Easter Seals South Florida, Inc.

Financial Statements
For the Year Ended August 31, 2015

With Summarized Comparative Information
For the Year Ended August 31, 2014

Easter Seals South Florida, Inc.
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CPAs & CONSULTANTS
GOLDSTEIN SCHECHTER KOCH

Independent Auditors' Report

To the Board of Directors of
Easter Seals South Florida, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Easter Seals South Florida, Inc. (the "Organization"), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Independent Auditors' Report
(continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals South Florida, Inc. as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Easter Seals South Florida, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 19, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Florida Auditor General, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2016, on our consideration of Easter Seals South Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Easter Seals South Florida, Inc.'s internal control over financial reporting and compliance.

Goldstein Schechter Koch, P.A.

Coral Gables, Florida
February 23, 2016

Easter Seals South Florida, Inc.
Statements of Financial Position
August 31, 2015 and 2014

		2015		2014
Assets				
Cash and cash equivalents	**$**	**404,676**	$	404,618
Grants and accounts receivable, less allowance for doubtful accounts of $103,826 and $90,000 for 2015 and 2014, respectively		**1,475,930**		1,348,069
Contributions receivable, net		**342,964**		288,432
Prepaid expenses		**51,057**		45,447
Investments		**6,506,118**		6,531,364
Property and equipment, net		**2,666,641**		2,816,905
Other assets		**4,775**		28,434
Total assets	**$**	**11,452,161**	$	11,463,269
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	**$**	**789,048**	$	580,339
Refundable advances		**111,409**		45,372
Obligation under capital leases		**29,062**		36,286
Deferred compensation		**97,573**		139,572
Total liabilities		**1,027,092**		801,569
Net assets:				
Unrestricted		**9,996,448**		10,292,367
Temporarily restricted		**428,621**		369,333
Total net assets		**10,425,069**		10,661,700
Total liabilities and net assets	**$**	**11,452,161**	$	11,463,269

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

Easter Seals South Florida, Inc.
Statement of Activities
For the Year Ended August 31, 2015
(With Summarized Comparative Information for the Year Ended August 31, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Public Support, Revenue and Gains:				
Contributions	**$ 743,227**	**$ 221,116**	**$ 964,343**	$ 1,126,301
Special events, net of direct costs of $59,567 for 2015 and $39,405 for 2014	**140,103**	**-**	**140,103**	230,395
Government grants and contracts	**7,758,212**	**-**	**7,758,212**	7,052,690
Program service fee	**2,195,676**	**-**	**2,195,676**	2,090,953
Investment income, net	**83,499**	**-**	**83,499**	97,470
Realized and unrealized (losses) gains on investments	**(258,197)**	**-**	**(258,197)**	409,420
Distributions received from investments in partnerships	**264,708**	**-**	**264,708**	253,484
In-kind contributions	**340,457**	**-**	**340,457**	380,317
Other income	**21,991**	**-**	**21,991**	22,311
	11,289,676	**221,116**	**11,510,792**	11,663,341
Net assets released from restrictions	**161,828**	**(161,828)**	**-**	-
Total public support, revenue and gains	**11,451,504**	**59,288**	**11,510,792**	11,663,341
Expenses:				
Functional expenses:				
Program services	**10,627,258**	**-**	**10,627,258**	9,980,012
Supporting activities:				
Management and general	**675,979**	**-**	**675,979**	746,096
Fundraising activities	**386,808**	**-**	**386,808**	436,866
Total functional expenses	**11,690,046**	**-**	**11,690,046**	11,162,974
Unallocated expenses to affiliated organizations	**57,377**	**-**	**57,377**	56,026
Total expenses	**11,747,423**	**-**	**11,747,423**	11,219,000
Change in net assets	**(295,919)**	**59,288**	**(236,631)**	444,341
Net assets, beginning of year	**10,292,367**	**369,333**	**10,661,700**	10,217,359
Net assets, end of year	**$ 9,996,448**	**$ 428,621**	**$ 10,425,069**	$ 10,661,700

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

Easter Seals South Florida, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2015
(With Summarized Comparative Information for the Year Ended August 31, 2014)

