Easter Seals, Inc. and Easter Seals Foundation

Consolidated Financial Report
December 31, 2021

Contents

Independent Auditor's Report

To the Board of Directors
Easterseals

Opinion
We have audited the consolidated financial statements of Easter Seals, Inc. and Easter Seals Foundation (collectively, Easterseals), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Easterseals as of December 31, 2021 and 2020, and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Easterseals 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' ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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' 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 the Easterseals' 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.

RSM US LLP

Chicago, Illinois
June 21, 2022

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 3,607,600	$ 19,053,700
Investments	27,836,700	8,558,500
Accounts receivable from affiliates, less allowance for doubtful accounts of 2021 $82,800; 2020 $35,300	290,400	157,600
Government grants and contract receivable	2,393,800	2,510,000
Pledges receivable, net	1,500,000	-
Other accounts receivable, less allowance for doubtful accounts of 2021 $0; 2020 $52,600	571,400	719,400
Prepaid expenses	823,400	797,800
Total current assets	37,023,300	31,797,000
Long-term assets:		
Equipment and leasehold improvements, net	1,333,000	1,625,300
Investments for charitable gift annuities	1,311,400	1,359,600
Other accounts receivable	-	30,800
Beneficial interest in trusts	2,562,700	2,513,500
Other assets	200,000	200,000
Total long-term assets	5,407,100	5,729,200
Total assets	$ 42,430,400	$ 37,526,200
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,673,600	$ 3,780,500
Accounts payable to affiliates	-	500
Capital lease obligation	4,500	-
Total current liabilities	3,678,100	3,781,000
Long-term liabilities:		
Capital lease obligation	-	9,800
Accounts payable to affiliates	386,600	381,500
Charitable gift annuities	538,300	613,700
Deferred rent and other	2,403,800	2,622,600
Pension liability	6,495,800	10,212,700
Total long-term liabilities	9,824,500	13,840,300
Total liabilities	13,502,600	17,621,300
Net assets:		
Without donor restrictions:		
Available for operations	33,653,200	31,382,500
Net actuarial pension loss	(11,088,300)	(14,674,000)
	22,564,900	16,708,500
With donor restrictions	6,362,900	3,196,400
Total net assets	28,927,800	19,904,900
Total liabilities and net assets	$ 42,430,400	$ 37,526,200

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating:			
Public support:			
Contributions	$ 27,974,800	$ 3,977,000	$ 31,951,800
Change in value of split-interest agreements	(54,700)	(66,500)	(121,200)
Government grants	24,604,900	-	24,604,900
In-kind contributions	6,425,700	-	6,425,700
Total public support	58,950,700	3,910,500	62,861,200
Revenues:			
Membership fees from affiliates	4,952,900	-	4,952,900
Sales and services to affiliates	300	-	300
Investment returns	470,700	115,700	586,400
Miscellaneous revenue	1,092,500	-	1,092,500
Net assets released from restrictions	859,700	(859,700)	-
Total revenues	7,376,100	(744,000)	6,632,100
Total public support and revenues	66,326,800	3,166,500	69,493,300
Expenses:			
Program services:			
Services for affiliates:			
Program development	22,265,300	-	22,265,300
Professional education and training	2,619,700	-	2,619,700
Fundraising advisory	4,726,800	-	4,726,800
Management advisory	2,016,400	-	2,016,400
Total services for affiliates	31,628,200	-	31,628,200
Public health education	10,760,500	-	10,760,500
Advocacy for persons with disabilities and research	3,867,300	-	3,867,300
Total program services	46,256,000	-	46,256,000
Supporting services:			
Fundraising	13,675,800	-	13,675,800
Management and general	3,055,500	-	3,055,500
Total supporting services	16,731,300	-	16,731,300
Total operating expenses	62,987,300	-	62,987,300
Public support and revenues less operating expenses	3,339,500	3,166,500	6,506,000
Nonoperating:			
Net periodic pension benefit cost	(1,068,800)	-	(1,068,800)
Pension liability adjustments other than net periodic benefit cost	3,585,700	-	3,585,700
Total nonoperating	2,516,900	-	2,516,900
Change in net assets	5,856,400	3,166,500	9,022,900
Net assets (deficit), beginning of year	16,708,500	3,196,400	19,904,900
Net assets, end of year	$ 22,564,900	$ 6,362,900	$ 28,927,800

