



*2009-2010 Annual Report*

[www.easterseals.com](http://www.easterseals.com)

# Our Vision

Edgar F. Allen, 1922  
*Founder of Easter Seals*

The National Society for Crippled Children aspires to assume a responsibility and to discharge a duty. It wishes to be instrumental in effecting good, – intelligent in the application of help to those who are themselves helpless. It wishes to see repaired the tragedies of nature and accidents which are registered upon the bodies of little children. It wishes to see that the bent are straightened, the broken repaired, and the work strengthened.

While with many this may be a vision, yet, with us it is a reality.

We can show you the mysteries of a horribly mis-shapen pair of feet changing under the skill of the surgeon to a set of normal feet, and a pitiful, hobbling child converted to a romping, racing youngster.

We can show you the mystery of a distorted back, emerging gradually, but surely, from mis-shape to true-shape; from crookedness to straight-ness; from a curve to a line.

We can show you the mystery of a human being; the home of an immortal soul, supposed to be created in the image of God Himself; coming to a hospital walking on hands and feet, and some months later standing upright, looking his fellows in the face and out of the fullness of a grateful heart, saying “This is the first time I ever stood erect.”

The realization of this vision is charity for those who need it, a philanthropy which may be accepted without wounding self-respect. It is a benefaction for the curable young who lack the price of remedy.

Yes, more than this. We hope not only to contribute to the building of brighter souls in sounder bodies, but also to light new glows in the hearts of the parents of the crippled. Is there one of us who by the grace of God is more fortunate, that can sound the depth of a mother’s pain when she observes the children of others delighting in the gifts of play while her own remains footbound?

In our work for crippled children we seek the sympathetic friendship of all who agree that human sympathy for human suffering is the motive spirit of civilization. The accomplishment of this object, this hope, and this aim is our desire, and we trust that the year 1922 will make it a reality in thousands of lives and hearts.

*On the cover:*

Leyna, Easter Seals Child Development Center, Upland, Calif.

*Opposite page:*

Jason, Easter Seals Child Development Center, Upland, Calif.

*Photos by Mark Avery*



*“We have but one life to live. We get nothing out of that life except by putting something into it. To relieve suffering, to help the unfortunate, to do kind acts and deeds is, after all, the one sure way to secure happiness or to achieve real success. Your life and mine shall be valued not by what we take ... but by what we give.”*

Edgar F. Allen, 1922



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# Letter from the Chairman & Chief Executive Officer



For more than 90 years, Easter Seals has offered help, hope and answers for individuals with disabilities, their families and their communities. As we begin the countdown to our celebration of 100 years as a disability services provider, we are looking to a future where we will continue to play a critical role in improving the lives of children and adults living with disabilities in the United States and globally.

Our passion for our work is inspired by the life-changing results our services have for individual lives, for families, and the economic impact our services offer to families and communities. When young children with disabilities or children who are at risk for developmental delays receive the early identification and intervention services that give them the chance to succeed, when it matters most, they thrive. When adults with disabilities have the opportunity for meaningful work and equal pay, they become self-sufficient and contribute to their communities. When older adults and their caregivers can rely on community-based programs, not on institutional care, they can live their lives with dignity.

Through our network of Easter Seals organizations in the United States, Puerto Rico, Australia, Canada, and now in Mexico, we seek to reach individuals when we can make the biggest difference in their lives -- and provide effective and efficient alternatives for communities.

Our volunteer leaders, donors and corporate partners, who invest in what we do, have an enormous impact on our capacity to serve. We know they feel good about giving of their talent and their resources because they see the results of their generosity. We thank our friends and donors for their extraordinary support.

As we look to the future, Easter Seals will continue to expand our core services and implement new and innovative approaches to meet the emerging needs of people living with disabilities. Together, we are shaping important policies and improving the quality of life for everyone.

Yours truly,

A handwritten signature in black ink that reads "Gerard P. Mattimore".

Gerard P. Mattimore



Gerard P. Mattimore  
*Chairman*



James E. Williams, Jr.  
*President and  
Chief Executive Officer*

A handwritten signature in black ink that reads "James E. Williams, Jr." in a cursive style.

James E. Williams, Jr.



## Easter Seals: Who We Are

*Easter Seals offers help, hope and answers to children and adults with disabilities and to their families in the United States, Puerto Rico, Australia, Canada and Mexico. We are the leading non-profit provider of services for individuals with autism, developmental disabilities, physical and mental disabilities, and other special needs. 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.*

To provide meaningful services and support for children and adults with disabilities and their families, Easter Seals relies on family and friends, our advocates and philanthropists. Together, we are passionate about making the world a better place for people living with disabilities.

Our volunteer leaders are at the center of who we are and what we do. Thousands strong, Easter Seals volunteers lend their expertise and give generously with their time and resources to assure Easter Seals organizations can meet the needs of their communities. These are volunteer leaders who care deeply about improving the lives of people with disabilities and their families. They know Easter Seals offers top quality services, and conducts business in an efficient, effective and ethical manner.



Our staff of nearly 25,000 have a dedication to providing exceptional services and support to the individuals with disabilities and special needs and their families who come to Easter Seals to accomplish their immediate goals and achieve their dreams.

As advocates for public policy that helps people with disabilities live, learn, work and plan in their communities, Easter Seals Office



of Public Affairs staff, Easter Seals affiliate leaders and client families correspond and meet with federal, state and local government leaders. This year, we celebrated the passage of a comprehensive national health care law that provides for the needs of children and adults with disabilities and offers services to families, as they need them.

Easter Seals celebrates the generosity of friends who are investing in our future and know the impact of their personal philanthropy. Thousands of individual and major donors have made personal commitments to create a better life for

*Photo above: Easter Seals' former representatives Dan Giuliano (1992), Maurice Snell (2007) and Joy Hall (1989) joined Jim Williams, president and chief executive officer, Easter Seals, at the 2010 Celebration of Giving to honor Easter Seals family of corporate sponsors in May; left: Charlie Cook, political analyst and publisher of The Cook Political Report, spoke to Easter Seals volunteer leaders about his forecasting for mid-term elections in Washington, D.C.*



children and adults with disabilities through their support of Easter Seals services.

Led by Safeway Inc., Easter Seals' family of corporate partners, their employees and customers contributed nearly \$20 million to enhance Easter Seals' work in their communities. We honor our corporate partners for their example of corporate social responsibility and thank Safeway, Food Lion LLC, CVS Caremark, Century 21 Real Estate LLC, and Friendly Ice Cream Corporation, who lead a group of 29 national corporate partners. We also thank CVS Caremark, CENTURY 21®, Amway, and MassMutual Financial Group for sponsoring Easter Seals *Walk With Me*®. The fun family event drew 44,000 participants and donors last year at 67 events, raising nearly \$4 million for Easter Seals services in the United States. Ability First Australia

affiliates produced nine *Walk With Me* events during May and September this year and raised more than \$220,000 with 3,148 individual walkers.

Easter Seals also benefits from millions of donors, old friends and new, who contribute to requests by telephone, mail and through online giving opportunities. These are gifts that reflect our donors' trust in Easter Seals. And, Easter Seals staff are also donors. Last year, staff contributed \$1.15 million to Easter Seals Caring & Sharing program to provide for clients and families needs, making their total gift more than \$11 million over 15 years.

The profiles on these pages are an introduction to Easter Seals leaders and innovators, dedicated professionals and volunteer leaders, who help deliver help, hope and answers so that individuals and families can achieve their goals, dreams and aspirations. And, the stories of



Kyle Mayer and Jennifer Bleidistel, Easter Seals' 2011 Child and Adult Representatives, speak to the impact of Easter Seals' early identification and intervention services for children and employment programs for adults with disabilities.

*Photo, top:* Easter Seals, Inc. board member Diane Deskins Hastert and Easter Seals Hawaii board chair Mark Matheson shared Easter Seals' position on health care with Representative Mazie K. Hirono (D. Hawaii) during Easter Seals Capital Hill Day in October 2009; *above:* Easter Seals Board Chairman Jerry Mattimore celebrates with disability advocate and Easter Seals donor Rebecca Ogle, Easter Seals 2009 Distinguished Service Award winner, and her friend Maria Neas at Easter Seals Convention.



## Easter Seals Services: Focus on Young Children

*Early childhood offers a unique window of opportunity for anyone with a disability or other special health care need. It's a time when dramatic gains can be made to increase the likelihood of future success and independence — in school and beyond.*

Yet, more than 5 million young children are at risk for disabilities and developmental delays every year. Among this group, 80 percent — almost 400,000 children each year — are not identified until they enter school. We're not reaching young children and families with early identification and intervention services when we can make the biggest difference.

Easter Seals is a leading national provider of therapy, support and educational services for young children. We teach new skills and instill confidence, while offering weary families answers, support and hope. We advocate for access to early diagnosis, therapy and educational

services because they are essential. Fully 11 percent of children with disabilities or developmental delays who

receive early intervention services enter kindergarten and never need special education.



*Photo, left: Kevin and his teacher discover new sounds; above: Ceana enjoys the activities of the day; top right: Braiden works with therapist, Easter Seals Child Development Center, Upland, Calif.*



Working together, Easter Seals is focused on creating a new awareness of the importance of early identification and intervention among young parents and the general public. Our goal is to assure that every child with a disability or a possible developmental delay is identified, and has access to the intervention services that can assure his or her best opportunities for the future. This is how Easter Seals began — and it's where we can continue to make an enormous impact.





### Act for Autism® with Easter Seals

Easter Seals is unique as the nation's leading provider of services and support for children and adults living with autism and their families, and the number of people with autism we serve has grown dramatically over the past decade.

According to the Centers for Disease Control, the prevalence of Autism Spectrum Disorders is as high as one in every 110 children, with a higher prevalence among young boys.

To help families discover where they can find help, hope and answers, Easter Seals developed its Autism Spokespersons Network of experts, who are resources for media across the United States and Puerto Rico. As advocates for early diagnosis and treatment, they speak about the importance of evidence-based treatment at any age, because autism is treatable and people with autism can and do lead meaningful lives. This year, Easter Seals also worked with *Parents Magazine* to spread the word about services for families and children with autism.



As a leading provider of services for young children and their families, we also are dedicated to advancing knowledge, creating networks of support and mobilizing communities to develop solutions for families. With funding from the Goizueta Foundation, Easter Seals is training early childhood professionals to

provide inclusive child care in their communities, and piloting a program to engage Spanish speaking communities in early identification and services. Staff also share their expertise with international delegations of early childhood and autism professionals, in the United States and at international conferences.

