EASTERSEALS WASHINGTON

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

EASTERSEALS WASHINGTON
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Easterseals Washington
Seattle, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Easterseals Washington, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easterseals Washington as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Easterseals Washington and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Easterseals Washington's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Easterseals Washington's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Easterseals Washington's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
April 24, 2025

EASTERSEALS WASHINGTON
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 378,007	$ 626,685
Accounts Receivable, Net	526,112	601,640
Grants and Pledges Receivable	102,085	315,487
Prepaid Expenses and Other	94,379	56,640
Total Current Assets	1,100,583	1,600,452
PROPERTY AND EQUIPMENT		
Land	42,000	42,000
Building, Equipment, and Improvements	3,887,303	3,264,691
Total Property and Equipment	3,929,303	3,306,691
Less: Accumulated Depreciation	(1,796,090)	(1,686,883)
Property and Equipment, Net	2,133,213	1,619,808
CONSTRUCTION IN PROGRESS	-	206,456
INVESTMENTS	2,863,236	3,238,118
OPERATING LEASE RIGHT-OF-USE ASSETS	697,964	570,543
Total Assets	$ 6,794,996	$ 7,235,377
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 35,601	$ 121,230
Accrued Expenses	290,065	244,320
Current Lease Liability - Operating	255,135	255,772
Deferred Revenue and Refundable Advances	28,691	10,053
Total Current Liabilities	609,492	631,375
LONG-TERM LIABILITY		
Long-Term Lease Liability - Operating (Less Current)	441,494	384,132
Total Liabilities	1,050,986	1,015,507
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,981,021	3,039,417
Board-Designated	2,085,955	2,427,358
Total Without Donor Restrictions	5,066,976	5,466,775
With Donor Restrictions:		
Purpose and Time	158,223	261,779
Perpetual in Nature	518,811	491,316
Total With Donor Restrictions	677,034	753,095
Total Net Assets	5,744,010	6,219,870
Total Liabilities and Net Assets	$ 6,794,996	$ 7,235,377

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions		With Donor Restrictions		
	Undesignated	Board-Designated	Purpose and Time	Perpetual in Nature	Total
PUBLIC SUPPORT AND REVENUE					
Public Support:					
Individual Contributions	$ 400,521	$ -	$ -	$ -	$ 400,521
Organization Contributions	97,488	-	217,050	-	314,538
Event Income	-	-	-	-	-
Contributed Nonfinancial Assets	141,416	-	-	-	141,416
Total Public Support	639,425	-	217,050	-	856,475
Revenue:					
Program Service Fees	2,086,568	-	-	-	2,086,568
Government Program Service Fees	3,757,872	-	-	-	3,757,872
Investment Return and Other	200,560	-	7,973	-	208,533
Miscellaneous Income	12,900	-	-	-	12,900
Change in Fair Value of Beneficial Interest in Trust Held by Others	-	-	-	27,495	27,495
Total Revenue	6,057,900	-	7,973	27,495	6,093,368
Net Assets Released from Restrictions	669,982	(341,403)	(328,579)	-	-
Total Public Support and Revenue	7,367,307	(341,403)	(103,556)	27,495	6,949,843
EXPENSES					
Program Services:					
Public Health Education	15,055	-	-	-	15,055
Direct Services	6,229,138	-	-	-	6,229,138
Total Program Services	6,244,193	-	-	-	6,244,193
Supporting Services:					
Management and General	807,245	-	-	-	807,245
Fundraising	374,265	-	-	-	374,265
Total Supporting Services	1,181,510	-	-	-	1,181,510
Total Expenses	7,425,703	-	-	-	7,425,703
CHANGE IN NET ASSETS	(58,396)	(341,403)	(103,556)	27,495	(475,860)
Net Assets - Beginning of Year	3,039,417	2,427,358	261,779	491,316	6,219,870
NET ASSETS - END OF YEAR	$ 2,981,021	$ 2,085,955	$ 158,223	$ 518,811	$ 5,744,010