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating:			
Public support:			
Contributions	$ 41,339,700	$ 1,077,300	$ 42,417,000
Change in value of split-interest agreements	(61,200)	259,900	198,700
Government grants	22,587,700	-	22,587,700
In-kind contributions	2,043,300	-	2,043,300
Total public support	65,909,500	1,337,200	67,246,700
Revenues:			
Membership fees from affiliates	4,873,800	-	4,873,800
Sales and services to affiliates	145,800	-	145,800
Investment returns	533,600	109,000	642,600
Payroll Protection Program grant	830,400	-	830,400
Miscellaneous revenue	876,200	-	876,200
Net assets released from restrictions	927,800	(927,800)	-
Total revenues	8,187,600	(818,800)	7,368,800
Total public support and revenues	74,097,100	518,400	74,615,500
Expenses:			
Program services:			
Services for affiliates:			
Program development	21,046,200	-	21,046,200
Professional education and training	2,203,300	-	2,203,300
Fundraising advisory	2,860,800	-	2,860,800
Management advisory	1,521,500	-	1,521,500
Total services for affiliates	27,631,800	-	27,631,800
Public health education	8,194,400	-	8,194,400
Advocacy for persons with disabilities and research	1,235,800	-	1,235,800
Total program services	37,062,000	-	37,062,000
Supporting services:			
Fundraising	12,967,900	-	12,967,900
Management and general	2,214,400	-	2,214,400
Total supporting services	15,182,300	-	15,182,300
Total operating expenses	52,244,300	-	52,244,300
Public support and revenues less operating expenses	21,852,800	518,400	22,371,200
Nonoperating:			
Net periodic pension benefit cost	(1,222,500)	-	(1,222,500)
Pension liability adjustments other than net periodic benefit cost	145,200	-	145,200
Total nonoperating	(1,077,300)	-	(1,077,300)
Change in net assets	20,775,500	518,400	21,293,900
Net assets (deficit), beginning of year	(4,067,000)	2,678,000	(1,389,000)
Net assets (deficit), end of year	$ 16,708,500	$ 3,196,400	$ 19,904,900

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services											
	Affiliates					Headquarters						
	Program Development	Professional Education and Training	Fundraising Advisory	Management Advisory	Total Services for Affiliates	Public Health Education	Advocacy for Persons with Disabilities and Research	Total Headquarters' Programs	Total Program Services	Fundraising	Management and General	Total Expenses
Salaries and related expenses	$ 994,700	$ 938,800	$ 768,600	$ 706,000	$ 3,408,100	$ 244,900	$ 2,400	$ 247,300	$ 3,655,400	$ 901,100	$ 1,692,900	$ 6,249,400
Mail production and services	2,400	-	38,000	-	40,400	6,614,100	-	6,614,100	6,654,500	10,770,300	200	17,425,000
Grants and awards	19,764,500	2,200	2,735,900	500	22,503,100	49,800	160,000	209,800	22,712,900	353,900	4,600	23,071,400
Professional fees	1,132,000	1,368,100	921,100	1,048,700	4,469,900	417,500	344,300	761,800	5,231,700	1,158,300	805,800	7,195,800
Printing and media	21,200	4,000	39,200	23,900	88,300	3,334,200	3,334,200	6,668,400	6,756,700	14,300	4,000	6,775,000
Travel	2,700	28,900	2,400	4,400	38,400	1,200	-	1,200	39,600	6,100	3,300	49,000
Conferences and meetings	30,900	40,700	6,800	34,300	112,700	500	-	500	113,200	25,600	2,700	141,500
Occupancy	221,900	195,800	156,700	156,600	731,000	-	-	-	731,000	249,600	326,900	1,307,500
Telephone and communications	12,200	15,700	6,500	9,400	43,800	200	-	200	44,000	9,400	32,300	85,700
Office supplies	49,200	9,700	2,000	12,500	73,400	200	23,600	23,800	97,200	10,000	34,800	142,000
Postage and shipping	8,300	300	400	2,600	11,600	700	-	700	12,300	1,200	2,500	16,000
Miscellaneous	8,600	5,200	38,400	5,900	58,100	51,900	2,700	54,600	112,700	93,200	16,100	222,000
Repair and maintenance	1,700	1,500	1,200	1,200	5,600	-	-	-	5,600	1,900	2,600	10,100
Depreciation and amortization	15,000	8,800	9,600	10,400	43,800	45,300	100	45,400	89,200	80,900	126,800	296,900
Total expenses	$ 22,265,300	$ 2,619,700	$ 4,726,800	$ 2,016,400	$ 31,628,200	$ 10,760,500	$ 3,867,300	$ 14,627,800	$ 46,256,000	$ 13,675,800	$ 3,055,500	$ 62,987,300