*Photo, above: Karma works with her teacher at Easter Seals Child Development Center, Southeast, Wis.; left: Cynthia enjoys an art project at Easter Seals Child Development Center, Upland, Calif.*



**Easter Seals Southeast Wisconsin**

*Kyle Mayer and a classmate share a good book during class at College Park Elementary School, Greendale, Wis.*



*Stephanie Gordon’s mother was visiting from out of town. It had been months since she’d seen her grandchildren – enough time that the grandmother noticed differences in Kyle, then 22 months old. She expressed concern that his speech had regressed, and more than ever, he preferred playing alone.*

# Kyle Mayer

## 2011 Easter Seals Child Representative

Stephanie, too, had wondered about her son, so when her mother mentioned autism, she immediately began searching for information online, including visiting Easter Seals' Web site.

"When I read through a checklist of warning signs, he hit every single one," she says.

Within days, Stephanie was at the pediatrician's office. The doctor doubted Kyle had autism, but Stephanie stood firm, asking to be referred to a specialist. Even after a team at the local children's hospital ruled out autism, Stephanie sought another opinion.

Eventually Kyle was diagnosed with Pervasive Developmental Disorder, NOS (Not otherwise specified) a form of autism. Stephanie and Kyle's father, Mike, then began exploring options for improving Kyle's social, communication, learning and daily living skills, but they encountered waiting lists at every turn.

When Stephanie heard about a type of early intervention offered through Easter Seals in the family's home state of Wisconsin, she called and was able to enroll Kyle for one three-hour session each month.



Still, Stephanie felt Kyle needed more intensive support. When Easter Seals launched an Applied Behavioral Analysis (ABA) program in February 2010, Kyle was first on the waiting list. Ever since, he's undergone 30 hours of therapy each week, and sisters Julia, 8, and Jenna, 6, are involved during every session.

Already, Stephanie can see a difference.

"I can really have conversations with him," she says.

Now 7, Kyle is in first grade at his neighborhood school, and teachers say he may be able to live independently someday.

Stephanie says Kyle's progress is a result of the early start he got at Easter Seals.

"We were able to build such a strong foundation for him," she says. "Without that, I don't think he'd be anywhere near where he is today. We're just so thankful for Easter Seals."

*Photo top: Kyle reviews a class assignment with his teacher at College Park Elementary School, Greendale, Wis.; middle: Kyle and his dad, Mike, practice baseball technique; bottom: Kyle and his family (clockwise – Julia, Stephanie and Jenna.)*

To learn more about Easter Seals Southeast Wisconsin, visit [www.eastersealskindcaresewi.com](http://www.eastersealskindcaresewi.com)

## Easter Seals 2010 Lou Lowenkron Program Innovation Award



# Matt McAlear

*Vice President and Chief Program Officer  
Easter Seals Bay Area*



During college, Matt McAlear was working as an intern at a state developmental center when a man with autism bit him. Shocked, but also intrigued, McAlear decided after the experience that either he would never again work with people with autism — or that he would devote his career to working with people with autism.

Fortunately for Easter Seals, McAlear chose the latter route.

McAlear began his career as a special education aide, then was a classroom teacher and eventually principal at a school for children with autism; he later was a consultant and behavior analyst.

When he joined the staff at Easter Seals Bay Area in July 2007, McAlear was hired to direct early intervention programs and develop autism-specific initiatives. His impact was almost immediate.

In April 2008, the affiliate launched the Early Intervention Autism Project, which expanded the organization's early intervention program to serve young children with autism. Incorporating advanced research and practices from across multiple disciplines, the program has been replicated in five of the seven counties served by Easter Seals Bay Area.

At the same time, McAlear led development of similar services for school-aged children, providing evidence-based, child-centered interventions, while also training parents and professionals. To further meet the needs of school-age children along the

autism spectrum, services at an after-school program were expanded to include children with autism. Also launched were intensive, home-based services for those needing further support with behavior management, independent living, recreation and leisure, and cognitive skills.

A major milestone was reached in August 2009. That's when the affiliate opened The Lily Learning Center, the organization's first-ever state certified non-public school, offering comprehensive educational, functional and social/behavioral services to students, kindergarten through 8th grade, with autism spectrum disorders and related disabilities.

"The leaps have been dramatic," McAlear says, thanks to the "dynamic" team that's taken Easter Seals Bay Area to the next level as the community's premier provider of innovative autism services, for individuals from birth through young adulthood.

So far, clinical outcomes and anecdotes from families tell him they have filled what once was a huge service gap.

"We are truly changing lives," he says. "We're giving people opportunities they didn't think were possible."

To learn more about Easter Seals Bay Area, California, visit  
[www.bayarea.easterseals.com](http://www.bayarea.easterseals.com)

Easter Seals 2010 Myrtle M. & Tom B. Medders Award  
for Executive Leadership

# Connie Cochran

*Chief Executive Officer  
Easter Seals UCP North Carolina and Virginia*



At one time, Connie Cochran dreamed of being an architect. But his future changed course while in college, after two summers spent working as a counselor at an Easter Seals camp. From that point, Cochran knew he wanted someday to run a disability organization.

Cochran would not rejoin Easter Seals for decades — until 2004, after the merger of Easter Seals North Carolina and UCP North Carolina, where he had been executive director since 1995. But today as chief executive officer of Easter Seals UCP North Carolina and Virginia, he is an architect of sorts — someone who envisions and directs construction of successful disability services, while also building a sustainable organization that can thrive into the future.

Described by colleagues, partners and employees as visionary, intellectual, collaborative, and passionate, Cochran is focused on four other words: innovation, responsibility, integrity, and respect.

Together they're the core values of an organization serving more than 17,500 children and adults each year through:

- The only statewide network of inclusive child care programs, including early intervention services for children with autism.
- Comprehensive, intensive community-based mental health services for children and adults.
- Out-of-home therapeutic foster care services.

- Community-based crisis prevention, intervention and respite services for adults with developmental disabilities and mental illness.
- Inclusive employment services that secure nearly 300 new jobs for adults with disabilities each year.

At a time when other organizations are retrenching, Cochran sees opportunity. Recognizing that risks are necessary, he's disciplined about directing energy and resources where the greatest impact can be made.

Recent financial highlights reflect Cochran's commitment to financial integrity and strength. The affiliate's net assets almost doubled from \$8.2 million in 2007 to more than \$16 million in 2009, and the bad debt ratio decreased from 7.1 percent in 2007 to 1.2 percent in 2009.

What the numbers do not reveal is the value Cochran places on people, from board members to families to staff to donors. "Everyone is a connector," he says, and that focus on relationships is key to how he links people and resources, helps mentor and develop employees, and assures that he can say "yes" when he asks: "Are we doing things that help people?"



To learn more about Easter Seals UCP North Carolina & Virginia, visit [www.nc.eastersealsucp.com](http://www.nc.eastersealsucp.com)



## Easter Seals Services: Focus on Creating Meaningful Opportunities for Employment

*In 2010, the U.S. Department of Labor published its first detailed look at employment for workers with disabilities. Even with overall unemployment at nine percent, the average unemployment rate for workers with disabilities is currently at 14 percent. The report also shows that only 19 percent of people with disabilities are employed, compared with 65 percent of people without disabilities.*

Easter Seals has exceptional expertise, experience and capacity in identifying employment skills, providing training and meaningful opportunities for people with disabilities to work. To create opportunities for adults with disabilities to contribute in the workforce and to become self-sufficient, Easter Seals helps adults with disabilities through community and center-based services. Across the country, Easter Seals' workforce development programs identify individual's talents



and interests, and teach essential skills to successfully enter the workforce or return to work after an illness or injury.

One area of particular focus is adults living with developmental disabilities. The findings from *Easter Seals' Living with Disabilities Study*, released in November 2010, were disturbing. The study, made possible by MassMutual Financial Group and conducted by Harris Interactive, provides new insights into the challenges facing adults with developmental disabilities and parents of adult children with disabilities, as compared to parents of adult children without disabilities. While the study focused on a number of quality of life measures, finding and keeping employment emerged as a critical need. Only 11 percent of parents of adults with disabilities reported that their child was employed full-time, and only 19 percent reported part-time employment, compared with the 48 percent full-time and



24 percent part-time employment reported by parents of adults without disabilities. Easter Seals is working to improve the options for adults living with developmental disabilities.

Since 2004, Easter Seals has served as a grantee of the U.S. Department of Labor's Senior Community Service Employment Program training workers aged 55 and over through placement in non-profit community agencies. Over the years, Easter Seals has provided new employment training opportunities for more than

*Photo left: Easter Seals helps adults find meaningful employment, like Pam Roder; above: Easter Seals Southeast Wis.*



### Easter Seals Veterans Employment Initiative

Easter Seals has long served military service members and veterans. Following World War II, we expanded our reach to include adults, largely because so many soldiers were returning home with disabilities. Since then, service members and veterans have participated in our medical rehabilitation, employment, adult day, therapeutic recreation and other quality programs.

The brave men and women returning from Iraq and Afghanistan — now numbering nearly 1.9 million — face new obstacles as they try to integrate back into employment and community life. In response, Easter Seals is supplementing existing government and military supports by creating new solutions to support personal and family goals.

With funding from the State of Illinois, disabilityworks' and Easter Seals' Veterans Employment Initiative is reaching out to veterans and returning military personnel. With initial funding from The McCormick Foundation, Easter Seals *Operation Employ Veterans™* continues to provide training to employers on effective methods to recruit, employ, and retain veterans with disabilities. *Community OneSource* offers information and personal follow up to connect service members, mobilized Guard and Reserves, and veterans with disabilities and their families with appropriate resources.



7,000 older adults, who have provided millions of hours of community service, and placed almost 1,300 older workers in new, permanent jobs.

Each year, Easter Seals assists nearly 74,000 people with disabilities and other special needs to find meaningful employment. And, we continue to be a pioneer in the field by developing innovative ways to help individuals achieve greater economic self-sufficiency and be more active in their communities.

*Photo left: Jeffrey, a client of Easter Seals Southern California Employment Program, gets instruction on the job; top: John of Easter Seals Employment Services in Wisconsin enjoys being gainfully employed, thanks to skills learned at Easter Seals.*



*Jennifer works with two students at the Infant Toddler Center at California State University, Dominguez Hills*

**Easter Seals Southern California**



*When Jennifer Bleidistel was born with Down syndrome in 1974, doctors painted a bleak picture for her parents, Adrian and Elmer, saying it would be best for her to spend her life away from her family, in an institution.*



# Jennifer Bleidistel

## 2011 Easter Seals Adult Representative

Instead the Bleidistels took Jennifer home and raised her alongside their five sons. Surrounded by a loving, nurturing family, Jennifer thrived. She could read by the start of kindergarten, and as she grew, she attended local public schools and participated in sports.

“She was a big surprise even then,” her mother says. “It was like watching a little miracle.”

As she approached adulthood, Jennifer, like many young people with disabilities, faced an uncertain future. She wanted to work but knew she would need help navigating the job search process.