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions		With Donor Restrictions		
	Undesignated	Board-Designated	Purpose and Time	Perpetual in Nature	Total
PUBLIC SUPPORT AND REVENUE					
Public Support:					
Individual Contributions	$ 382,429	$ -	$ -	$ -	$ 382,429
Organization Contributions	95,090	-	234,927	-	330,017
Event Income	62,991	-	-	-	62,991
Donated Facilities, Goods, and Equipment	197,303	-	-	-	197,303
Total Public Support	737,813	-	234,927	-	972,740
Revenue:					
Program Service Fees	1,924,602	-	-	-	1,924,602
Government Program Service Fees	3,104,943	-	-	-	3,104,943
Investment Return and Other	1,256,500	-	12,509	-	1,269,009
Change in Fair Value of Beneficial Interest in Trust Held by Others	-	-	-	42,820	42,820
Total Revenue	6,286,045	-	12,509	42,820	6,341,374
Net Assets Released from Restrictions	544,506	(224,761)	(319,745)	-	-
Total Public Support and Revenue	7,568,364	(224,761)	(72,309)	42,820	7,314,114
EXPENSES					
Program Services:					
Public Health Education	10,144	-	-	-	10,144
Direct Services	5,807,886	-	-	-	5,807,886
Total Program Services	5,818,030	-	-	-	5,818,030
Supporting Services:					
Management and General	822,446	-	-	-	822,446
Fundraising	321,286	-	-	-	321,286
Total Supporting Services	1,143,732	-	-	-	1,143,732
Total Expenses	6,961,762	-	-	-	6,961,762
CHANGE IN NET ASSETS	606,602	(224,761)	(72,309)	42,820	352,352
Net Assets - Beginning of Year	2,432,815	2,652,119	334,088	448,496	5,867,518
NET ASSETS - END OF YEAR	$ 3,039,417	$ 2,427,358	$ 261,779	$ 491,316	$ 6,219,870

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services			Supporting Services			
	Public Health Education	Direct Services	Total Program	Management and General	Fundraising	Total Supporting	Total
Salaries and Related Expenses	$ 15,055	$ 4,791,856	$ 4,806,911	$ 507,005	$ 298,357	$ 805,362	$ 5,612,273
Occupancy	-	476,067	476,067	72,980	-	72,980	549,047
Operating Supplies and Cost of Resale Goods	-	545,944	545,944	1,630	35,795	37,425	583,369
Contract Services and Professional Fees	-	48,094	48,094	143,828	15,829	159,657	207,751
Contributed Facilities, Goods and Services	-	134,320	134,320	-	7,096	7,096	141,416
Travel and Education	-	28,990	28,990	3,724	5,365	9,089	38,079
Depreciation	-	100,016	100,016	9,191	-	9,191	109,207
Credit Loss Expense	-	-	-	12,554	-	12,554	12,554
Insurance	-	60,454	60,454	2,628	2,628	5,256	65,710
Telephone	-	41,704	41,704	8,523	8,864	17,387	59,091
Minor Equipment Purchase and Maintenance	-	1,693	1,693	182	331	513	2,206
Total Functional Expenses	15,055	6,229,138	6,244,193	762,245	374,265	1,136,510	7,380,703
Add: National Membership Dues	-	-	-	45,000	-	45,000	45,000
Total Expenses	$ 15,055	$ 6,229,138	$ 6,244,193	$ 807,245	$ 374,265	$ 1,181,510	$ 7,425,703