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services											
	Affiliates					Headquarters						
	Program Development	Professional Education and Training	Fundraising Advisory	Management Advisory	Total Services for Affiliates	Public Health Education	Advocacy for Persons with Disabilities and Research	Total Headquarters' Programs	Total Program Services	Fundraising	Management and General	Total Expenses
Salaries and related expenses	$ 948,800	$ 760,400	$ 539,400	$ 559,700	$ 2,808,300	$ 189,100	$ 7,400	$ 196,500	$ 3,004,800	$ 836,500	$ 1,302,900	$ 5,144,200
Mail production and services	-	-	22,700	-	22,700	6,647,400	-	6,647,400	6,670,100	9,701,000	100	16,371,200
Grants and awards	18,124,800	13,100	1,673,300	-	19,811,200	55,700	-	55,700	19,866,900	936,900	1,000	20,804,800
Professional fees	1,144,700	1,217,600	459,700	737,800	3,559,800	352,400	299,000	651,400	4,211,200	1,092,900	360,400	5,664,500
Printing and media	35,100	3,500	11,500	9,200	59,300	892,500	892,500	1,785,000	1,844,300	10,700	3,100	1,858,100
Travel	12,300	14,600	1,700	8,000	36,600	200	100	300	36,900	6,500	6,700	50,100
Conferences and meetings	21,200	19,100	1,500	15,600	57,400	600	-	600	58,000	27,800	2,600	88,400
Occupancy	285,700	137,600	114,400	141,100	678,800	1,400	1,000	2,400	681,200	248,900	338,200	1,268,300
Telephone and communications	26,200	15,500	7,300	14,400	63,400	200	600	800	64,200	14,800	21,300	100,300
Office supplies	391,900	4,300	1,900	15,700	413,800	-	8,500	8,500	422,300	5,600	8,300	436,200
Postage and shipping	24,400	900	800	1,700	27,800	600	-	600	28,400	1,700	1,700	31,800
Miscellaneous	5,900	9,400	17,200	4,400	36,900	31,100	18,800	49,900	86,800	31,400	25,400	143,600
Repair and maintenance	2,600	1,300	1,000	1,300	6,200	-	-	-	6,200	2,300	3,300	11,800
Depreciation and amortization	22,600	6,000	8,400	12,600	49,600	23,200	7,900	31,100	80,700	50,900	139,400	271,000
Total expenses	$ 21,046,200	$ 2,203,300	$ 2,860,800	$ 1,521,500	$ 27,631,800	$ 8,194,400	$ 1,235,800	$ 9,430,200	$ 37,062,000	$ 12,967,900	$ 2,214,400	$ 52,244,300

See notes to consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ 9,022,900**	$ 21,293,900
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**296,900**	271,000
Net unrealized and realized gains on investments	**(119,700)**	(228,000)
Change in value of perpetual trusts	**(115,700)**	(109,000)
Change in value of split-interest agreements	**66,500**	(198,700)
Change in value of pension liability	**(2,516,900)**	1,077,300
Changes in assets and liabilities:		
Accounts receivable from affiliates	**(132,800)**	176,000
Government grants and contract receivable	**116,200**	674,800
Pledges receivable, net	**(1,500,000)**	5,000
Other accounts receivable	**178,800**	59,400
Prepaid expenses	**(25,600)**	(31,800)
Beneficial interests in trusts	**48,200**	(61,100)
Accounts payable and accrued liabilities	**(106,900)**	(894,900)
Accounts payable to affiliates	**4,600**	(24,000)
Charitable gift annuities	**12,400**	(35,400)
Deferred rent and other	**(218,700)**	(387,900)
Payments on pension liability	**(1,200,000)**	(1,138,800)
Net cash provided by operating activities	**3,810,200**	20,447,800
Cash flows from investing activities:		
Purchases of equipment	**(4,300)**	(124,200)
Purchases of investments	**(26,826,500)**	(1,187,800)
Proceeds from maturity or sale of investments	**7,667,600**	1,293,300
Net cash used in investing activities	**(19,163,200)**	(18,700)
Cash flows from financing activities:		
Repayments on line of credit	**-**	(1,846,300)
Payments to annuitants	**(87,800)**	(93,500)
Payments on capital lease obligations	**(5,300)**	(12,900)
Net cash used in financing activities	**(93,100)**	(1,952,700)
Net change in cash and cash equivalents	**(15,446,100)**	18,476,400
Cash and cash equivalents:		
Beginning of year	**19,053,700**	577,300
End of year	**$ 3,607,600**	$ 19,053,700
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ -**	$ 400

See notes to consolidated financial statements.

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

Nature of the organization: Easter Seals, Inc. is a leading nonprofit provider of services for individuals with autism, developmental disabilities, physical and mental disabilities, and other special needs. For more than 100 years, Easter Seals, Inc. and Easter Seals Foundation (collectively referred to as Easterseals) has been offering help and hope to children and adults living with disabilities and to their families. Easter Seals Foundation exists to support Easter Seals, Inc. and while the Foundation has been inactive, there are plans to reactivate its objective which is to raise funds to further Easter Seals, Inc.'s initiatives and programs.

Through therapy, training, education, and support services, Easterseals is leading the way to full equity, inclusion, and access to education, healthcare, and employment opportunities so that people with disabilities can fully participate in their communities.

Through its National Office and its network of 70 Affiliates, Easterseals provides services and supports to individuals with disabilities and their families across the United States.

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

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

Summary of Significant Accounting Policies

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

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

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

Cash and cash equivalents: Cash and cash equivalents include highly liquid short-term investments with maturities of 90 days or less from the date of purchase with the exception of cash held for reinvestment, which is included in investments. Easterseals maintains its cash balance in financial institutions, which at times may exceed federally insured limits. Easterseals has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

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

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

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

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

Easterseals regularly evaluates whether circumstances have occurred that would indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. When factors indicate that such assets should be evaluated for possible impairment, Easterseals uses an estimate of the undiscounted cash flows over the remaining life of the assets in measuring whether the assets are recoverable. In the opinion of management, no impairment adjustments were required at December 31, 2021 or 2020.