	2015										2014
	Program Services						Supporting Activities				
	Early Childhood	Educational Services	Vocational Services	Adult and Senior Care Services	Head Start	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	Total
Salaries and benefits:											
Salaries and wages	$ 465,042	$ 1,039,569	$ 696	$ 1,973,316	$ 2,879,638	$ 6,358,261	$ 197,785	$ 404,583	$ 602,369	$ 6,960,630	$ 6,491,476
Payroll taxes and employee benefits	94,085	165,797	212	398,899	601,874	1,260,867	36,918	72,972	109,891	1,370,758	1,426,255
Total salaries and benefits	559,128	1,205,366	908	2,372,215	3,481,512	7,619,128	234,704	477,556	712,260	8,331,388	7,917,731
Other expenses:											
Contracted services	100,606	7,777	11,050	177,642	17,801	314,876	19,964	34,782	54,746	369,622	251,296
Professional fees	20,178	41,891	-	50,842	51,580	164,491	12,635	21,620	34,255	198,746	205,711
Program supplies and expenses	31,557	129,059	565	334,512	374,034	869,727	1,389	3,383	4,772	874,499	697,720
Occupancy	88,054	112,118	-	265,171	59,745	525,088	6,948	3,100	10,048	535,136	501,971
Travel and transportation	7,683	22,695	8	75,910	14,817	121,113	355	6,293	6,648	127,761	145,137
Insurance	48,556	49,140	28	82,408	55,676	235,808	7,318	14,889	22,207	258,015	243,260
Staff training and development	2,773	4,584	-	22,217	13,900	43,474	1,686	13,743	15,429	58,903	96,916
Office supplies	10,032	16,534	36	30,823	40,985	98,410	1,598	67,093	68,690	167,100	145,487
Bad debt expense	4,600	-	-	69,450	-	74,050	62,722	-	62,722	136,772	267,029
Depreciation	64,140	68,616	-	76,665	10,212	219,633	3,960	-	3,960	223,593	215,350
In-kind contributions expense	-	118,900	-	3,559	217,998	340,457	-	-	-	340,457	380,317
Interest, penalties, assessments, and other	-	-	-	10	39	49	-	29,460	29,460	29,509	26,146
Marketing and promotion	-	-	-	255	702	957	33,530	4,061	37,591	38,548	68,903
Total other expense	378,179	571,314	11,687	1,189,463	857,489	3,008,133	152,105	198,424	350,528	3,358,661	3,245,243
Total expenses	$ 937,307	$ 1,776,680	$ 12,595	$ 3,561,678	$ 4,339,001	$ 10,627,258	$ 386,808	$ 675,979	$ 1,062,788	$ 11,690,046	$ 11,162,974

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

Easter Seals South Florida, Inc.
Statements of Cash Flows
For the Years Ended August 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	**$ (236,631)**	$ 444,341
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized losses (gains) on investments	**258,197**	(409,420)
Depreciation	**223,593**	215,350
Change in allowance for doubtful accounts	**(13,826)**	56,869
Changes in operating assets and liabilities:		
Grants and accounts receivables	**(114,035)**	(459,196)
Contributions receivable, net	**(54,532)**	261,541
Prepaid expenses	**(5,610)**	(3,566)
Other assets	**23,659**	1,832
Accounts payable and accrued expenses	**208,709**	165,044
Refundable advances	**66,037**	(608,667)
Deferred compensation	**(41,999)**	(39,744)
Net cash provided by (used in) operating activities	**313,562**	(375,616)
Cash flows from investing activities:		
Net purchases of investments	**(232,951)**	(9,570)
Purchase of property and equipment	**(73,329)**	(51,442)
Net cash used in investing activities	**(306,280)**	(61,012)
Cash flows from financing activities:		
Repayments of obligations under capital leases	**(7,224)**	(3,708)
Net cash used in financing activities	**(7,224)**	(3,708)
Net increase (decrease) in cash and cash equivalents	**58**	(440,336)
Cash and cash equivalents, beginning of year	**404,618**	844,954
Cash and cash equivalents, end of year	**$ 404,676**	$ 404,618
Supplemental disclosure of non-cash investing and financing activities:		
Equipment acquired under capital lease obligations	**$ -**	$ 39,994

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

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

Nature of Organization

Easter Seals South Florida, Inc. (the "Organization") is a not-for-profit organization established in 1942. The purpose of the Organization is to provide exceptional services, education, outreach and advocacy so that all people with disabilities or special needs have equal opportunity to love, learn, work and play in their communities. Easter Seals South Florida, Inc. serves individuals of all ages within Miami-Dade and Broward Counties, Florida.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Accounting