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			
	Public Health Education	Direct Services	Total Program	Management and General	Fundraising	Total Supporting	Total
Salaries and Related Expenses	$ 10,144	$ 4,272,954	$ 4,283,098	$ 437,271	$ 190,588	$ 627,859	$ 4,910,957
Occupancy	-	510,523	510,523	84,052	-	84,052	594,575
Operating Supplies and Cost of Resale Goods	-	596,832	596,832	2,023	74,477	76,500	673,332
Contract Services and Professional Fees	-	42,643	42,643	101,889	29,414	131,303	173,946
Contributed Facilities, Goods, and Services	-	183,084	183,084	-	14,219	14,219	197,303
Travel and Education	-	21,848	21,848	3,556	3,878	7,434	29,282
Depreciation	-	77,949	77,949	8,497	-	8,497	86,446
Credit Loss Expense	-	-	-	106,437	-	106,437	106,437
Insurance	-	49,862	49,862	2,168	2,168	4,336	54,198
Telephone	-	26,873	26,873	5,759	5,759	11,518	38,391
Minor Equipment Purchases and Maintenance	-	25,120	25,120	635	635	1,270	26,390
Postage and Shipping	-	198	198	149	148	297	495
Total Functional Expenses	10,144	5,807,886	5,818,030	752,436	321,286	1,073,722	6,891,752
Add: National Membership Dues	-	-	-	70,010	-	70,010	70,010
Total Expenses	$ 10,144	$ 5,807,886	$ 5,818,030	$ 822,446	$ 321,286	$ 1,143,732	$ 6,961,762

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (475,860)	$ 352,352
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	109,207	86,446
Credit Loss Expense	12,554	106,437
Amortization of Right-of-Use Asset	-	305,541
Noncash Lease Expense	(70,696)	48,437
Donation of Stock	(50,163)	-
Change in Fair Value of Trust Held by Others	(27,495)	(42,820)
Contribution Restricted for Endowment	(2,524)	(3,478)
Net Realized and Unrealized (Gain) Loss on Investments	(104,421)	(126,897)
Loss on Disposal of Property and Equipment	-	12,191
Net Changes in Operating Assets and Liabilities:		
Accounts and Grants Receivable	288,930	70,436
Prepaid Expenses and Other	(37,739)	17,272
Accounts Payable and Accrued Expenses	(39,884)	57,058
Lease Liability - Operating	-	(292,702)
Deferred Revenue and Refundable Advances	18,638	(122,699)
Net Cash Provided (Used) by Operating Activities	(379,453)	467,574
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(129,441)	(109,915)
Sale of Investments	651,726	250,188
Purchase of Property and Equipment	(416,156)	(145,589)
Construction in Progress	-	(206,456)
Net Cash Provided (Used) by Investing Activities	106,129	(211,772)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution Restricted for Endowment	2,524	3,478
Distributions from Beneficial Interest in Assets Held by Others	22,122	16,365
Net Cash Provided by Financing Activities	24,646	19,843
NET CHANGE IN CASH AND CASH EQUIVALENTS	(248,678)	275,645
Cash and Cash Equivalents - Beginning of Year	626,685	351,040
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 378,007	$ 626,685

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Easter Seals Washington, dba: Easterseals Washington (the Organization), is a nonprofit corporation organized in 1947. It is affiliated with Easter Seals National Headquarters, the national governing organization. The Organization provides direct services to children and adults with disabilities. Program services include community access assistance, supported employment, resident camping, adult day health care, behavior therapy and inclusive childcare services, among other services. Operations are headquartered in Seattle, Washington with outlying facilities and camps located throughout the state of Washington.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and report information regarding the Organization's financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board has designated certain otherwise unrestricted net assets as a general reserve fund. These funds are approved by the board to be held for specific purposes (capital improvements, program expansion, specialized training, etc.) and require board approval to designate for any other purpose. The designated funds are tracked with the monthly financial reports.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor- imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all bank accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Deposits with a single financial institution occasionally exceed federally insured limits, which subject the Organization to a concentration of deposit risk. The Organization has not experienced losses due to this concentration.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable is stated at the amount management expects to collect from outstanding balances. This assessment includes current and expected credit losses based on historical charge-off rates and anticipated future conditions that impact the collectability of receivables at December 31. Management provides for probable uncollectible amounts through a charge to change in net assets and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are determined to be uncollectible are written off through a charge to the valuation allowance and a credit to receivable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue and support. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Purchased property and equipment are stated at cost. Donated property is recognized as revenue and capitalized at its estimated fair value at the date of receipt. The Organization capitalizes assets that have a useful life greater than one year and a value greater than $1,000. Depreciation is computed using the straight-line method based on estimated useful lives of 7 to 40 years for buildings and improvements and 3 to 15 years for equipment and furniture.