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

Leasehold improvements	Life of lease
Furniture and fixtures	5 - 11 years
Computer equipment and software	3 - 5 years

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

Other assets: Easterseals' domain name is considered an intangible asset with an indefinite life. Easterseals reviews the intangible asset for impairment on or about December 31 of each year. Recoverability for this asset is measured by comparing its carrying amount to the fair value. If the intangible is considered impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value. Easterseals did not record any impairment charges during 2021 or 2020.

Pledges receivable: Pledges that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Pledges receivable have been discounted using rates that approximate the risk associated with the ultimate collection of the receivable. The discount is amortized using an effective yield over the expected collection period of the receivable. As of December 31, 2021, pledges receivable of $1,500,000 is expected to be received within one year. In 2021 and 2020, no pledges were deemed uncollectible and written off.

Beneficial interest in trusts: Easterseals has been designated as the beneficiary of assets held in remainder trusts administered by other trustees. Easterseals recognize contribution revenue with donor restrictions and an asset for the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable to reflect the revaluation of the present value of the estimated future payments to Easterseals are recognized in the consolidated statement of activities as a change in value of split-interest agreements.

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

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

Net assets: Easterseals classifies its net assets, revenue, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Easterseals are reported as follows:

Without donor restrictions: Net assets composing of all resources that are not subject to donor-directed restrictions, such as expendable resources used to support Easterseals' core activities. All expenses are recorded as a reduction of net assets without donor restrictions.

With donor restrictions: Net assets subject to donor-imposed restrictions carry restrictions that expire upon passage of a prescribed period or upon the occurrence of a stated event as specified by the donor, at which time they are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

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

Included in net assets with donor restrictions are gifts held by Easterseals pending their use in accordance with donor stipulations and unexpended gifts from pledges and living trust agreements where the principal is expendable upon redemption or maturity. Contributions received with donor-imposed restrictions that are met in the same reporting period are reflected as an addition and reduction to net assets with donor restrictions. Also included in this category are net assets subject to donor-directed restrictions to be maintained in perpetuity by Easterseals.

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

In the year ended December 31, 2020, Easterseals received a onetime unrestricted $15,000,000 contribution for Easterseals to continue its mission. This contribution is recorded in the 2020 consolidated statement of activities and changes of net assets in the contributions line item.

Government grants: Easterseals records revenue under government grant agreements based on their respective terms. Government grants are primarily conditional contributions which are recognized when the barriers have been substantially met (generally when qualifying expenses have been incurred and all other grant requirements have been met). Easterseals has received conditional commitments, which generally represent unexpended government grants, amounting to $12,941,000 which have not been recognized, because Easterseals has not yet met the related barriers. These amounts will be subject to recognition as Easterseals incurs qualifying expenses and performs its duties under the terms of the grant agreements. Easterseals has elected the practical expedient allowing for simultaneous release from restriction when the conditions are met; therefore, government grant revenue is recorded as revenue without donor restrictions. Easterseals receives a substantial amount of its operating support from the federal government. Any significant reduction in the level of this support could have an effect on Easterseals' programs.

In-kind contributions: Easterseals records, as in-kind contributions, contributions of fundraising material, informational material, or advertising, including media time or space for public service announcements or other purposes, that are used for Easterseals' benefit and that encourage the public to contribute to Easterseals or help Easterseals communicate its message or mission. Easterseals will not record a contribution in circumstances in which Easterseals is unable to have an active involvement in determining and managing the message and the use of the materials. In-kind contributions in 2021 and 2020 primarily relate to public service announcements for Easterseals. These contributions are recorded at fair value, which is based on the number of airings and average market media prices obtained from the nation's largest media buying sources. The in-kind contributions are in effect offset by like amounts included in public health education and advocacy for persons with disabilities and research in the consolidated statement of activities and changes in net assets, as well as in printing and media expense in the consolidated statement of functional expenses.

Membership fees from Affiliates: Membership fees are recognized in the month for which the membership applies, and Affiliates are invoiced at the beginning of each month. Monthly fees per Affiliate include a base fee plus supplementary fees for major markets included in that Affiliate's assigned territory. Major markets are defined as the most populous counties in the nation as determined by the U.S. Census Bureau Population Estimates Program. All performance obligations are met during the month for which the membership applies and therefore, at year end, Easterseals does not have any outstanding performance obligations.

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

Sales and services to Affiliates: Sales and services to Affiliates are recognized when the related services are provided, at which time the performance obligations are met. Sales and services may include registration fees for events, website management fees, planned giving management, and various fees for Easterseals articles. As of December 31, 2021 and 2020, Easterseals does not have any outstanding performance obligations.

The revenue streams noted above do not include significant financing components as performance obligations are satisfied within a year of invoicing. Also, there are no consideration amounts that are variable.