Fortunately, Easter Seals employment services provided just the support Jennifer needed in the form of Pam Strong, an Easter Seals career coach, who worked closely with Jennifer to assess her interests and strengths and prepare her for employment.

In time, Pam helped Jennifer secure a position that suited her perfectly. Recently, Jennifer celebrated her 10th anniversary as a teacher’s assistant at the Infant Toddler Center at California

State University, Dominguez Hills, where she cares for and teaches young children, many of whom have disabilities or other special needs.

Taking the bus to and from work, Jennifer spends her days at the center reading to the children, guiding art projects, changing diapers, and helping in any other ways she can.



Regarded like any other employee, she attends all staff training workshops and has completed college-level child development courses. In many ways, Jennifer’s experience as

a person with a disability is what makes her most effective at her job.

“The children love her,” says Nancy DiCristina, the center director, “and she inspires hope in other parents who have children with disabilities.”

Since opening the door for Jennifer, Pam has continued to follow up with her, providing regular guidance.

“She is a real friend,” Jennifer says. “I’m very grateful to Pam and I do thank Easter Seals for giving me a nice job.”

*Photo above: Jennifer takes some time out to enjoy the playground at the Infant Toddler Center at California State University, Dominguez Hills; center: An avid sports enthusiast, Jennifer works out in her home fitness room; left: Jennifer and her parents, Adrian and Elmer Bleidistel.*



To learn more about Easter Seals Southern California, visit [www.southerncal.easterseals.com](http://www.southerncal.easterseals.com)



# Rory A. Cooper, Ph.D.

*Easter Seals Board of Directors*



Dr. Rory Cooper is a scholar, military veteran, athlete and advocate for people with disabilities. He also is someone who once benefited from Easter Seals services and now is a committed volunteer, acting as a board member both at Easter Seals Western Pennsylvania and for Easter Seals, Inc.

In 1980 while stationed in Germany with the U.S. Army, Cooper incurred a spinal cord injury during a bicycle accident. When he returned home to California, Easter Seals helped connect Cooper to resources that eased his adjustment to living with a disability.

Later after earning his Ph.D. at the University of California, Santa Barbara, Cooper again crossed paths with Easter Seals. They referred clients to the Assistive Technology Center at California State University at Sacramento. And, after moving across the country to teach, Cooper met Easter Seals clients at the Center for Assistive Technology at the University of Pittsburgh, where he now is an endowed chair and distinguished professor in the School of Health and Rehabilitation Sciences.

In addition to an array of appointments and awards, Cooper has authored or co-authored more than 225 peer-reviewed publications and four books. An expert in the field of rehabilitation engineering, his work focuses on robotics and intelligent systems, quality-of-life technology,

wheelchair design, and other assistive devices; he has a particular interest in helping military veterans.

Academics isn't the only area where Cooper excels. Now 50, he has continued to develop the athletic prowess that, before his accident, qualified him to compete in Olympic track and field trials. In 1988, Cooper won a bronze medal in wheelchair racing at the Paralympic Games in Seoul, and he continues to compete today in hand-cycling and swimming events.

Things came full circle about a decade ago when Cooper joined the Easter Seals Western Pennsylvania board of directors; he quickly made his mark by securing grants and helping assure the success of local events like *Walk With Me*.

Joining the Easter Seals Board of Directors in 2008, Cooper calls Easter Seals an "excellent partner" in his professional and personal endeavors to improve the lives of people with disabilities.

"We share the same goals," he says, adding that he's encouraged when he sees progress. For example, unlike 20 years ago, there are many more students with disabilities on college campuses, and they're career-minded as well as optimistic.

"They're so much more confident about what they'll be able to do," he says. "To see them in college and grad school is tremendous."

**To learn more about the Human Engineering Research Labs at the University of Pittsburgh, visit [www.herpitt.org](http://www.herpitt.org)**

# Kristen B. Barnfield

*Senior Director, Public Relations  
Marketing and Corporate Relations  
Easter Seals Headquarters*



If you friend Kristen Barnfield on Facebook, you'll find a wonderful cross section of her Easter Seals projects — Act for Autism, Google SketchUp, The Avril Lavigne Foundation, Easter Seals' Living with Disabilities Study — and her Easter Seals friends. She's often one of the first to know when a current or past Easter Seals' representative has something to celebrate, and she stays in touch.

It's just one of the many examples of how engaged she is in Easter Seals' mission. Typically the person behind — not the subject of — a story, Kristen is always looking for ways to spread the word about Easter Seals and our impact on people with disabilities and their families.

Kristen first worked with Easter Seals when she was an account supervisor at Edelman Public Relations. She and her team were instrumental in crafting Easter Seals' response to safety issues in 2001, with the *s.a.f.e.t.y. first campaign*. And, as an avid reader, she also worked to create Easter Seals *Accessibility at Your Library* program partnering with the American Library Association.

She was a natural to join Easter Seals Marketing and Corporate Relations team and, with her talent for finding the best angle for a story and her public relations agency skill set, Kristen has played a major role in the success of Easter Seals marketing campaigns from the day she started in 2004. Many are evergreen, such

as the *History of the Easter Seals "seal"* and *Loving Conversations*, which continue to live online.

Her colleagues are quick to talk about what a delight she is to work with. "She's so bright, creative and tireless," says Jeanne Sowa, sr. v.p., Marketing and Corporate Relations. "She makes things happen."

She is the public relations force behind Easter Seals Autism Spokespersons Network and this year's *Act for Autism with Easter Seals* campaign featured in the April issue of *Parents Magazine*. This past year, the campaign garnered 500 million media impressions and an ad value of nearly \$5 million. And, new this year, Easter Seals and Google SketchUp sponsored the *Sketch-A-Space* design competition for people living with autism.

Kristen contributes to Easter Seals' management as a member of the PEAK Group, meeting regularly with Easter Seals President and Chief Executive Officer Jim Williams. She co-leads the headquarters integrated marketing team, working across disciplines to assure that Easter Seals marketing programs are working in sync. She's also the point person for college-aged interns, who say they feel very appreciated and lucky to learn from her. And, in her spare time, she's a marathon runner.



To learn more about Easter Seals, visit [www.easterseals.com](http://www.easterseals.com)



## Easter Seals Service: Focus on Adults & Older Adults

*As we look to the next 20 years, 71.5 million Americans will be age 65 years or older – that’s one in every five Americans. Many may face increasing difficulty carrying out their everyday living activities but can often maintain their independence with the right assistance and support. Easter Seals is teaching communities to transform care, to provide support for caregivers, and to bolster adult day and in-home care services.*

To assure that health and wellness, independence and quality of life are among our top priorities for older adults, Easter Seals advocates for

legislation, services and supports that provide individuals and their families with good choices. We also seek to expand opportunities for

community-based services and support to assure that older adults have choices and can live their lives with dignity.

With our focus on providing services and supports for older adults, Easter Seals is uniquely positioned to advocate and to offer support for our nation’s more than 45 million caregivers of older adults. This is something we do through Easter Seals new Caregivers Spokespersons Network of experts and the resources this group is developing.

One much-needed resource for older adults and their caregivers is the National Center for Senior Transportation, funded by the Federal Transit Administration and the administration on Aging. Easter Seals operates the center and collaborates with the National Association of Area Agencies on Aging to improve transportation options for older Americans.



*Photo left: Bruce and Edna at Easter Seals Senior Day Services in Brea, Calif.*



Believing that the contrast between home and community-based services such as in-home care and adult day services, and nursing home placement is stark, both as a lifestyle choice and a financial reality,

Easter Seals continues to invest in its home and community-based adult and senior programs. More than 75 Adult Day Service centers offer families options, as do Easter Seals programs providing in-home services and supports..

*Photo above: Clients enjoy an afternoon Conga line at Easter Seals Senior Day Services in Brea, Calif.; left: Michael and Helen engaged in conversation at Easter Seals Senior Day Services in Brea, Calif.*

# Easter Seals Service Overview 2009-2010

**Influenced** the lives of 54 million Americans with disabilities and their families.

**Engaged** with more than 3 million volunteers, donors and the general public via face-to-face opportunities, Web site actions and online exchanges, mail and other correspondence.

**Provided Direct Services** to 1.4 million individuals with disabilities and their families in the United States, Puerto Rico, Australia, Canada and Mexico.

In the fiscal year ending December 31, 2009, Easter Seals directly served more than one million children and adults with disabilities or special needs and their families. Services address the needs of children and adults who are disabled at birth, through injury or illness, and by the functional limitations experienced in the aging process.

Each Easter Seals affiliate provides services tailored to its community's needs. Major services include:

## EASTER SEALS 2009 TOTAL PUBLIC SUPPORT AND REVENUE OF \$ 1,249,430,000

**292 medical and rehabilitation programs** offering physical and occupational therapy services, speech therapy and audiology, outpatient medical rehabilitation, social work/case management, nursing, mental health and early intervention. In fiscal 2009: 159,495 children and adults received therapy and medical rehabilitation.

**139 workforce development programs** providing vocational evaluation and assessment, work adjustment/employee development, job placement, employment planning, occupational skills training, senior community service employment program, school-to-work transitions, and community-based and supportive employment. In fiscal 2009: 73,325 adults received job training and employment services.

**187 child care and children services programs** across the country, providing developmental monitoring, early child development services, inclusive child care programs, developmental pre-school programs, and school-aged children's services. In fiscal 2009: 85,246 children received services.

**186 adult and senior service programs** across the country with adult day centers, community-based supports programs, intellectual/developmental disabilities case management, and in-home care designed to address the growing needs of older adults and their families. In fiscal 2009: 17,192 adults and seniors received care.

**109 residential housing programs** supporting individuals with disabilities or other special needs living in their communities. In fiscal 2009: 3,989 children and adults received residential care.

**183 camping, recreation, and respite programs** nationwide including day camps, recreation programs, respite and residential camping for children and adults with disabilities or other special needs. In fiscal 2009: 42,873 children and adults enjoyed these programs.

**76 assistive technology programs** throughout the country providing assessments, augmentative communication, hearing aids, orthotics/prosthetics, seating services, and other assistive technology devices for adults and children. In fiscal 2009: 10,883 adults and children benefited from this service.

## EASTER SEALS SERVICES

**155 support services programs** providing organized support groups, equipment loan and assistive technology, financial aid assistance, transportation programs, public health education, professional health education, information and referral services, and other support services. In fiscal 2009 year, 155,015 people received support services.

**Ability First Australia and its seven members** provide services for children and adults: assistive technology, camping and recreation, workforce development, medical rehabilitation, residential housing and support services for families. In fiscal year 2009, 26,206 people received services from Ability First Australia.

**Easter Seals Canada** offers services for children and adults with disabilities and older adults including: camping and recreation, assistive technology, workforce development, medical rehabilitation, residential housing and support services for families. In fiscal year 2008, 106,745 individuals received services.