Investments

The Organization carries investments at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Leases

The Organization leases office spaces and facilities. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Deferred Revenue

Income received in advance from public and government program service fees is deferred and recognized over the periods to which the fees relate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Government Program Service Fees

Government program service fees are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustment made by the funding agencies. The adjustments would be recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no adjustments resulting from government audits during the years ended December 31, 2024 and 2023.

Program Service Fees

Program service fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. These amounts are due from participants, third-party payors (including government programs). Generally, the Organization bills the participants and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied as programs are run and recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue is recognized as the service is rendered.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are recorded at their estimated fair values at the date of the donation. The estimated fair value of facilities donated is $134,320 and $183,084 for the years ended December 31, 2024 and 2023, respectively. The value of donated facilities was determined based on the market rent values provided by the lessor for similar rented space in the facility. The fair value of goods received is $5,696 and $12,819 for the years ended December 31, 2024 and 2023, respectively. The fair value of goods was determined to be the price of the goods had the Organization otherwise purchased them at market price. These donations are disclosed separately in the statement of activities and changes in net assets as Contributed Nonfinancial Assets. The donated property did not carry donor restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets (Continued)

The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not donated. Contributed services were $1,400 during the years ended December 31, 2024 and 2023.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributed to more than one program or supporting function and have been allocated among the programs and supporting services benefited. The expenses that are allocated include telephone, postage, minor equipment, office supplies, bookkeeping, insurance, depreciation, and President/CEO and COO payroll expense.

All expenses, except insurance, depreciation, and payroll, are allocated based on percentages that are reviewed annually during the budgeting process. Insurance is based on information provided to the Organization by the insurance carrier. Depreciation is based on the assets associated with that department. The President/CEO and COO payroll is based on the average time spent performing that activity.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Subsequent Events

Subsequent events were evaluated through April 24, 2025, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at December 31:

	2024	2023
Financial Assets:		
Cash and Cash Equivalents	$ 378,007	$ 626,685
Accounts Receivable, Net	526,112	601,640
Investments	2,863,236	3,238,118
Total Financial Assets	3,767,355	4,466,443
Less Those Unavailable for General Expenditures Within One Year:		
Restricted for Donors Purpose or Time	(158,223)	(261,779)
Restricted by Donors in Perpetuity	(518,811)	(491,316)
Financial Assets Available Within One Year	$ 3,090,321	$ 3,713,348

The Organization’s financial assets have seasonal variations attributed largely to the receipt of Camp Stand By Me fees (summer) and fundraising events (spring and winter). The Organization has an operating reserve that the governing board has dedicated with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. In the event of an unanticipated liquidity need, the Organization could also draw upon funds that are held in cash equivalents with its investment custodians.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.

Level 3 – Inputs that are not observable that reflect management’s assumptions and estimate. These inputs related to the timing and the amount of distributions.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables summarize the valuation of the Organization's financial investments and interests under the fair value hierarchy at December 31:

	2024			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 1,277,856	$ -	$ -	$ 1,277,856
Common Stock	1,008,346	-	-	1,008,346
The Seattle Foundation Pool	-	-	108,472	108,472
Trust Held by Others	-	-	468,562	468,562
Total Investments at Fair Value	$ 2,286,202	$ -	$ 577,034	$ 2,863,236