Operating expenses: Operating expenses are presented in the consolidated statement of activities on a functional basis, classified according to the significant program activity related to the purpose for which Easterseals exists or supporting service. The consolidated financial statements report certain categories of expenses that are attributed to more than one program of supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, which are allocated on the basis of actual time and effort, office supplies, software, insurance, occupancy, depreciation, and telephone, which are allocated by department headcounts.

The significant activities are:

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

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

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

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

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

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

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

Grants and awards: Grants and awards to Affiliates for program development purposes are considered unconditional and are recognized as expense once a grant or award has been made. The discount is amortized using an effective yield over the expected life of the awards and grants contracts and is reflected as program service expense.

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

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, Easter Seals, Inc. and Easter Seals Foundation may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Easter Seals, Inc. and Easter Seals Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in these consolidated financial statements.

Easter Seals, Inc. and Easter Seals Foundation file Form 990 in the U.S. federal jurisdiction and the State of Illinois.

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

Pending accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The new standard is effective for Easterseals in 2022. Easterseals is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In September 2020, the FAS issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. The ASU also requires a not-for-profit entity to disclose contributed nonfinancial assets received disaggregated by category that depicts the type of contributed nonfinancial assets. The new standard is effective for Easterseals in 2022. Easterseals is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Risks and uncertainties: The COVID-19 pandemic has developed rapidly in 2020 and continued throughout 2021. Measures taken by various governments to contain the virus have affected every aspect of the economy. Easterseals took a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for employees and clients (such as social distancing and working from home) and assistance programs for our Affiliate organizations. The impact on Easterseals business and financial results due to the pandemic have not been significant. Easterseals will continue to follow the various government policies and advice and, in parallel, will continue operations in the best and safest way possible without jeopardizing the health of Easterseals employees.

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

Subsequent events: Easterseals has evaluated subsequent events for potential recognition and/or disclosure through June 21, 2022, the date the consolidated financial statements were available to be issued.

Note 2. Financial Assets and Liquidity Resources

The table below presents information related to financial assets available for general expenditures within one year at December 31, 2021:

	2021	2020
Financial assets, at year-end:		
Cash and cash equivalents	$ 3,607,600	$ 19,053,700
Investments	27,836,700	8,558,500
Accounts receivable from affiliates	290,400	157,600
Government grants and contract receivable	2,393,800	2,510,000
Pledges receivable, net	1,500,000	-
Other accounts receivable, net	571,400	750,200
Investments for charitable gift annuities	1,311,400	1,359,600
Beneficial interest in trusts	2,562,700	2,513,500
	40,074,000	34,903,100
Less amounts not available to be used within one year:		
Other accounts receivable due after one year	-	(30,800)
Net assets with donor restrictions	(6,362,900)	(3,196,400)
Charitable gift annuities	(1,311,400)	(1,359,600)
Financial assets available to meet cash needs for general expenditures within one year	$ 32,399,700	$ 30,316,300

Easterseals liquidity management plan is to utilize cash in excess of daily requirements to reduce the pension liability and increase reserves.

Note 3. Beneficial Interest in Trusts

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

	Discount Rate	Principal Amount 2021	Remaining Years	Fair Value 2021	Fair Value 2020
1998 Charitable remainder trust	1.55%	$ 1,682,500	15	$ 222,600	$ 225,400
1999 Charitable remainder trust	1.47%	1,000,000	13	827,600	894,400
2009 Charitable remainder trust	1.47%	274,700	13	94,400	91,300
				$ 1,144,600	$ 1,211,100

Note 3. Beneficial Interest in Trusts (Continued)

Easterseals' beneficial interest in perpetual trusts is summarized as follows:

	Principal Amount 2021	Easter Seals Interest	Fair Value 2021	Fair Value 2020
2011 Perpetual Trust	$ 972,000	100%	$ 972,000	$ 896,000
2011 Perpetual Trust	3,718,600	10%	371,900	343,900
2011 Perpetual Trust	74,200	100%	74,200	62,500
			$ 1,418,100	$ 1,302,400

Contribution revenue recognized in the consolidated statements of activities related to the above beneficial interest in trusts was $0 for the years ended December 31, 2021 and 2020.

Note 4. Fixed Assets

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

	2021	2020
Leasehold improvements	$ 1,262,000	$ 1,262,000
Furniture and fixtures	447,500	447,500
Computers, equipment and software	1,196,200	1,191,900
	2,905,700	2,901,400
Accumulated depreciation and amortization	(1,572,700)	(1,276,100)
Total fixed assets	$ 1,333,000	$ 1,625,300

Software amortization expense for the years ended December 31, 2021 and 2020, was $114,200 and $83,200, respectively. Total accumulated software amortization expense for the years ended December 31, 2021 and 2020, was approximately $372,900 and $258,700, respectively.

Note 5. Fair Value Disclosures

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

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

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

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

For the years ended December 31, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis:

Investment Securities

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

Certificates of Deposit

Certificates of deposit are recorded at cost and accrued interest which approximates fair value.