The Organization has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205 *Not-for-Profit Entities – Presentation of Financial Statements.* Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

> *Unrestricted net assets* - net assets that are not subject to donor-imposed restrictions. Donor-restricted contributions that are received and expended in the same year are classified as unrestricted.
>
> *Temporarily restricted net assets* - net assets subject to donor-imposed restrictions that may or will be met. Net assets are released from donor restrictions when a stipulated time restriction ends or a purpose restriction has been accomplished.
>
> *Permanently restricted net assets* - net assets subject to donor imposed restrictions that are imposed permanently. As of August 31, 2015 and 2014, the Organization did not have any permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments as cash equivalents that have an original maturity of three months or less. The Organization maintains its cash in bank deposit accounts. These deposits may exceed the amount of FDIC insurance provided on such deposits; generally these deposits may be redeemed upon demand and; therefore, bear minimal risk.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies - continued

Grants and Accounts Receivable and Allowance for Doubtful Accounts

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances and consists of amounts due from various government agencies and other third parties. The Organization's agreements with government agencies typically require the Organization to apply for annual renewal. The Organization carries grants and accounts receivable net of an estimated allowance for doubtful accounts. The Organization provides for losses on grants and accounts receivable using the allowance method. The allowance is based on the Organization's experience with third party contracts and other circumstances which may affect the ability of clients to meet their obligations. Receivables are considered impaired if payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible grants and accounts receivable against the allowance when management determines the receivable will not be collected.

Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected after one year have been discounted at a rate of 1% and are reflected in the financial statements at their net present value. Amortization of the discounts is included in contribution revenue. The Organization determines an allowance for doubtful accounts based upon management's evaluation of the collectability of individual promises. The allowance for doubtful accounts as of August 31, 2015 and 2014 was $20,000.

Investments

In accordance with FASB ASC 958-320, *Not-for-Profit Entities - Investments - Debt and Equity Securities,* investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets, investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The overall valuation processes and information sources by major investment classification are as follows:

> *Investments accounts:* The Organization maintains certain investment accounts. These include closed-end mutual funds, stocks, corporate bonds, real estate – REITs, and preferred trust securities (all Level 1 measurements). The fair value of these investments is based on quoted net asset values of the shares held by the Organization at year-end.
>
> *Equity interest in partnerships*: The Organization initially recorded its equity interests in partnerships at their fair values as of the dates the investments were donated to the Organization and thereafter carries such investments at that value in accordance to the cost method of accounting.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies - continued

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the assets, which are as follows:

Building and building improvements	10-40 years
Furniture and equipment	5-7 years
Therapeutic pool	5 years
Vehicles	5 years
Software	3 years

Purchases of property and equipment in excess of $1,500 unless specified otherwise by the funder are capitalized. Costs of maintenance and repairs of minor items are charged to expense as incurred. Major repairs and improvements that extend the life of the asset are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statement of activities.

Refundable Advances

The Organization records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenues.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Donated Non-Cash Assets

Donations of non-cash assets, if material, are recorded as support at their estimated fair values at the date of donation. Such donations would be reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as temporarily or permanently restricted support.

Absent donor stipulations regarding how long donated long-lived assets must be used, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies - continued

Donated Supplies and Services

Donated supplies and services are reflected in the accompanying statement of activities at their estimated fair value at the date of receipt. The Organization recognizes donated services that creates or enhances non-financial assets or that require specialized skill that would typically need to be purchased if not provided by donation. The value of donated services is recorded as contributions and expenses in the period received.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class and with no statement of functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2014, from which the summarized information was derived.

Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been summarized in the accompanying statement of activities. Direct expenses have been assigned to functions based on specific identification. Indirect expenses have been allocated among the functions benefitted. Program services include costs of early childhood services, educational services, vocational services, adult and senior care services, and head start. Fundraising expenses include costs related to campaigns, development, and other fundraising efforts. Management and general expenses include executive, financial administration, information systems and personnel expenses. Occupancy expenses are allocated among the functional expense categories based on usage information.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code and income tax regulations of the State of Florida. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2). The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

Reclassification

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 financial statements presentation. These reclassifications had no effect on the previously reported net assets or change in net assets.