**CONFE** is a confederation of 160 associate institutions in Mexico advocating for an inclusive culture for people living with intellectual disabilities. Services provided through CONFE include evaluation, early intervention, employment training and placement, recreation, counseling and support for families.



Medical Rehabilitation Programs

Workforce Development Programs

Child Care & Children's Services Programs

Adult & Senior Service Programs

Camping, Recreation & Respite Programs

Residential Housing Programs

Assistive Technology Programs

Support Services Programs

Disabilities served include: speech, language and hearing disorders; spinal cord injury; stroke; autism; head trauma; amputation; developmental disabilities; learning disabilities; polio; spina bifida; cerebral palsy; muscular dystrophy; and Alzheimer's Disease. Easter Seals also assists families with disability screening and preventative programs.

*A directory of Easter Seals services by state can be accessed through our Web site: [www.easterseals.com](http://www.easterseals.com)*

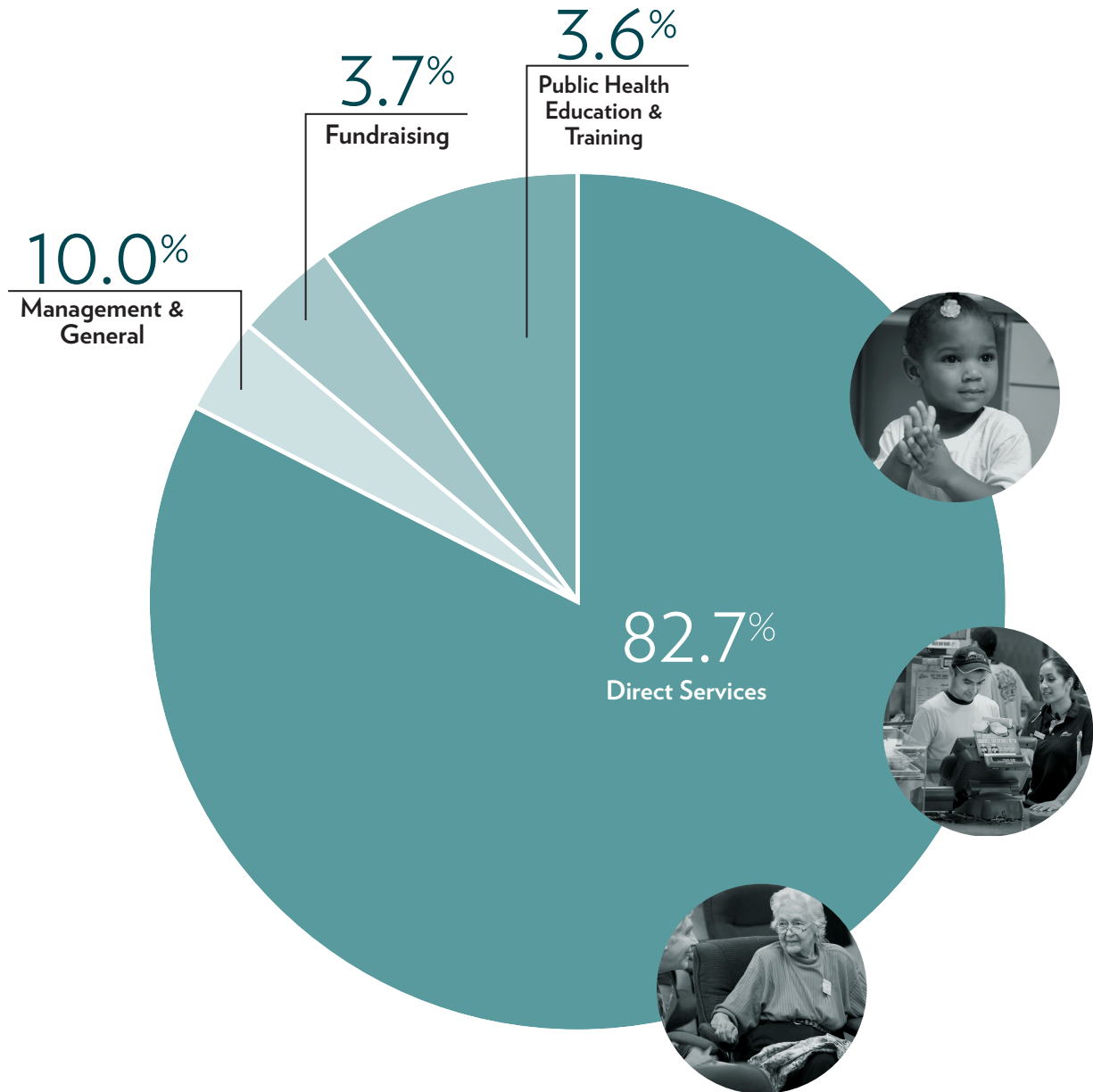
Combined Easter Seals, Includes Easter Seals, Inc.  
Combined Functional Expenses

August 31, 2009

As of August 31, 2009, \$1,149,343,000 were allocated to:

PROGRAM SERVICES: 86.3%

SUPPORTING SERVICES: 13.7%





**Combined Easter Seals, Includes Easter Seals, Inc.**  
**Statement of Financial Position**

*For the Year Ended August 31, 2009*

*(Dollars in thousands)*

	<i>Domestic</i>	<i>International</i>	<i>Combined Easter Seals</i>
<b>ASSETS:</b>			
Cash	\$ 104,318	\$ 26,640	\$ 130,958
Pledges, notes & accounts receivable-net	112,824	6,503	119,327
Inventories	7,620	1,163	8,783
Prepaid & deferred expenses	10,585	1,475	12,060
Investments, at market value	207,282	33,851	241,133
Property			
Land	50,815	6,511	57,326
Buildings, equipment & improvements	573,788	89,526	663,314
accumulated depreciation	(273,148)	(44,151)	(317,299)
Net property	351,455	51,886	403,341
Assets held in trust	49,964	408	50,372
Pension assets	979	175	1,154
Other assets	7,641	90	7,731
Total assets	852,668	122,191	974,859
<b>LIABILITIES</b>			
Notes and accounts payable	65,209	16,476	81,685
Accrued expenses	50,275	4,937	55,212
Long-term notes payable	128,072	2,355	130,427
Pension liabilities	18,852	193	19,045
Other liabilities	30,867	26,963	57,830
Total liabilities	293,275	50,924	344,199
<b>NET ASSETS</b>			
For current operations	362,953	80,873	443,826
Designated for specific purposes	58,464	4,303	62,767
Translation adjustment	-	(15,526)	(15,526)
Unrestricted	421,417	69,650	491,067
Temporarily restricted	66,106	-	66,106
Permanently restricted	71,870	1,617	73,487
Total net assets	559,393	71,267	630,660
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 852,668</b>	<b>\$ 122,191</b>	<b>\$ 974,859</b>

**Combined Easter Seals, Includes Easter Seals, Inc.**  
**Statement of Activities & Changes in Net Assets**

*For the Year Ended August 31, 2009*

*(Dollars in thousands)*

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>PUBLIC SUPPORT</b>				
Contributions	\$81,023	\$10,232	\$858	\$92,113
Change in value of split interest agreements	(159)	(406)	(2,669)	(3,234)
Special events	24,029	201	388	24,618
less direct benefit costs	(5,690)	-	-	(5,690)
Bequests	5,104	1,505	1,750	8,359
Government grants	218,969	8,673	-	227,642
Federated fundraising organizations	5,322	1,119	-	6,441
Donated goods & services	29,556	53	-	29,609
<b>Total public support</b>	<b>358,154</b>	<b>21,377</b>	<b>327</b>	<b>379,858</b>
<b>REVENUE</b>				
Grants, fees, and contract services	683,612	201	-	683,813
Sales to the public	81,148	-	-	81,148
Investment income - net	(18,661)	(2,478)	(3,588)	(24,727)
Other revenue	10,006	(22)	(2)	9,982
<b>Total revenue</b>	<b>756,105</b>	<b>(2,299)</b>	<b>(3,590)</b>	<b>750,216</b>
<b>International public support and revenue</b>	<b>119,269</b>	<b>-</b>	<b>87</b>	<b>119,356</b>
<b>Net assets released from restrictions</b>	<b>26,543</b>	<b>(25,497)</b>	<b>(1,046)</b>	<b>-</b>
<b>Total public support and revenue</b>	<b>1,260,071</b>	<b>(6,419)</b>	<b>(4,222)</b>	<b>1,249,430</b>
<b>EXPENSE</b>				
Program services				
Public health education and training	34,463	-	-	34,463
Research	7,114	-	-	7,114
Direct services	949,924	-	-	949,924
Total program services	991,501	-	-	991,501
Supporting services				
Fundraising	42,870	-	-	42,870
Management and general	114,972	-	-	114,972
Total supporting services	157,842	-	-	157,842
<b>Total functional expense</b>	<b>1,149,343</b>	<b>-</b>	<b>-</b>	<b>1,149,343</b>
<b>International expense</b>	<b>124,330</b>	<b>-</b>	<b>-</b>	<b>124,330</b>
<b>Total expense</b>	<b>1,273,673</b>	<b>-</b>	<b>-</b>	<b>1,273,673</b>
Other extraordinary items	6,901	(757)	161	6,305
Pension related changes other than net periodic pension expense	(5,592)	-	-	(5,592)
Current period translation adjustment	(14,508)	-	(315)	(14,823)
<b>Change in net assets</b>	<b>(26,801)</b>	<b>(7,176)</b>	<b>(4,376)</b>	<b>(38,353)</b>

**Combined Easter Seals, Includes Easter Seals, Inc.**  
**Statement of Functional Expenses**

*For the Year Ended August 31, 2009*

*(Dollars in thousands)*

	Program Services		Supporting Services		Total all Services
	Public Health Education, Research & Training	Direct Services	Fund Raising	Management & General	
Salaries and related expenses	\$ 11,962	\$ 643,534	\$ 16,150	\$ 71,176	\$ 742,822
Professional fees	3,561	51,447	1,610	9,116	65,734
Occupancy	850	53,534	990	5,025	60,399
Mail production and services	17,774	15	17,034	4,013	38,836
Supplies	1,002	33,971	1,589	3,348	39,910
Travel	499	22,483	361	1,797	25,140
Specific assistance	103	37,068	-	10	37,181
Cost of sales	22	37,037	1,127	48	38,234
Equipment rental and maintenance	139	8,250	302	1,708	10,399
Printing and media	3,084	5,694	1,046	1,272	11,096
Telecommunications	117	6,264	192	1,565	8,138
Conferences and meetings	375	1,693	246	2,175	4,489
Accounting and auditing fees	4	1,308	34	2,358	3,704
Membership and support	13	757	103	535	1,408
Interest	249	5,152	112	2,363	7,876
Miscellaneous	1,214	21,646	1,404	4,511	28,775
Depreciation	609	20,071	570	3,952	25,202
Total functional expenses	\$ 41,577	\$ 949,924	\$ 42,870	\$ 114,972	\$ 1,149,343

Combined Easter Seals, Includes Easter Seals, Inc.