Beneficial Interest in Trusts

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

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

Note 5. Fair Value Disclosures (Continued)

The following tables present Easterseals' fair value hierarchy for the investments as of December 31, 2021 and 2020:

	2021			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Money Market Funds	$ 762,800	$ 762,800	$ -	$ -
Equity Securities:				
U.S. Large Cap Growth - Mutual Funds	6,339,900	6,339,900	-	-
U.S. Small & Mid Cap - Mutual Funds	128,800	128,800	-	-
Real Estate Mutual Funds	553,100	553,100	-	-
International Mutual Funds	6,370,200	6,370,200	-	-
Total Equity Securities	13,392,000	13,392,000	-	-
Fixed Income Securities:				
Government Bonds	106,600	106,600	-	-
U.S. Corporate Bond Mutual Funds	14,886,700	14,886,700	-	-
Total Fixed Income Securities	14,993,300	14,993,300	-	-
Total Investments at Fair Value	$ 29,148,100	$ 29,148,100	$ -	$ -
Beneficial Interest in Trusts	$ 2,562,700	$ -	$ -	$ 2,562,700

Note 5. Fair Value Disclosures (Continued)

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Money Market Funds	$ 91,200	$ 91,200	$ -	$ -
Equity Securities:				
U.S. Large Cap Growth - Mutual Funds	386,200	386,200	-	-
U.S. Small & Mid Cap - Mutual Funds	288,200	288,200	-	-
Real Estate Mutual Funds	19,300	19,300	-	-
International Mutual Funds	576,100	576,100	-	-
Total Equity Securities	1,269,800	1,269,800	-	-
Fixed Income Securities:				
Government Bonds	2,128,300	2,128,300	-	-
U.S. Corporate Bond Mutual Funds	1,073,000	1,073,000	-	-
Total Fixed Income Securities	3,201,300	3,201,300	-	-
Total Investments at Fair Value	4,562,300	$ 4,562,300	$ -	$ -
Certificates of Deposit	5,355,800			
Total Investments	$ 9,918,100			
Beneficial Interest in Trusts	$ 2,513,500	$ -	$ -	$ 2,513,500

Easterseals maintains a portion of its investment portfolio in a separate account as a reserve for its charitable gift annuities. This reserve totaled $1,311,400 and $1,359,600 at December 31, 2021 and 2020, respectively.

	2021 Beneficial Interest in Trusts	2020 Beneficial Interest in Trusts
Balance, beginning of year	$ 2,513,500	$ 2,144,700
Annual distributions from perpetual trusts	(54,100)	(53,800)
Change in value of trusts	103,300	422,600
Balance, end of year	$ 2,562,700	$ 2,513,500

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

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

	2021	2020
Interest and dividends	$ 296,900	$ 177,400
Perpetual trust interest and dividends	54,100	53,800
Realized and unrealized gains	119,700	302,400
Perpetual trust unrealized gain	115,700	109,000
	$ 586,400	$ 642,600

Note 7. Debt

Easterseals had an available $6,500,000 bank line of credit in 2020 which expired on July 3, 2021 and was not renewed. There were no borrowings under this line of credit during 2021.

Note 8. Affiliates

Easterseals requires each Affiliate to submit its annual audited financial statements, its annual return of organization exempt from income tax (Form 990, filed with the Internal Revenue Service), and an Easterseals data template, by certain dates during each year. Easterseals headquarters reviews the audited consolidated financial statements and agrees the information to the template to ensure accuracy. The information is then aggregated and included in Easterseals' non-audited annual report. This unaudited financial information, summarized for the most recent annual reporting periods (2020 and 2019), is as follows:

	(Unaudited)	
	2020	2019
Total assets	$ 1,720,786,000	$ 1,743,558,000
Total liabilities	561,262,000	555,247,000
Total net assets(1)	1,159,524,000	1,188,311,000
Total revenues	1,877,329,000	2,225,411,000
Total expenses and other changes in net assets	1,838,142,000	2,183,299,000

(1) Balances reflected above are aggregate totals for Affiliates reporting in each year.

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

As participants in the Easterseals organization, Affiliates paid membership fees of $4,952,900 and $4,873,800 for 2021 and 2020, respectively. Accounts receivable balances from Affiliates, after allowances for uncollectible accounts, at December 31, 2021 and 2020, were $290,400 and $157,600, respectively. These amounts are classified in current assets based on timing of expected payments.

Note 8. Affiliates (Continued)

The aggregate amount of contributions and charitable gift annuities for which Easterseals is obligated to its Affiliates as of December 31, 2021 and 2020, are $386,600 and $382,000, respectively. As of December 31, 2021 and 2020, the contributions and charitable gift annuities are payable as follows:

	2021	2020
Gross amounts due in:		
One year	$ -	$ 500
One to five years	-	-
Thereafter	386,600	381,500
Total	$ 386,600	$ 382,000

Note 9. Allocation of Joint Information Costs

For the years ended December 31, 2021 and 2020, Easterseals incurred joint program services costs of $17,425,000 and $16,371,200, respectively, for informational materials that included fundraising appeals. For 2021 and 2020, Easterseals allocated $6,614,100 and $6,647,400, respectively, to public health education and $10,770,300 and $9,701,000, respectively, to fundraising.

