700
Expenses:										
Program services:										
Services for affiliates:										
Program development	22,712,400	41,000	-	22,753,400	-	-	-	-	-	22,753,400
Awards to Easter Seals Foundation	782,100	-	(782,100)	-	-	-	-	-	-	-
Professional education and training	3,570,600	-	-	3,570,600	-	-	-	-	-	3,570,600
Fundraising advisory	6,093,800	-	-	6,093,800	-	-	-	-	-	6,093,800
Management advisory	2,071,900	-	-	2,071,900	-	-	-	-	-	2,071,900
Total services for affiliates	35,230,800	41,000	(782,100)	34,489,700	-	-	-	-	-	34,489,700
Public health education	27,457,100	-	-	27,457,100	-	-	-	-	-	27,457,100
Advocacy for persons with disabilities and research	14,454,800	-	-	14,454,800	-	-	-	-	-	14,454,800
Total program services	77,142,700	41,000	(782,100)	76,401,600	-	-	-	-	-	76,401,600
Supporting services:										
Fundraising	15,637,900	876,700	-	16,514,600	-	-	-	-	-	16,514,600
Management and general	2,574,500	-	-	2,574,500	-	-	-	-	-	2,574,500
Total supporting services	18,212,400	876,700	-	19,089,100	-	-	-	-	-	19,089,100
Total operating expenses	95,355,100	917,700	(782,100)	95,490,700	-	-	-	-	-	95,490,700
Public support and revenues less operating expenses	179,400	-	-	179,400	227,700	-	-	227,700	(78,100)	329,000

Easter Seals, Inc. and Easter Seals Foundation

Consolidating Statement of Activities and Changes in Net Assets (Continued)
December 31, 2015

	Unrestricted				Temporarily Restricted				Permanently Restricted	Consolidated Totals
	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated	Easter Seals, Inc.	
Nonoperating:										
Pension liability adjustments other than net periodic benefit cost	\$ (1,487,900)	\$ -	\$ -	\$ (1,487,900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,487,900)
Lease Termination Penalty	(763,700)	-	-	(763,700)	-	-	-	-	-	(763,700)
Change in net assets	(2,072,200)	-	-	(2,072,200)	227,700	-	-	227,700	(78,100)	(1,922,600)
Net assets (deficit), beginning of year	(7,601,400)	-	-	(7,601,400)	8,331,100	-	-	8,331,100	1,850,800	2,580,500
Net assets (deficit), end of year	<u>\$ (9,673,600)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,673,600)</u>	<u>\$ 8,558,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,558,800</u>	<u>\$ 1,772,700</u>	<u>\$ 657,900</u>

Easter Seals, Inc. and Easter Seals Foundation

Consolidating Statement of Activities and Changes in Net Assets
December 31, 2014

	Unrestricted				Temporarily Restricted				Permanently Restricted	Consolidated Totals
	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated	Easter Seals, Inc.	
Operating:										
Public support:										
Contributions	\$ 36,722,600	\$ 8,600	\$ -	\$ 36,731,200	\$ 3,945,300	\$ 1,057,300	\$ -	\$ 5,002,600	\$ -	\$ 41,733,800
Transfer of Foundation contributions to Easter Seals, Inc.	8,500	(8,500)	-	-	1,057,300	(1,057,300)	-	-	-	-
Contributions from Easter Seals, Inc.	-	516,700	(516,700)	-	-	-	-	-	-	-
Change in value of split interest agreements	(82,700)	-	-	(82,700)	3,800	-	-	3,800	92,100	13,200
Government grants	21,107,600	-	-	21,107,600	-	-	-	-	-	21,107,600
In-kind contributions	10,286,700	-	-	10,286,700	-	-	-	-	-	10,286,700
Total public support	68,042,700	516,800	(516,700)	68,042,800	5,006,400	-	-	5,006,400	92,100	73,141,300
Revenues:										
Membership fees from affiliates	3,314,900	-	-	3,314,900	-	-	-	-	-	3,314,900
Sales and services to affiliates	871,400	-	-	871,400	-	-	-	-	-	871,400
Government contract revenue	2,361,600	-	-	2,361,600	-	-	-	-	-	2,361,600
Investment returns	39,400	-	-	39,400	-	-	-	-	-	39,400
Net unrealized gains on perpetual trusts	-	-	-	-	-	-	-	-	(20,800)	(20,800)
Miscellaneous revenue	1,030,800	-	-	1,030,800	-	-	-	-	-	1,030,800
Net assets released from restrictions	4,871,400	-	-	4,871,400	(4,871,400)	-	-	(4,871,400)	-	-
Total revenues	12,489,500	-	-	12,489,500	(4,871,400)	-	-	(4,871,400)	(20,800)	7,597,300
Total public support and revenues	80,532,200	516,800	(516,700)	80,532,300	135,000	-	-	135,000	71,300	80,738,600
Expenses:										
Program services:										
Services for affiliates:										
Program development	24,646,200	-	-	24,646,200	-	-	-	-	-	24,646,200
Awards to Easter Seals Foundation	516,700	-	(516,700)	-	-	-	-	-	-	-
Professional education and training	3,738,500	-	-	3,738,500	-	-	-	-	-	3,738,500
Fundraising advisory	5,994,800	-	-	5,994,800	-	-	-	-	-	5,994,800
Management advisory	2,766,000	-	-	2,766,000	-	-	-	-	-	2,766,000
Total services for affiliates	37,662,200	-	(516,700)	37,145,500	-	-	-	-	-	37,145,500
Public health education	19,843,900	-	-	19,843,900	-	-	-	-	-	19,843,900
Advocacy for persons with disabilities and research	5,661,800	-	-	5,661,800	-	-	-	-	-	5,661,800
Total program services	63,167,900	-	(516,700)	62,651,200	-	-	-	-	-	62,651,200
Supporting services:										
Fundraising	16,720,500	517,200	-	17,237,700	-	-	-	-	-	17,237,700
Management and general	2,714,900	-	-	2,714,900	-	-	-	-	-	2,714,900
Total supporting services	19,435,400	517,200	-	19,952,600	-	-	-	-	-	19,952,600
Total operating expenses	82,603,600	517,200	(516,700)	82,603,800	-	-	-	-	-	82,603,800
Public support and revenues less operating expenses	(2,071,100)	(400)	-	(2,071,500)	135,000	-	-	135,000	71,300	(1,865,200)

Easter Seals, Inc. and Easter Seals Foundation

Consolidating Statement of Activities and Changes in Net Assets (Continued)
December 31, 2014

	Unrestricted				Temporarily Restricted				Permanently Restricted	Consolidated Totals
	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated	Easter Seals, Inc.	Easter Seals Foundation	Eliminations	Consolidated	Easter Seals, Inc.	
Nonoperating:										
Pension liability adjustments other than net periodic benefit cost	\$ (3,781,200)	\$ -	\$ -	\$ (3,781,200)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,781,200)
Change in net assets	(5,852,300)	(400)	-	(5,852,700)	135,000	-	-	135,000	71,300	(5,646,400)
Net assets (deficit), beginning of year	(1,749,100)	400	-	(1,748,700)	8,196,100	-	-	8,196,100	1,779,500	8,226,900
Net assets (deficit), end of year	\$ (7,601,400)	\$ -	\$ -	\$ (7,601,400)	\$ 8,331,100	\$ -	\$ -	\$ 8,331,100	\$ 1,850,800	\$ 2,580,500