# Statement of Cash Flow

For the Year Ended August 31, 2009

(Dollars in thousands)

## CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	(\$38,353)
Adjustments to reconcile change in net assets to net cash provided by operating activities-	
Other extraordinary items	-
Depreciation	29,808
Translation adjustment	16,721
Donated property	(7,038)
Net (gain)/loss on property dispositions	621
Net changes in operating assets and liabilities:	
Pledges, notes, and accounts receivable	10,128
Prepaid expenses, inventories and other assets	3,770
Notes and accounts payable	(6,035)
Deferred revenue and other liabilities	13,228
Net realized and unrealized (gain)/loss on investments	32,490
Net cash provided by operating activities	<u>55,340</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(63,520)
Proceeds from investments	62,782
Additions of property & equipment	(51,758)
Disposal proceeds of property & equipment	7,991
Net cash used in investing activities	<u>(44,505)</u>

## CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	13,573
Repayment of long-term debt	(17,242)
Net cash provided by financing activities	<u>(3,669)</u>
Net increase in cash and cash equivalents	7,166
Cash and cash equivalents at beginning of year	123,792
Cash and cash equivalents at end of year	<u><u>\$130,958</u></u>

# Combined Easter Seals Notes to Financial Statements

August 31, 2009

## NATURE OF THE ORGANIZATION

Easter Seals (the Organization) is a not-for-profit organization comprised of its headquarters and 94 intermediary health care agencies providing services to individuals with disabilities throughout the United States, Puerto Rico, Australia and Canada. The mission of Easter Seals is to continue to be the leading organization in helping children and adults with disabilities to live with equality, dignity, and independence. Easter Seals and its affiliates are each separately incorporated and exempt from taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code in the United States, Section 50-5 of the Income Tax Assessment Act of 1997 in Australia, and are Registered Charities with the Canada Revenue Agency in Canada.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Principles of Combination*

Each affiliate is a separately incorporated entity, has its own independent Board of Directors, maintains its own separate accounts, and retains its own independent audit firm. The combined unaudited financial statements are compiled from the uniform audited financial reports of Easter Seals, Inc. and its affiliates. All intra-organizational accounts and transactions have been eliminated in the accompanying financial statements.

### *Basis of Accounting*

Combined financial statements, prepared on the accrual basis, incorporate the requirements of the Financial Accounting Standards Board, which requires Easter Seals to classify its financial position and activities in accordance with donor-imposed restrictions, as follows:

*Unrestricted* - Transactions that are not subject to donor-imposed restrictions or whose donor-imposed restrictions have expired.

*Temporarily restricted* - Transactions that are subject to donor-imposed restrictions that can be satisfied by actions of the Organization or by the passage of time.

*Permanently restricted* - Transactions subject to donor restrictions that they be maintained permanently by Easter Seals. Generally, such transactions allow the use of part or all of the income earned on the related investments.

### *Inventories*

Inventories consist of donated items available for resale stated at net realizable value, raw materials, work in process, and finished products valued at lower of cost or market using first in first out.

### *Investments*

Investments in the accompanying combined statement of financial position are stated at fair market value. Realized and unrealized gains and losses are reflected in the combined statement of activities.

### *Pledges Receivable*

Easter Seals has pledges receivable from individuals and corporate entities. Pledges receivable are recorded in the period during which the pledge is made as public support contributions. Pledges to be collected at a future date are recorded at the present value of cash to be received, as an increase to temporarily restricted net assets. Pledges are released to unrestricted support when the time or purpose restriction has been met.

### *Property*

Purchased buildings, equipment, and improvements are stated at cost. Donated property is recorded at the fair market value at date of receipt. Depreciation and amortization is provided primarily on the straight-line method based on the estimated useful life of the asset ranging from 3 to 40 years.

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.

**Combined Easter Seals, Includes Easter Seals, Inc.**  
**Notes to Financial Statements**

August 31, 2009

**Donated Goods and Services**

Easter Seals records in-kind support for various professional services and materials received. Contributed professional services are recognized if the service received creates or enhances long-lived assets, or are provided by individuals possessing specialized skills and would need to be purchased if not provided by donation. In-kind support includes the reported value of campaign print and media airings of its public service advertising. Donated goods and services received in 2009 are as follows:

<i>(Dollars in thousands)</i>	<b>FY 2009</b>
Donated goods	\$ 24,330
Public service advertising	5,279
	<u>\$ 29,609</u>

**Joint Cost Allocations**

For the period ended December 31, 2009, Easter Seals incurred joint program service costs of \$38,054,800 for informational material and activities that included fundraising appeals. Fundraising appeals, whenever appropriate, include information to educate and influence the general public by incorporating health and educational information in such communications. This effort helps people with disabilities to live with equality, dignity, and independence. Easter Seals allocated \$3,891,900, \$17,768,600, and \$16,394,200 was allocated to fundraising advisory, public health education, and fundraising, respectively, in the accompanying Statement of Activities.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the reporting period.

**International Operations**

The Organization includes affiliated international entities. The financial reports of the international entities have been combined in the Organization's financial reports. Revenue and expense are displayed independent of domestic operations on the Statement of Activities. The Statement of Financial Position displays results of international operations separate from domestic operations. International operations in fiscal year 2009 consist of seven agencies in Australia known collectively as Ability First, Australia and ten agencies in Canada.

<i>(Dollars in thousands)</i>	<b>FY 2009</b>
International public support and revenue	\$ 119,356
International expense	(124,329)
Change in net assets before adjustments	<u>(4,973)</u>
Other	2
Current period translation adjustment	(14,824)
International change in net assets	<u>\$ (19,795)</u>

**Other Extraordinary Items**

The Organization recognized other revenue and expense items related to prior period and other adjustments and pension liability adjustments other than net periodic benefit costs. Translation adjustments related to the Ability First Australia and Easter Seals Canada operations are reflected in other extraordinary items. Translation adjustments are based on the Interbank rates for the respective fiscal year-end dates for each agency.

<i>(Dollars in thousands)</i>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Pension liability adjustments other than net periodic benefit cost	\$ (5,592)	\$ -	\$ -	\$ (5,592)
Prior year adjustment/other	6,901	(757)	161	6,305
Current year translation adjustment	14,508	-	(315)	(14,823)
Total extraordinary items	<u>\$ 13,199</u>	<u>\$ (757)</u>	<u>\$ (154)</u>	<u>\$ (14,110)</u>

# Independent Auditor's Report

December 31, 2009

To the Board of Directors  
Easter Seals, Inc.  
Chicago, Illinois

We have audited the accompanying statement of financial position of Easter Seals, Inc. (an Ohio not-for-profit corporation) as of December 31, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the sixteen-month period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals, Inc. as of December 31, 2009, and the changes in its net assets, its cash flows and its functional expenses for the sixteen-month period then ended, in conformity with accounting principles generally accepted in the United States of America.



Chicago, Illinois  
March 23, 2010

McGladrey & Pullen, LLP is a member firm of RSM International – an affiliation of separate and independent legal entities.

Easter Seals, Inc.

# Statement of Activities and Changes in Net Assets

Sixteen-Month Period Ended, December 31, 2009

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
<b>OPERATING</b>				
Public Support				
Contributions	\$ 68,256,900	\$ 1,744,800	\$ 460,200	\$ 70,461,900
Special events	62,400	-	-	62,400
Change in value of split interest agreements	(156,600)	77,900	2,000	(76,700)
Government grants	36,497,200	-	-	36,497,200
In-kind contributions	5,279,200	-	-	5,279,200
<b>Total public support</b>	<b>109,939,100</b>	<b>1,822,700</b>	<b>462,200</b>	<b>112,224,000</b>
Revenues				
Membership fees from affiliates	11,544,100	-	-	11,544,100
Sales and services to affiliates	634,700	-	-	634,700
Investment loss	(752,000)	-	-	(752,000)
Miscellaneous revenue	47,500	-	-	47,500
Net assets released from restrictions	3,299,700	(3,299,700)	-	-
<b>Total revenues</b>	<b>14,774,000</b>	<b>(3,299,700)</b>	<b>-</b>	<b>11,474,300</b>
<b>Total public support and revenue</b>	<b>124,713,100</b>	<b>(1,477,000)</b>	<b>462,200</b>	<b>123,698,300</b>
Expenses				
Program services:				
Services for affiliates:				
Program development	53,152,100	-	-	53,152,100
Professional education and training	5,855,000	-	-	5,855,000
Fundraising advisory	10,161,900	-	-	10,161,900
Management advisory	4,466,100	-	-	4,466,100
Total services for affiliates	73,635,100	-	-	73,635,100
Public health education	21,234,300	-	-	21,234,300
Advocacy for persons with disabilities	3,547,000	-	-	3,547,000
Research	2,055,300	-	-	2,055,300
<b>Total program services</b>	<b>100,471,700</b>	<b>-</b>	<b>-</b>	<b>100,471,700</b>
Supporting services:				
Fundraising	17,410,800	-	-	17,410,800
Management and general	4,743,000	-	-	4,743,000
<b>Total supporting services</b>	<b>22,153,800</b>	<b>-</b>	<b>-</b>	<b>22,153,800</b>
<b>Total operating expenses</b>	<b>122,625,500</b>	<b>-</b>	<b>-</b>	<b>122,625,500</b>
Excess (deficit) of public support and revenues over operating expenses	2,087,600	(1,477,000)	462,200	1,072,800



# Notes to Financial Statements

December 31, 2009

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
<b>NONOPERATING</b>				
Pension liability adjustments other than net periodic benefit cost	\$ (1,601,800)	\$ -	\$ -	\$ (1,601,800)
<b>Change in net assets</b>	485,800	(1,477,000)	462,200	(529,000)
Net assets, September 1, 2008	702,000	3,364,200	23,600	4,089,800
Net assets, December 31, 2009	\$ 1,187,800	\$ 1,887,200	\$ 485,800	\$ 3,560,800

See Notes to Financial Statements.