Note 10. Pension Plan

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

The following tables set forth the accumulated benefit obligation, projected benefit obligation, and the change in the plan assets of the defined benefit pension plan with measurement dates of December 31, 2021 and 2020. The tables also reflect the funded status of the plan, as well as recognized and unrecognized amounts in the consolidated statements of financial position.

Note 10. Pension Plan (Continued)

	2021	2020
Accumulated benefit obligation	$ 36,654,700	$ 38,777,500
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 38,777,500	$ 35,787,900
Interest cost	888,200	1,097,700
Actuarial (loss) gain	(1,052,500)	3,741,200
Benefits paid	(1,958,500)	(1,849,300)
Projected benefit obligation at end of year	36,654,700	38,777,500
Change in plan assets:		
Fair value of plan assets at beginning of year	28,564,800	25,513,600
Actual return on plan assets	2,352,600	3,761,700
Employer contributions	1,200,000	1,138,800
Benefits paid	(1,958,500)	(1,849,300)
Fair value of plan assets at end of year	30,158,900	28,564,800
Reconciliation of funded status:		
Funded status	(6,495,800)	(10,212,700)
Net amount recognized	$ (6,495,800)	$ (10,212,700)
Amounts recognized in statement of financial position consist of:		
Noncurrent liabilities	$ (6,495,800)	$ (10,212,700)

Included in unrestricted net assets at December 31, 2021 and 2020, are unrecognized actuarial losses of $11,088,300 and $14,764,000, respectively, that have not been recognized in the net periodic pension cost.

The estimated net actuarial loss for this defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is $1,075,700.

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

	2021	2020
Current year actuarial loss	$ (1,942,500)	$ 1,320,300
Amortization of net loss	(1,643,200)	(1,465,500)
	$ (3,585,700)	$ (145,200)
Components of net periodic benefit cost:		
Interest cost	$ 888,300	$ 1,097,700
Expected return on plan assets	(1,462,700)	(1,340,700)
Amortization of actuarial loss	1,643,200	1,465,500
Net periodic benefit cost	$ 1,068,800	$ 1,222,500

Note 10. Pension Plan (Continued)

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

	2021	2020
Weighted-average discount rate	2.70%	2.35%
Weighted-average rate of compensation increase	N/A	N/A

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

	2021	2020
Weighted-average discount rate	2.35%	3.15%
Weighted-average rate of compensation increase	N/A	N/A
Weighted-average expected long-term rate of return on plan assets	6.00%	6.25%

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

Plan Assets

In 2017, Easterseals changed asset managers and separated the assets of the Master Trust into individual investment accounts for each pension plan. The investment accounts for each pension plan are now invested in pooled separate accounts. The following value of plan assets in 2021 and 2020 relate solely to the Easter Seals, Inc. Pension Plan. Following is a description of the valuation methodology used for assets measured at fair value at December 31, 2021 and 2020.

Shares of mutual funds: Valued at the closing price reported on the active market on which individual securities are traded.

Pooled separate accounts: Valued at the total of the net asset value (NAV) of shares of pooled separate accounts and cash held by the account at year-end. The Plan's interest in the pooled separate accounts is valued based on the information reported by the investment advisor. The NAV, as provided by the investment manager, is used as a practical expedient to estimating fair value. The NAV is based upon the fair value of the underlying investments comprising the fund less its liabilities.

Note 10. Pension Plan (Continued)

Fair value measurements at December 31, 2021 and 2020 were as follows:

	2021				
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Valued Using NAV[(a)]
Mutual Funds					
Equity Investments					
U.S. Large Cap	$ 2,755,000	$ 2,755,000	$ -	$ -	$ -
U.S. Small & Mid-Cap	2,944,200	2,944,200	-	-	-
International	5,369,000	5,369,000	-	-	-
Total Equity Investments	11,068,200	11,068,200	-	-	-
Pooled Separate Accounts	19,090,700	-	-	-	19,090,700
Total Investments at Fair Value	$ 30,158,900	$ 11,068,200	$ -	$ -	$ 19,090,700

	2020				
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Valued Using NAV[(a)]
Mutual Funds					
Equity Investments					
U.S. Large Cap	$ 4,572,300	$ 4,572,300	$ -	$ -	$ -
U.S. Small & Mid-Cap	4,691,000	4,691,000	-	-	-
International	8,525,600	8,525,600	-	-	-
Total Equity Investments	17,788,900	17,788,900	-	-	-
Pooled Separate Accounts	10,775,900	-	-	-	10,775,900
Total Investments at Fair Value	$ 28,564,800	$ 17,788,900	$ -	$ -	$ 10,775,900

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to plan assets.