	2023			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 1,847,029	$ -	$ -	$ 1,847,029
Common Stock	849,523	-	-	849,523
The Seattle Foundation Pool	-	-	100,500	100,500
Trust Held by Others	-	-	441,066	441,066
Total Investments at Fair Value	$ 2,696,552	$ -	$ 541,566	$ 3,238,118

The changes in financial investments and interests measured at fair value using Level 3 inputs are reflected below for the years ended December 31:

	2024	2023
Balance - Beginning of Year	$ 541,566	$ 486,237
Contributions to Trust Held by Third Parties	2,524	3,478
Net Gain (Loss) on Trusts Held by Third Parties	27,495	42,820
Investment Return (Loss), Net	27,571	25,396
Distributions from Trust Held by Third Parties	(22,122)	(16,365)
Balance - End of Year	$ 577,034	$ 541,566

NOTE 4 TRUSTS HELD BY OTHERS

The Organization is a named, designated beneficiary of a perpetual trust (the Trust) that is held and administered by a bank. The Organization does not exercise control over the investment of the fund or the timing or amount of distributions. Distributions from the fund are available for general operating purposes.

The Organization's beneficial interest in the Trust is reported in the accompanying statements of financial position as a net asset with donor restrictions of a perpetual nature carried at fair value report by the trustee at year-end. Fair value is measured as the underlying value of the assets held in perpetuity for the Organization's benefit (Level 3 inputs as described in Note 3). The Organization's interest in gains or losses in the fund's value is recognized in the statements of activities and is included in the change in net assets with donor restrictions of a perpetual nature. The Organization records receipts of distributions for the Trust as investment return without donor restrictions.

NOTE 5 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD-DESIGNATED

The Organization's board of directors has designated a portion of net assets without donor restrictions, composed of cash and cash equivalents and investments, for the following purposes at December 31:

	2024	2023
Operating Reserve	$ 118,924	$ 118,924
Other Operating Funds - MacKenzie Scott	1,967,031	2,308,434
Total Net Assets Without Donor Restrictions - Board-Designated	$ 2,085,955	$ 2,427,358

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows at December 31:

	2024	2023
Restricted for a Specified Purpose or Passage of Time:		
Camp Project Fire Pit	$ 20,000	$ -
Comcast Digital Mental Health	-	10,000
ELF Grant	-	99,708
Angle Lake DCYF Grant	80,000	-
Inatai Foundation	-	100,000
Endowment - Unappropriated Investment Return	58,223	50,250
Other Programs	-	1,821
Total	158,223	261,779
Perpetual in Nature:		
Endowment - Corpus	50,250	50,250
Beneficial Interest in Perpetual Trust	468,561	441,066
Total	518,811	491,316
Total Net Assets With Donor Restrictions	$ 677,034	$ 753,095

NOTE 7 ENDOWMENT

<u>Nature of Endowment and Applicable Laws</u>

The Endowment consists of one donor-restricted endowment in which the investment return is to be used for building and upgrading camp facilities. Additionally, the Organization is a designated beneficiary of a perpetual trust, as described in Note 4.

NOTE 7 ENDOWMENT (CONTINUED)

Nature of Endowment and Applicable Laws (Continued)

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts that are not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization’s investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies for the Endowment asset that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

The Endowment investments are managed by The Seattle Foundation (the Foundation). The Foundation was established in 1946 and since its formation has managed funds for many nonprofit organizations in the Puget Sound area. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation protected rate of return that has sufficient liquidity to make an annual distribution based growth of the funds, while allowing growth if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 4.5% annually. Currently, the expected nominal rate of return is approximately 8%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Realized and unrealized gains/losses from securities in the investment pool are allocated to the individual accounts based on the relationship of the fair value of each account to the total fair value of the pooled investment accounts, as adjusted for additions to and deductions from those accounts.