**Easter Seals, Inc.**  
**Statement of Financial Position**

*December 31, 2009*

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 576,000
Investments	13,387,400
Accounts receivable from affiliates, less allowance of \$640,600	852,600
Refundable advance from affiliates	2,144,700
Government grants receivable	2,393,000
Pledges receivable, net	315,700
Other accounts receivable, less allowance of \$1,200	123,900
Prepaid expenses	247,700
<b>Total current assets</b>	<u>20,041,000</u>
Long-term assets	
Fixed assets, net	997,500
Long-term investments for charitable gift annuities	1,519,900
Long-term pledges receivable, net	418,100
Beneficial interest in lead trust	461,200
Beneficial interest in remainder trust	633,500
<b>Total long-term assets</b>	<u>4,030,200</u>
<b>Total assets</b>	<u><u>\$ 24,071,200</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable and accrued liabilities	\$ 7,170,700
Accounts payable to affiliates - short-term	2,283,800
Note payable	529,400
Line of credit	4,195,800
<b>Total current liabilities</b>	<u>14,179,700</u>
Long term liabilities	
Accounts payable to affiliates - long term	422,700
Charitable gift annuities	800,800
Deferred rent and other	799,600
Pension liability	4,307,600
<b>Total long-term liabilities</b>	<u>6,330,700</u>
<b>Total liabilities</b>	<u>20,510,400</u>
Net assets	
Unrestricted	1,187,800
Temporarily restricted	1,887,200
Permanently restricted	485,800
<b>Total net assets</b>	<u>3,560,800</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 24,071,200</u></u>

*See Notes to Financial Statements.*

**Easter Seals, Inc.**  
**Statement of Cash Flows**

*Sixteen-Month Period Ended December 31, 2009*

Cash Flows from Operating Activities	
Change in net assets	\$ (529,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	461,200
Net unrealized and realized losses on investments	752,000
Change in value of split-interest agreements	76,700
Loss on disposal of property	15,200
Change in value of pension liability	2,174,100
Changes in assets and liabilities:	
Accounts receivable from affiliates	496,800
Refundable advance	(1,589,500)
Government grants receivable	(1,466,900)
Pledges receivable, net	2,968,000
Other accounts receivable	711,500
Prepaid expenses	(106,500)
Beneficial interests in trusts and gift annuities, net	(139,700)
Accounts payable and accrued liabilities	(1,335,500)
Accounts payable to affiliates	(2,141,700)
Deferred rent and other	375,300
<b>Net cash provided by operating activities</b>	<u>722,000</u>
Cash Flows from Investing Activities	
Purchases of fixed assets	(529,400)
Purchases of investments	(6,269,900)
Proceeds from maturity or sale of investments	6,488,300
<b>Net cash used in investing activities</b>	<u>(311,000)</u>
Cash Flows from Financing Activities	
Principal payments on note payable	(1,000,000)
Change in line of credit	879,000
<b>Net cash used in financing activities</b>	<u>(121,000)</u>
<b>Net change in cash and cash equivalents</b>	290,000
Cash and cash equivalents:	<u>286,000</u>
September 1, 2008	
December 31, 2009	<u>\$ 576,000</u>
Supplemental Cash Flow Information	
Cash paid during the period for interest	<u>\$ 194,500</u>

*See Notes to Financial Statements.*

**Easter Seals, Inc.**  
**Statement of Functional Expenses**

*Sixteen-Month Period Ended December 31, 2009*

	PROGRAM SERVICES					Public Health Education
	Affiliates				Total Services for Affiliates	
	<i>Program Development</i>	<i>Professional Education &amp; Training</i>	<i>Fundraising Advisory</i>	<i>Management Advisory</i>		
Salaries and related expenses	\$ 3,836,300	\$ 3,055,100	\$ 3,768,400	\$ 2,991,500	\$ 13,651,300	\$ 377,800
Mail production and services	-	-	3,891,900	-	3,891,900	17,768,600
Grants and awards	45,562,600	3,600	-	-	45,566,200	-
Professional fees	1,748,100	596,000	1,129,700	414,600	3,888,400	260,300
Printing and media	175,700	191,500	238,800	50,300	656,300	2,617,000
Travel	236,300	134,700	124,900	316,200	812,100	21,800
Conferences and meetings	225,800	1,143,100	258,500	184,600	1,812,000	49,800
Occupancy	560,700	422,600	413,200	261,500	1,658,000	61,300
Telephone and communications	67,400	104,800	67,000	63,600	302,800	10,500
Office supplies	62,500	27,800	33,900	26,300	150,500	9,300
Postage and shipping	13,500	55,100	37,800	11,700	118,100	5,200
Repair and maintenance	48,300	49,600	40,300	23,600	161,800	13,200
Miscellaneous	448,200	25,600	86,100	87,400	647,300	2,900
Depreciation and amortization	166,700	45,500	71,400	34,800	318,400	36,600
Total expenses	\$ 53,152,100	\$ 5,855,000	\$ 10,161,900	\$ 4,466,100	\$ 73,635,100	\$ 21,234,300

*See Notes to Financial Statements.*

## Headquarters

<i>Advocacy for Persons with Disabilities</i>	<i>Research</i>	<i>Total Headquarter's Programs</i>	<i>Total Program Services</i>	<i>Fundraising</i>	<i>Management &amp; General</i>	<i>Total Expenses</i>
\$ 312,000	\$ 300	\$ 690,100	\$ 14,341,400	\$ 525,900	\$ 3,010,200	\$ 17,877,500
-	-	17,768,600	21,660,500	16,394,200	-	38,054,700
-	-	-	45,566,200	-	-	45,566,200
75,800	2,055,000	2,391,100	6,279,500	220,500	507,300	7,007,300
2,998,300	-	5,615,300	6,271,600	50,000	94,300	6,415,900
23,900	-	45,700	857,800	16,600	106,500	980,900
17,500	-	67,300	1,879,300	75,500	122,300	2,077,100
65,400	-	126,700	1,784,700	48,400	374,800	2,207,900
7,100	-	17,600	320,400	11,400	51,000	382,800
7,000	-	16,300	166,800	6,500	27,600	200,900
1,600	-	6,800	124,900	4,600	16,800	146,300
5,400	-	18,600	180,400	2,900	53,700	237,000
9,700	-	12,600	659,900	47,100	302,800	1,009,800
23,300	-	59,900	378,300	7,200	75,700	461,200
<b>\$ 3,547,000</b>	<b>\$ 2,055,300</b>	<b>\$ 26,836,600</b>	<b>\$ 100,471,700</b>	<b>\$ 17,410,800</b>	<b>\$ 4,743,000</b>	<b>\$ 122,625,500</b>

## Easter Seals, Inc.

# Notes to Financial Statements

December 31, 2009

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

Nature of the Organization: Easter Seals, Inc. (Easter Seals) is the leading non-profit provider of services for individuals with autism, developmental disabilities, physical and mental disabilities, and other special needs. For 90 years, Easter Seals has been offering help and hope to children and adults living with disabilities and to their families.

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 and 78 affiliates, Easter Seals provides services and support to 1,300,000 individuals with disabilities and support to their families across the United States, Puerto Rico, Australia, 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 (and Section 50-5 of the Income Tax Assessment Act of 1997 in Australia), and are therefore exempt from taxation under current income tax laws. Easter Seals' financial statements do not include the accounts of these affiliates because Easter Seals does 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, and maintains its own separate accounts. Each of the affiliates pays an annual membership fee to Easter Seals; membership agreements between Easter Seals and the affiliates describe various obligations, terms, and conditions of Easter Seals 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.

Easter Seals has had an August 31st fiscal year-end since 1940. The organization changed its fiscal year-end to December 31st in 2009 to better align the Easter Seals' financial reporting to its fundraising and marketing cycle. The financial statements cover the sixteen-month period from September 1, 2008 through December 31, 2009.

#### **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. The Codification is effective for periods ended on or after September 15, 2009.

**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.

**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.

**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 by using historical experience. An allowance for one affiliate represents 63% of the allowance reported on the Statement of Financial Position. 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:** Furniture, fixtures, computer equipment, software, and leasehold improvements are stated at cost. Expenditures for maintenance and repairs are expensed as incurred and expenditures for major renovations are capitalized.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are:

Leasehold improvements	7 - 12 years
Furniture and fixtures	5 - 7 years
Computer equipment and software	3 years

**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.

**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 unrestricted net assets.

**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. Included are 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.

**Legacies and bequests:** Direct gifts of assets are recorded at their estimated fair values as legacies and bequests revenue 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:** 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.

**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. These contributions are recorded at fair value. The in-kind contributions are offset by like amounts included in public health education 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.

**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 directed to Easter Seals' affiliates to provide services for children and adults with autism and other disabilities through their centers. 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 non-profit: finance and accounting, budgeting, strategic planning and personnel selection.

**Advocacy with and for Persons with Disabilities:** Activities to assure equal access and opportunities for people with disabilities.

**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.

**Research:** 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 paid as advances, or distributions, based on expected cash collections from fundraising programs, and are recognized as expenses throughout the year. Amounts representing overpayments are deducted from future distributions, with any overpayments at year-end reflected as refundable advances from affiliates.

**Income taxes:** Easter Seals, an Ohio nonprofit corporation, is 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.

On September 1, 2008, Easter Seals adopted the accounting standard on accounting for uncertainty in income taxes, which 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

*Note 1. Nature of Organization and Summary of Significant Accounting Policies, continued*

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 and various positions related to the potential sources of unrelated business taxable income (UBIT). At September 1, 2008 and December 31, 2009, there were no unrecognized tax benefits identified or recorded as liabilities.

**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.

**Subsequent events:** Easter Seals has evaluated subsequent events for potential recognition and/or disclosure through March 23, 2010, the date the 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 2.33% to 8.25%) are due to be collected as follows:

Gross amounts due in:

One year	\$ 315,700
One to five years	515,000
Subtotal	830,700
Less discount to present value	(96,900)
Total	<u>\$ 733,800</u>

The discount will be recognized as contribution income in fiscal years 2010 through 2013 as the discount is amortized using an effective yield over the duration of the pledge.

**Note 3. Beneficial Interest in Trusts**

Easter Seals was named in a Charitable Lead Trust in 2006. The current fair value of the charitable lead trust at December 31, 2009 is \$461,200 (annual \$75,000 amounts distributed over its remaining seven-year term) using a 3.35% discount rate.

Easter Seals was named as beneficiary to three Charitable Remainder Trusts. The first occurred in 1998, with the principal amount of the charitable trust allocated to Easter Seals of \$166,000. The current fair value is \$73,500 using a 3.6% discount rate over the remaining 23 year period. The second occurred in 1999, with the principal amount of the charitable trust of \$1,000,000. The current fair value is \$461,700 using a 3.6% discount rate over the remaining 22-year period. The final trust occurred in 2009, with a principal amount of \$456,600. The current fair value is \$98,300 using a 3.4% discount rate over the remaining 19 year period.

**Note 4. Fixed Assets**

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

Leasehold improvements	\$ 31,800
Furniture and fixtures	621,100
Computers, equipment and software	<u>1,209,900</u>
	1,862,800
Accumulated depreciation and amortization	<u>(865,300)</u>
Total	<u>\$997,500</u>

Software amortization expense for the period ended December 31, 2009, was approximately \$37,800. Total accumulated software amortization expense for the period ended December 31, 2009, was approximately \$170,700.