Note 10. Pension Plan (Continued)

The following table summarizes investments measured at fair value based on NAV using the practical expedient as of December 31, 2021 and 2020:

	Fair Value 2021	Fair Value 2020	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Pooled Separate Accounts					
LargeCap S&P 500 Index SA (a)	$ 1,375,800	$ 1,434,400	$ -	daily	1 day
LDI Short Duration SA (b)	905,800	542,200	-	daily	1 day
LDI Medium Duration SA (c)	3,001,100	1,523,000	-	daily	1 day
LDI Long Duration SA (d)	13,808,000	7,276,300	-	daily	1 day
	$ 19,090,700	$ 10,775,900			

(a) LargeCap S&P 500 Index Separate Account includes investments in common stock of U.S. companies that have a market capitalization of more than $16 billion.

(b) LDI Short Duration Separate Account includes investments in fixed income securities considered to be investment grade quality which mature in less than 3 years. The portfolio also includes investments in U.S. Treasury bonds, bills and notes, and obligations of federal agencies and instrumentalities.

(c) LDI Medium Duration Separate Account includes investments primarily in fixed income securities with maturities of 3-10 years.

(d) LDI Long Duration Separate Account includes investments primarily in fixed income securities which mature in 13-15 years. In addition, it may invest in over the counter derivative instruments such as options and futures.

Easterseals employs a total return investment approach whereby a mix of equities and fixed income investment funds are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed income funds.

Contributions

Easterseals made contributions to the pension plan of $1,200,000 and $1,138,800 during the years ended December 31, 2021 and 2020, respectively. Easterseals plans on contributing $1,200,000 to the plan in 2022.

Estimated Future Benefit Payments

Estimated future benefit payments are as follows:

Year ending December 31:	
2022	$ 2,050,000
2023	2,040,000
2024	2,060,000
2025	2,050,000
2026	2,050,000
2027-2031	10,300,000

Note 11. Net Assets With Donor Restrictions

Net assets at December 31, 2021 and 2020, have been restricted by donors as follows:

	2021	2020
Program restrictions:		
Advocacy	$ 59,200	$ 59,200
Geographic location	53,500	81,000
Education	513,100	50,000
Services for young children	2,969,300	289,900
Services for veterans	10,000	10,000
Endowment funds	20,000	20,000
Beneficial interest in trusts	2,562,700	2,513,800
Time restriction	175,100	172,500
Totals	$ 6,362,900	$ 3,196,400

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes specified by donors or time restrictions met for the years ended December 31, 2021 and 2020, as follows:

	2021	2020
Program restrictions:		
Geographic location	$ 27,500	$ 31,700
Education	103,700	23,800
Services for young children	470,600	155,900
Services for veterans	120,000	410,000
Time restriction	137,900	306,400
Totals	$ 859,700	$ 927,800

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

Note 12. Leases

Easterseals signed a 12-year lease agreement for new office space in November 2015. As an incentive for the new office space, the lessor paid $1,165,900 for the lease termination penalty on Easterseals' old office space on behalf of Easterseals. The lease also provides Easterseals with a $1,470,500 tenant improvement allowance. Lease incentives are recorded as deferred rent and other on the consolidated statements of financial position and amortized against rental expense over the life of the lease.

Base rent is recognized on a straight-line basis and rental expense for operating leases in Chicago amounted to $485,200 for the years ended December 31, 2021 and 2020, respectively.

Note 12. Leases (Continued)

Easterseals has an operating lease for office space in Washington, D.C. which provides for annual base rent plus a pro rata share of real estate taxes and other operating expense as defined in the lease. An amendment to this lease started May 2016 which provided 11 months of rent abatement. Rent expense is recognized on a straight-line basis over the life of the lease and was $587,000 for the years ended December 31, 2021 and 2020, respectively. This lease term is through June 2028. Beginning in May 2018, Easterseals began subleasing the office space. The sublease runs through June 2028 and provides for annual base rent plus the subtenants pro rate share of real estate taxes and other operating expenses. Rent income is recognized on straight-line bases over the life of the lease and was $475,700 and $470,100 for the years ended December 31, 2021 and 2020, respectively. Total minimum rentals remaining to be received over the life of the noncancellable sublease is expected to be $3,149,300.

Easterseals entered into an operating lease for office space in Maryland in October 2019 which provides for annual base rent as defined in the lease. Rent expense is recognized on a straight-line basis over the life of the lease and was $20,100 for the year ended December 31, 2020. This lease term ended on December 31, 2020.

Certain equipment is leased under agreements expiring in various years through 2022 and are recorded herein as capital leases.

Future minimum lease payments are as follows:

	Capital Leases	Operating Leases
Year ending December 31:		
2022	$ 4,500	$ 1,326,700
2023	-	1,357,600
2024	-	1,386,700
2025	-	1,417,700
2026	-	1,449,500
2027-2028	-	2,629,000
Total minimum lease payments	4,500	$ 9,567,200
Less amounts representing interest	79	
Present value of net minimum lease payments	$ 4,421	

Note 13. Contingencies

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