Subsequent Events

The Organization's management has evaluated subsequent events through February 23, 2016, the date which the financial statements were available for issue.

Note 2 - Bequests

In October 1996, the Organization was devised an interest in the Estate of Josephine Wolfe (the "Estate"). As certain portions of the Estate cleared probate, the Organization received approximately $500,000 and $4,000,000 from its interest in the Estate during fiscal years 1997 and 1998, respectively. During fiscal year 1999, the Organization received an additional devise of the Estate consisting primarily of equity interests in certain partnerships ranging from a 2.5% to 14.7% interest. The Organization recorded the bequest of these equity interests at their estimated fair value at the time of donation, based on an independent appraisal. The investment balances relating to investments in partnerships are included as investments in the accompanying statements of financial position as of August 31, 2015 and 2014 and distributions received from investments in partnerships are reflected in the accompanying statement of activities. For the years ended August 31, 2015 and 2014, the value of the investments in partnerships was $2,709,657.

Note 3 – Fair Value Measurements

FASB ASC 820 *Fair Value Measurements and Disclosures* defines fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Description	**Fair Value 8/31/15**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Stocks	**$ 1,819,268**	**$ 1,819,268**	**$ -**	**$ -**
Closed-end mutual funds	**8,706**	**8,706**	**-**	**-**
Corporate bonds	**1,884,754**	**1,884,754**	**-**	**-**
Real estate - REITs	**83,733**	**83,733**	**-**	**-**
Total	**$ 3,796,461**	**$ 3,796,461**	**$ -**	**$ -**

Note 3 – Fair Value Measurements - continued

Description	Fair Value 8/31/14	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Stocks	$ 1,833,188	$ 1,833,188	$ -	$ -
Closed-end mutual funds	30,362	30,362	-	-
Corporate bonds	1,720,317	1,720,317	-	-
Real estate - REITs	237,840	237,840	-	-
Total	$ 3,821,707	$ 3,821,707	$ -	$ -

Note 4 – Contributions Receivable, net

Contributions receivable as of August 31, 2015 and 2014 amounted to $368,739 and $314,207, respectively, before net present value discounts. Contributions receivable utilizing a discount rates of 1.0% consist of:

	2015	2014
Receivables due in less than one year	**$ 293,953**	$ 187,273
Receivables due greater than one year	**74,786**	126,934
Less: discounts to net present value	**(5,775)**	(5,775)
Less: allowance for doubtful accounts	**(20,000)**	(20,000)
Total	**$ 342,964**	$ 288,432

Note 5 - Investments

Investments at August 31, 2015 and 2014 are summarized as follows:

	2015	2014
Closed-end mutual funds	**$ 8,706**	$ 30,362
Stocks	**1,819,268**	1,833,188
Corporate bonds	**1,884,754**	1,720,317
Real estate - REITs	**83,733**	237,840
Investments in partnerships	**2,709,657**	2,709,657
Total	**$ 6,506,118**	$ 6,531,364

The Organization has equity interests in certain partnerships ranging from a 2.5% to 14.7% interest (see Note 2 - Bequests). The Organization recorded the bequest of these equity interests at their estimated fair value, at the time of donation, based on an independent appraisal. Under the cost basis of accounting, dividends distributed from accumulated earnings of the investee are recorded as revenue in the period received in the statement of activities as distributions received from investments in partnerships. Distributions in excess of accumulated earnings are considered a return of investment and recorded as a reduction of the cost of the investment. The carrying value of the Organization’s investments in partnerships is recorded in the statements of financial position within investments.

Note 5 - Investments - continued

Investment income is reported net of related investment expenses in the statement of activities. The amount of expenses netted were $11,666 and $13,238 for the years ended August 31, 2015 and 2014, respectively.

Note 6 - Property and Equipment

Property and equipment at August 31, 2015 and 2014 consisted of the following:

	2015	2014
Land	**$ 679,948**	$ 679,948
Building and building improvements	**5,012,634**	4,958,839
Furniture and equipment	**532,416**	516,732
Therapeutic pool	**134,869**	134,869
Vehicles	**255,528**	255,528
Software	**95,502**	91,652
Total property and equipment	**6,710,897**	6,637,568
Accumulated depreciation	**(4,044,256)**	(3,820,663)
Property and equipment, net	**$ 2,666,641**	$ 2,816,905

Depreciation expense for the years ended August 31, 2015 and 2014 was $223,593 and $215,350, respectively.