**Note 5. Fair Value Disclosures**

Effective September 1, 2008, Easter Seals adopted fair value measurements under the accounting standards. The standards apply to all assets and liabilities that are being measured and reported at fair value. The fair value standards require new disclosure that establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expand disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- 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.

For the period ended December 31, 2009, 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*

The fair value of beneficial interest in trusts is based on the present value of future cash flows.

The following table presents Easter Seals' fair value hierarchy for the investments as of December 31, 2009:



	<i>Total</i>	<i>Quoted Prices in Active Markets for Identical Assets Level 1</i>	<i>Significant Observable Inputs Level 2</i>	<i>Significant Unobservable Inputs Level 3</i>
Cash	\$ 111,900	\$ 111,900	\$ -	\$ -
Equity Securities:	-	-	-	-
U.S. Large Cap Growth-Mutual Funds	1,791,100	1,791,100	-	-
U.S. Large Cap Value-Mutual Funds	2,445,500	2,445,500	-	-
U.S. Large Cap Growth-Managed Account	2,787,900	2,787,900	-	-
U.S. Small Cap-Mutual Funds	216,400	216,400	-	-
International Mutual Funds	2,016,400	2,016,400	-	-
<b>Total Equity Securities</b>	<b>9,369,200</b>	<b>9,369,200</b>	<b>-</b>	<b>-</b>
Fixed Income Securities:				
U.S. Corporate Bonds	5,538,100	5,538,100	-	-
<b>Total Fixed Income Securities</b>	<b>5,538,100</b>	<b>5,538,100</b>	<b>-</b>	<b>-</b>
<b>Total Investments</b>	<b>\$ 14,907,300</b>	<b>\$ 14,907,300</b>	<b>-</b>	<b>-</b>

Easter Seals maintains a portion of its investment portfolio in a separate account as a reserve for its charitable gift annuities. This reserve totaled \$1,519,900 at December 31, 2009.

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

Balance, September 1, 2008	\$ 992,000
New charitable remainder trust	98,300
Annual distributions from charitable lead trust	(75,000)
Increase in value of trusts	79,400
<b>Balance, December 31, 2009</b>	<b>\$ 1,094,700</b>

#### **Note 6. Investments**

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

Interest, dividends, and realized losses	\$ (256,900)
Unrealized losses	(495,100)
	<u>\$ (752,000)</u>

Investment advisory fees paid by Easter Seals were \$48,000 for the sixteen-month period ended December 31, 2009.

#### **Note 7. Debt**

Easter Seals has an available \$6,000,000 bank line of credit. Borrowings outstanding under the line are due on demand and are collateralized by certain unrestricted investments. Easter Seals had \$4,195,800 outstanding under this line of credit as of December 31, 2009. The interest rate options are 1) base rate portion which is the greatest of a) the bank's prime rate plus 1% b) the bank's federal funds rate plus .5% or c) LIBOR plus 1% or 2) offered rate portion which is the bank's offered rate for 30, 60, 90 or 180 days plus 3%. Easter Seals had selected the base rate option. The weighted average interest rate on the line of credit for the reporting period was 3.12%.

Easter Seals has a long-term note payable from the same commercial bank, which is due in monthly principal installments of \$58,880 plus interest at an annual 4.90% rate through September 30, 2010. The note is collateralized by certain unrestricted investments held by Easter Seals. The balance of the note payable was \$529,400 at December 31, 2009.

#### **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 fiscal 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 information, summarized for the most recent annual reporting periods (2008), is as follows:

Total assets	\$ 1,000,885,800
Total liabilities	322,996,600
Total net assets	677,889,200
Total revenues	1,094,686,700
Total expenses	\$ 1,101,893,500

*Note 8. Affiliates, continued*

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

As participants in the Easter Seals organization, affiliates paid \$11,544,100 for the reporting period. Refundable advances represent overpayments to affiliates throughout the year that the headquarters will deduct from the following fiscal year distributions. As of December 31, 2009, refundable balances were \$2,144,700. Accounts receivable balances from affiliates, after allowances for uncollectible accounts, at December 31, 2009, were \$852,600. These amounts are classified in current assets based on expected payments.

As of September 1, 2006, Easter Seals entered into a fundraising agreement with Easter Seals Metropolitan Chicago (Metropolitan Chicago), which ended December 31, 2008. Easter Seals provided corporate marketing services for special events, foundation grants, giving clubs, and major gifts for an annual management fee of \$50,000, prorated monthly. Contributions were received and recognized at headquarters and expensed when grants and awards were provided to Metropolitan Chicago, net of management costs.

The following amounts related to Metropolitan Chicago were recognized in the financial statements:

Pledge receivable for Chicago Metropolitan	\$ 50,000
Contributions (public support)	423,500
Grant and award expenses	153,400
Accounts payable	125,000

**Note 9. Allocation of Joint Information Costs**

For the period ended December 31, 2009, Easter Seals incurred joint program services costs of \$38,054,800, for informational materials that included fundraising appeals. For the period ended December 31, 2009, Easter Seals allocated \$3,891,900; \$17,768,600; and \$16,394,200 to fundraising advisory, public health education, and fundraising, respectively.

**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 final 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 following table sets forth the accumulated benefit obligation, projected benefit obligation, and the change in the plan assets of the defined pension plan with a measurement date of December 31, 2009. The table also reflects the funded status of the plans, as well as recognized and unrecognized amounts in the statement of financial position:

Accumulated benefit obligation	\$ 18,582,000
Change in projected benefit obligation:	
Projected benefit obligation at beginning of year	\$ 16,654,700
Service cost	767,700
Interest cost	1,643,000
Actuarial gains	376,100
Plan amendments	171,800
Benefits paid	(1,031,300)
Projected benefit obligation at end of year	<u>18,582,000</u>
Change in plan assets:	
Fair value of plan assets at beginning of year	14,521,100
Actual return on plan assets	112,100
Employer contributions	672,400
Benefits paid	(1,031,200)
Fair value of plan assets at end of year	<u>14,274,400</u>
Reconciliation of funded status:	
Funded status	(4,307,600)
Net amount recognized	<u>\$ (4,307,600)</u>

Amounts recognized in statement of financial position consist of:	
Noncurrent liabilities	<u>\$ (4,307,600)</u>

No plan assets are expected to be returned to Easter Seals during 2010.

Included in unrestricted net assets at December 31, 2009, are the following amounts that have not been recognized in the net periodic pension cost:

Unrecognized prior service credit	\$ (247,100)
Unrecognized actuarial loss	6,006,000
	<u>\$ 5,758,900</u>

The estimated net actuarial loss and prior service credit for this defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal is \$387,600.

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

Current year actuarial loss	\$ 1,765,200
Amortization of prior service credit	37,000
Current year prior service cost	171,800
Amortization of net loss	(372,200)
	<u>\$ 1,601,800</u>

Components of net periodic benefit cost:	
Service cost	\$ 767,700
Interest cost	1,643,100
Expected return on plan assets	(1,501,200)
Amortization of prior service credit	(37,000)
Amortization of actuarial loss	372,200
Net periodic benefit cost	<u>\$ 1,244,800</u>

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

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

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

Weighted average discount rate	6.60%
Weighted average rate of compensation increase	2.50%

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

Weighted average discount rate	7.40%
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Weighted average rate of compensation increase 3.50%

Weighted-average expected long-term rate of return on plan assets 8.00%

#### 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 48% as of December 31, 2009.

Fair value measurements at December 31, 2009 were as follows:

	<i>Total</i>	<i>Quoted Prices in Active Markets for Identical Assets Level 1</i>	<i>Significant Observable Inputs Level 2</i>	<i>Significant Unobservable Inputs Level 3</i>
Cash	\$ 2,953,500	\$ 2,953,500	\$ -	\$ -
Equity Securities:	-	-	-	-
U.S. Large Cap Growth-Mutual Funds	2,264,900	2,264,900	-	-
U.S. Large Cap Value-Mutual Funds	1,846,300	1,846,300	-	-
U.S. Large Cap Growth-Managed Account	1,972,900	1,972,900	-	-
U.S. Small Cap-Mutual Funds	1,322,000	1,322,000	-	-
International Mutual Funds	2,872,700	2,872,700	-	-
Total Equity Securities	10,278,800	10,278,800	-	-
Fixed Income Securities:				
U.S. Corporate Bonds	16,275,100	16,275,100	-	-
International Bonds	244,600	244,600	-	-
Total Fixed Income Securities	16,519,700	16,519,700	-	-
Total	\$ 29,752,000	\$ 29,752,000	-	-
Easter Seals' portion of the above investments	\$ 14,274,400	\$ -	\$ 14,274,400	\$ -

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 \$672,400 during the period ended December 31, 2009. Under the current legislation, Easter Seals is required to make a contribution of approximately \$2,000,000 in 2010. However, there is legislation in process which may reduce this requirement.

Estimated Future Benefit Payments

Note 10. Pension Plan, continued

Estimated future benefit payments are as follows:

Year ending December 31:

2010	\$ 1,000,500
2011	1,145,700
2012	1,189,300
2013	1,266,800
2014	1,344,000
Years 2015-2019	7,611,800

**Note 11. Restricted Net Assets**

Temporarily restricted net assets and the earnings from permanently restricted net assets as of December 31, 2009 have been restricted by donors as follows:

	<b>Temporarily Restricted</b>
Program restrictions	
Advocacy	\$ 292,800
Services for young children	209,900
Services for veterans	68,100
Services for older adults	528,800
Time restriction	787,600
Totals	<u>\$ 1,887,200</u>

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes specified by donors for the period ended December 31 as follows:

Program restrictions	
Advocacy	\$ 305,400
Specific geographic locations	161,300
Services for young children	837,800
Services for people with autism	243,300
Services for veterans	492,100
Services for older adults	570,800
Time restriction	689,000
Totals	<u>\$ 3,299,700</u>

**Note 12. Endowments**

On June 30, 2009, the governor of the State of Illinois signed into law the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA differs from laws previously in place in a few key areas. It eliminates the historic dollar value rule with respect to endowment fund spending, it updates the prudence standard for the management and investment of charitable funds, and it amends the provisions governing the release and modification of restrictions on charitable funds.

Effective September 1, 2008, Easter Seals implemented the provisions of FASB Statement of Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds* (FSP FAS 117-1, currently ASC 958). In accordance with the provisions of FSP FAS 117-1 (ASC 958) and the change in the State of Illinois laws as described above, the Agency was required to reexamine the classification of certain net assets between restriction categories; unrestricted, temporarily restricted, and perma-

nently restricted. This reexamination did not result in reclassification of net assets between restriction categories.