NOTE 7 ENDOWMENT (CONTINUED)

Spending Policy

For the Endowment, the Organization has a policy of appropriating for distribution each year based on the growth of the funds. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation's assets are principally in trusts from which income is distributed to the participating Organizations. The Foundation's spending policy provides that up to 4.5% of the market value of the invested assets (calculated using a 12-quarter rolling average) on invested assets can be expended annually. The Organization expects the current spending policy to allow its endowment funds to grow at a rate equal to inflation. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment net assets are as follows for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - January 1, 2023	$ -	$ 486,237	$ 486,237
Contributions	-	3,478	3,478
Investment Loss, Net	-	25,396	25,396
Distributions	-	(16,365)	(16,365)
Net Depreciation of Endowment	-	42,820	42,820
Balance - December 31, 2023	-	541,566	541,566
Contributions	-	2,524	2,524
Investment Return, Net	-	27,571	27,571
Distributions	-	(22,122)	(22,122)
Net Appreciation of Endowment	-	27,495	27,495
Balance - December 31, 2024	$ -	$ 577,034	$ 577,034

NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the year ending December 31:

	2024	2023
Use of Facility	$ 134,320	$ 183,084
Furniture and Equipment	3,141	-
Supplies and Books	475	1,000
Giftcards and Goods	260	7,085
Services	1,400	1,400
Other	1,820	4,734
Total Contributed Nonfinancial Assets	$ 141,416	$ 197,303

NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Contributed goods are recorded as in-kind contribution revenue and expense when received. The Organization receives goods for their camps and facilities as well as items to be auctioned at their fundraising events. Furniture and equipment and supplies and books are used at their camps and other facilities. The Organization receives gift cards and goods to be sold at its fundraisers as part of an auction. Contributed auction items are valued at the gross selling price received at auction.

NOTE 9 LEASES

The Organization leases office space and facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

Total operating lease cost of $309,833 and $321,282 as of December 31, 2024 and 2023, respectively, is included in occupancy on the Organization's statement of functional expenses.

Amounts reported on the balance sheet are as follows as of December 31:

	2024	2023
Operating Lease Right-of-Use Assets	$ 697,964	$ 570,543
Operating Lease Obligation	696,629	639,904

The following is a schedule of total future minimum lease payments and the present value of future minimum lease payments for operating leases:

Year Ending December 31,	Amount
2025	$ 290,564
2026	301,099
2027	74,159
2028	40,377
2029	30,347
Thereafter	-
Total Undiscounted Lease Payments	736,546
Less: Imputed Interest	39,917
Total Operating Lease Obligation	696,629
Current Portion	255,135
Long-Term Operating Lease Obligation	$ 441,494

NOTE 9 LEASES (CONTINUED)

Other information related to the Organization's operating leases was as follows as of December 31:

	2024	2023
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$ 322,958	$ 292,702
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 91,963	$ -
Weighted-Average Remaining Lease Term - Operating Leases	2.7 Years	2.6 Years
Weighted-Average Discount Rate - Operating Leases	4.10%	2.00%

NOTE 10 EMPLOYEE RETENTION CREDIT

The Organization is eligible for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the American Rescue Plan Act (ARPA). Easterseals Washington followed ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, to account for the reductions to payroll taxes or cash refunds related to the ERC.

For 2020, the tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee, which is up to $5,000 per employee, from March 13, 2020 through December 31, 2020. For 2021, the tax credit is equal to 70% of qualified wages paid to employees for a maximum credit per employee of $7,000 per employee for each calendar quarter through September 30, 2021.

During the year ended December 31, 2023, Easterseals Washington recognized revenue of $1,082,350 as employee retention credit in the statement of activities and change in net assets related to the total refundable payroll tax credit claimed for the year of 2023, which all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled prior to the year-end. No new employee retention credit revenue was recognized or received for year ended December 31, 2024.

Eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors are subject to review. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through April 24, 2025, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2024, but prior to April 24, 2025, that provide additional evidence about conditions that existed at December 31, 2024, have been recognized in the financial statements for the year ended December 31, 2024. Events or transactions that provided evidence about conditions that did not exist at December 31, 2024, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2024.