Note 7 – Obligation Under Capital Leases

The Organization acquired certain equipment under two leasing agreements classified as capital leases, which expire on various dates through February 2019. The obligation under capital leases is payable in monthly installments of $395 and $392, including interest ranging from 7.42% to 6.03%. The total cost and accumulated depreciation of the assets at August 31, 2015 consisted of the following:

	2015	2014
Equipment under capital lease	**$ 39,994**	$ 39,994
Accumulated depreciation	**(12,327)**	(4,328)
Property and equipment, net	**$ 27,667**	$ 35,666

The present values of future minimum payments at August 31, 2015 under these leases are as follows:

2016	$ 9,439
2017	9,439
2018	9,439
2019	4,324
Total minimum lease payments	32,641
Less: amounts representing interest	(3,579)
Total obligation under capital leases	$ 29,062

Note 8 - Retirement Plan

Effective June 1, 1997, the Organization implemented a defined contribution retirement plan in accordance with Section 403(b) of the Internal Revenue Code, Tax Deferred Annuity Plan. The plan, which is administered by a third party, is funded by employee contributions up to the amount allowed by law per employee per year and discretionary contributions by the Organization. No discretionary contributions were made for the years ended August 31, 2015 and 2014.

Note 9 - Deferred Compensation Plan

The Organization has a deferred compensation plan for a former management employee. The plan provides for specified monthly payments for ten years after retirement in the form of an annuity.

The future benefit expected to be paid out under the plan was accrued over the individual employee's expected service period. The deferred compensation liability as of year-end represents the present value of the benefit expected to be provided in exchange for the employee's service rendered to the date of retirement.

The Organization recognized interest expense related to this plan in the amounts of $7,984 and $10,257 for the years ended August 31, 2015 and 2014, respectively. Annuities, net of interest cost, under the plan are scheduled to mature in the following amounts payable for the years ending August 31:

2016	$ 44,421
2017	53,152
Total	$ 97,573

Note 10 - Support for National Programs

In accordance with the terms of the membership agreement between the Organization and National Easter Seals, Inc. (the "National Organization"), the Organization is subject to membership fees as part of its national affiliation, as determined by a formula included in the membership agreement. Fees paid to the National Organization for the years ended August 31, 2015 and 2014 were $57,377 and $56,026, respectively.

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available with the following restrictions as of August 31, 2015 and 2014:

	2015	2014
Program services and projects – time restricted	**$ 348,740**	$ 289,452
Joan Bornstein Scholarship Fund – purpose restricted	**79,881**	79,881
Total temporarily restricted net assets	**$ 428,621**	$ 369,333

Note 12 - Concentrations

Grant Awards

For 2015, the Organization received approximately 37% of its government grant funding from the U.S. Department of Health and Human Services - Head Start Program, and 9% from The Children's Trust. As of August 31, 2015, receivables from the U.S. Department of Health and Human Services - Head Start Program and The Children's Trust accounted for approximately 19% and 13% of the Organization's total grants and accounts receivable, respectively.

For 2014, the Organization received approximately 38% of its government grant funding from the U.S. Department of Health and Human Services - Head Start Program, and 9% from The Children's Trust. As of August 31, 2014, receivables from the U.S. Department of Health and Human Services - Head Start Program and The Children's Trust accounted for approximately 32% and 15% of the Organization's total grants and accounts receivable, respectively.

Note 13 - Commitments and Contingencies

Leases

The property on which the Organization's building and improvements are located is owned by Miami-Dade County, Florida (the "County"). The Organization pays an annual rental of $1 to the County for use of this property. The lease was executed in 1956 and provides for automatic five-year renewal periods not to exceed a total of 95 years.

The Organization leases offices and office equipment under various operating lease agreements. These leases have various terms of up to 39 months and expire on various dates through 2017.

Future minimum rental payments under these lease arrangements are as follows for the years ending August 31:

2016	$ 58,748
2017	20,446
Total	$ 79,194

Lease expense for the years ended August 31, 2015 and 2014 was approximately $220,000 and $210,000, respectively, and is included in occupancy and office supplies on the accompanying statement of functional expenses.

Litigation

The Organization is party to various claims and legal actions arising in the ordinary course of conducting activities. Management does not believe that the outcome of such claims and legal actions will have a material adverse effect on the financial position or results of operations of the Organization.