Permanently restricted net assets of \$485,800 at December 31, 2009, represent a segregated endowment fund, the corpus of which must be held in perpetuity. The income generated from the fund is unrestricted.

Easter Seals' endowments consist of two individual funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Funds with Deficits**

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or state prudent management regulations requires Easter Seals to maintain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2009.

**Return Objectives and Risk Parameters**

Easter Seals has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while ensuring that the purchasing power of the endowment assets does not decline over time. 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 while assuming a moderate level of investment risk. Easter Seals expects its endowment funds to provide an average rate of return of approximately 8% annually.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, Easter Seals 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). Easter Seals 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.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

Easter Seals has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. For an endowment fund in existence for fewer than three years, the fair market value of the endowment fund must be calculated for the period the endowment fund has been in existence. In establishing this policy, Easter Seals considered the long-term expected return on its endowment. Easter Seals expects permanent funds to provide an average rate of return of approximately 8% annually. Accordingly, over the long term, the Easter Seals expects the current spending policy to grow its endowment at an average of 3% annually. This is classified as temporarily restricted until appropriated by the board at which time it is reclassified to unrestricted. This is consistent with objectives to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Perpetual endowment funds are required to be maintained permanently either by explicit donor stipulation or by UPMIFA.

	<b><i>Donor-Restricted Endowment Funds Permanently Restricted 2009</i></b>
<b>Endowment Net Assets Composition by Type of Fund As of December 31</b>	
Donor-Restricted Funds	\$ 485,800
Total Funds	485,800
Amount of endowment that is a receivable	475,800
Total Funds Received For Investment	<u>\$ 10,000</u>
Easter Seals had the following endowment-related activities:	
	<b><i>Donor-Restricted Endowment Funds 2009</i></b>
<b>Investment return</b>	
Investment income	\$ 200
Net appreciation (unrealized and realized)	500
Total Investment return	700
Contributions to perpetual endowment	462,200
Amounts reclassified as temporary restricted	(200)
Amounts appropriated for expenditure	(500)
<b>Total change in endowment funds</b>	<u>\$ 462,200</u>

### **Note 13. 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. 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 raised \$112,100 in special event revenue with costs of \$49,700 in 2009.

### **Note 14. Leases**

Easter Seals had an operating lease for its corporate headquarters which had been in effect since September 1993, and provided for annual base rent plus a pro rata share of real estate taxes and other operating expenses. Base rent expense is recognized on a straight-line basis over the life of the lease and was approximately \$61,500 for the period ended December 31, 2009. In September 1999, Easter Seals entered into an operating lease for additional space. Base rent expense is recognized on a straight-line basis over the life of the lease and was approximately \$48,000 for the period ended December 31, 2009. Both leases expired in January 2009.

In July of 2007, Easter Seals signed an operating lease for its corporate headquarters. The lease provides for annual base rent plus a pro rata share of real estate taxes and other operating expenses, effective August 1, 2008. Base rent is recognized on a straight-line basis over the life of the lease and was approximately \$593,600 for the period ended December 31, 2009. This lease expires in January 2021.

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 expenses as defined in the lease. This lease expires June 2017. Rent expense is recognized on a straight-line basis over the life of the lease and was approximately \$670,800 for the period ended December 31, 2009.

Future minimum lease payments are as follows:

Year ending December 31:	
2010	\$ 905,400
2011	919,200
2012	950,000
2013	977,000
2014	1,004,300
Thereafter	4,546,700
	<u>\$ 9,302,600</u>

### **Note 15. 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.

Easter Seals  
Board of Directors

August 31, 2010

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*National Advisor to  
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*Chicago, Ill.*

# Easter Seals Corporate Support

August 31, 2010

A.C. Moore	Johnson & Johnson	Alpha Chi Omega Foundation <i>Indianapolis, Ind.</i>
Amway	LensCrafters	CVS Caremark Charitable Trust <i>Woonsocket, R.I.</i>
AstraZeneca	MassMutual Financial Group	Goizueta Foundation <i>Atlanta, Ga.</i>
Bank of America	Microsoft	F.B. Heron Foundation <i>New York, N.Y.</i>
Bayer HealthCare	National Snowmobile Foundation	W.K. Kellogg Foundation <i>Battle Creek, Mich.</i>
Campbell Mithun	News America Marketing	McCormick Foundation <i>Chicago, Ill.</i>
Century 21 Real Estate LLC	Niagara Bottling LLC	Retirement Research Foundation <i>Chicago, Ill.</i>
CVS Caremark	Pfizer	Sodexo, Inc. <i>Gaithersburg, Md.</i>
Dr. Pepper/7 Up, Inc.	PhRMA	Safeway Foundation <i>Pleasanton, Calif.</i>
Epsilon Sigma Alpha International	Realogy	Vanguard Charitable Endowment Program <i>Malvern, Pa.</i>
Food Lion LLC	Safeway Inc.	
Fraternal Order of Police and Auxiliary	Silver Eagle Distributors L.P.	
Friendly Ice Cream Corporation	Sweet Tomatoes	
GlaxoSmithKline	U.S. Rotary Clubs	
Google SketchUp		

## Easter Seals

# Affiliate Directory

*Includes members as of August 31, 2010*

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Montgomery, Ala. 36117

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Little Rock, Ark. 72212

**Easter Seals  
Blake Foundation**  
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Tucson, Ariz. 85712

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Southwest Human  
Development**  
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Phoenix, Ariz. 85008

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Bay Area, California**  
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Suite 300  
Oakland, Calif. 94612

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Central California**  
9010 Soquel Dr.  
Aptos, Calif. 95003

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Novato, Calif. 94949

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Santa Ana, Calif. 92705

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3205 Hurley Way  
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Tri-Counties, California**  
10730 Henderson Rd.  
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**Easter Seals Colorado**  
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Capital Region &  
Eastern Connecticut**  
100 Deerfield Rd.  
Windsor, Conn. 06095

**Easter Seals  
New Haven, Connecticut\***  
95 Hamilton St.  
New Haven, Conn. 06511

**Easter Seals  
Waterbury, Connecticut**  
22 Tompkins St.  
Waterbury, Conn. 06708

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Delaware & Maryland's  
Eastern Shore**  
61 Corporate Circle  
New Castle, Del. 19720

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Winter Park, Fla. 32792

**Easter Seals  
South Florida**  
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Miami, Fla. 33125

**Easter Seals  
Southwest Florida**  
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Sarasota, Fla. 34243

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Volusia & Flagler  
Counties, Florida**  
Ellen Black Center  
1219 Dunn Ave.  
Daytona Beach, Fla. 32114

**Easter Seals East Georgia**  
1500 Wrightsboro Rd.  
Augusta, Ga. 30903

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Middle Georgia**  
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**Easter Seals  
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Suite 250  
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**Easter Seals  
Southern Georgia**  
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Albany, Ga. 31701

**Easter Seals West Georgia**  
2515 Double Churches Rd.  
Columbus, Ga. 31909

**Easter Seals Hawaii**  
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Honolulu, Hawaii 96813

**Easter Seals  
DuPage and the  
Fox Valley Region, Illinois**  
Rosalie Dold Center for  
Children  
830 S. Addison Ave.  
Villa Park, Ill. 60181

**Easter Seals  
Joliet Region, Illinois**  
212 Barney Dr.  
Joliet, Ill. 60435

**Easter Seals  
Metropolitan Chicago,  
Illinois**  
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Chicago, Ill. 60608

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Peoria, Ill. 61603

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Fort Wayne, Ind. 46825

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Crossroads, Indiana**  
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**Easter Seals  
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The Rehabilitation Center  
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Evansville, Ind. 47714

**Easter Seals Iowa**  
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Des Moines, Iowa 50313

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Capper Foundation,  
Kansas**  
3500 S.W. 10th Ave.  
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**Easter Seals Kentucky**  
Cardinal Hill  
Rehabilitation Hospital  
2050 Versailles Rd.  
Lexington, Ky. 40504

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West Kentucky**  
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Suite 200  
New Orleans, La. 70112

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Baltimore Region**  
The Harry & Jeanette  
Weinberg Inter-  
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Silver Spring, Md. 20910

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Massachusetts**  
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Ohio**

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**Easter Seals North Texas**

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---

**Easter Seals International Affiliates**

**Ability First Australia**

Level 4/6 Bridge St.  
Sydney NSW 2000  
Australia

**MontroseAccess**

P.O. Box 50  
Corinda QLD 4075  
Australia

**Northcott  
Disability Services**

P.O. Box 4055  
Parramatta NSW 2124  
Australia

**Cootharinga Society of  
North Queensland**

P.O. Box 792  
Castletown  
Hyde Park QLD 4812  
Australia

**Novita Children's  
Services**

P.O. Box 2438  
Regency Park SA 5942  
Australia

**St. Giles Society**

P.O. Box 416  
Launceston TAS 7250  
Australia

**Rocky Bay**

P.O. Box 53  
Mosman Park WA 6012  
Australia

---

**Easter Seals Global Partners**

**Easter Seals Canada**

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Toronto, Ontario M4P 2Y3

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# Easter Seals

August 31, 2010

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# The Story of Easter Seals



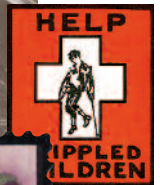
**1919**  
Founded by Edgar Allen to help children with disabilities

**1934**  
Conducted first Easter "seal" fund-raising campaign



**1944**  
Broadened mission to help adults

**1950**  
Achieved nationwide reach



**1952**  
Officially incorporated lily into Easter Seals symbol

**1967**  
Adopted the name Easter Seals



**1984**  
Served more than 1 million people annually

**1990**  
Helped pass Americans with Disabilities Act into law

*Easter Seals is the leading non-profit provider of services for individuals with autism, developmental disabilities, physical and mental disabilities, and other special needs. For more than 90 years, we have been offering help and hope to children and adults with disabilities, and to the families who love them. Through therapy, training, education and support services, Easter Seals creates life-changing solutions so that people with disabilities can live, learn, work and play.*

**1999**  
Received top recognition by National Health Council for 20th consecutive year, which continues today

**2004**  
Established new affiliation with Ability First Australia

**2005**  
Edgar F. Allen honored as founding member of The Extra Mile Volunteer Pathway Monument in Washington, D. C.

**2006**  
Easter Seals welcomes global partner, Easter Seals Canada

**2010**  
Offers top-quality, innovative services in the U.S., Puerto Rico, Australia, Canada and welcomes global partner CONFE in Mexico



To learn more about Easter Seals, visit [www.easterseals.com](http://www.easterseals.com)



Feel good about giving.

## Easter Seals Mission

is to provide exceptional services to ensure that all people with disabilities or special needs and their families have equal opportunities to live, learn, work and play in their communities.

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