Supplementary Information

Easter Seals South Florida, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015

Federal Grantor/ Pass-Through Grantor Program Title	CFDA No.	Contract/Project No.	Expenditures
U.S. Department of Health and Human Services			
Pass-through from Miami-Dade County			
Head Start/Early Head Start Program	93.600	RFA16	$ 2,804,941
			2,804,941
U.S. Department of Health and Human Services			
Pass-through from Alliance for Aging, Inc.			
National Family Caregiver Support			
Older Americans ACT (OAA) Title IIIE	93.052	AE-1592, AE-1492	266,893
Older Americans ACT (OAA) Title IIIB	93.044	AE-1592, AE-1492	33,561
			300,454
Corporation for National and Community Service			
Pass-through from State of Florida			
Department of Elder Affairs			
AmeriCorps Program	94.006	XV114, XV113	159,754
			159,754
U.S. Department of Agriculture			
Pass-through from State of Florida			
Department of Elder Affairs			
Adult Care Food Program			
(Non-Pricing Program)	10.558	Y4013, Y3013	101,320
Pass-through from State of Florida			
Department of Health			
Child Care Food Program	10.558	S-3934, A-1859	413,317
(Non-Pricing Program)	10.558	S-3934, A-1859	42,065
			556,702
Pass-through from State of Florida			
Department of Agriculture and Consumer Services			
National School Lunch Program	10.555	018119	15,855
Total Federal Awards Expended			$ 3,837,706

The accompanying notes are an integral part of this schedule.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes grant activity of the Organization and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Easter Seals South Florida, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended August 31, 2015

State Grantor/Grantor Program Title	Contract / Grant Number	CSFA Number		Total Expenditures
Florida Department of Elder Affairs				
Pass through from Alliance for Aging	KZ-1492, KZ-1592	65.004	$	723,022
Alzheimer's Respite Series				
Pass through from Americorps:				
Respite for Elders Living in Everyday Families	XV114, XV113	65.006		74,186
Total State Awards			$	797,208

Basis of Presentation:

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Easter Seals South Florida, Inc. under state programs for the year ended August 31, 2015 and is presented on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Easter Seals South Florida, Inc.
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Easter Seals South Florida, Inc. (the "Organization"), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Goldstein Schechter Koch, P.A.

Coral Gables, Florida
February 23, 2016

Independent Auditors' Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control Over Compliance Required By OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General

To the Board of Directors of
Easter Seals South Florida, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program and Major State Project

We have audited Easter Seals South Florida, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended August 31, 2015. The Organization's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Florida Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and Each Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and each major state project for the year ended August 31, 2015.

Independent Auditors' Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control Over Compliance Required By OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General
(continued)

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Goldstein Schechter Koch, P.A.

Coral Gables, Florida
February 23, 2016

Easter Seals South Florida, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2015

Section I - Summary of Auditors' Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over reporting:	
Material weakness identified?	____ yes __X__ no
Significant deficiencies identified that are not considered to be material weaknesses?	____ yes __X__ no
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards and State Projects:

Internal control over major federal programs and major state projects:	
Material weakness identified?	____ yes __X__ no
Significant deficiencies identified that are not considered to be material weaknesses?	____ yes __X__ no
Type of auditors' report issued on compliance for major federal programs and major state projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with §510(a) of Circular A-133 and Chapter 10.650, Rules of Florida Auditor General?	____ yes __X__ no

Identification of Major Federal Programs and Major State Projects:

CFDA Numbers	93.600 and 10.558
CSFA Number	65.004
Dollar threshold used to distinguish between type A and type B programs	$300,000
Auditee qualified as a low risk auditee for federal programs?	__X__ yes ____ no
Auditee qualified as a low risk auditee for state project?	____ yes __X__ no

Section II – Financial Statement Findings

There are no findings on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards.

Section III – Federal Award and State Project Findings

There are no findings on Internal Control over Compliance in accordance with OMB Circular A–133 and Chapter 10.650, Rules of the Florida Auditor General.

Section IV – Federal and State Award Findings and Questioned Costs

None reported

Other Matters:

None

Easter Seals South Florida, Inc.
Schedule of Prior Year Audit Findings
For the Year Ended August 31, 2015

There are no prior year findings related to federal awards.

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