

**EASTERSEALS CHARTER SCHOOL**

**A DIVISION OF EASTERSEALS  
NORTHEAST CENTRAL FLORIDA, INC.**

**SPECIAL PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORTS**

**JUNE 30, 2021 AND 2020**

**EASTERSEALS CHARTER SCHOOL  
A DIVISION OF EASTERSEALS  
NORTHEAST CENTRAL FLORIDA, INC.**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Easterseals Charter School  
A Division of Easterseals Northeast Central Florida, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc. as of June 30, 2021 and 2020, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, on our consideration of Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc.'s internal control over financial reporting and compliance.



Olivari & Associates  
Certified Public Accountants And Consultants

Ormond Beach, Florida  
September 27, 2021

**EASTERSEALS CHARTER SCHOOL  
A DIVISION OF EASTERSEALS  
NORTHEAST CENTRAL FLORIDA, INC.**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
Current assets		
Cash & cash equivalents	\$ 129,286	\$ 196,363
Other receivables	-	15,062
Intercompany advances	-	22,087
Prepaid expenses	4,100	4,166
Total current assets	<u>133,386</u>	<u>237,678</u>
Property and equipment, net	<u>21,646</u>	<u>22,348</u>
<b>Total Assets</b>	<u><u>\$ 155,032</u></u>	<u><u>\$ 260,026</u></u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities		
Accounts payable	\$ 48,929	\$ 7,800
Accrued expenses	64,896	39,320
Intercompany advances	127,325	-
Deferred revenue	62,559	60,392
Total current liabilities	<u>303,709</u>	<u>107,512</u>
<b>Total Liabilities</b>	303,709	107,512
Net Assets		
Without donor restrictions	<u>(148,677)</u>	<u>152,514</u>
<b>Total net assets</b>	<u>(148,677)</u>	<u>152,514</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 155,032</u></u>	<u><u>\$ 260,026</u></u>

The accompanying independent auditors' report and notes  
should be read with these financial statements.

**EASTERSEALS CHARTER SCHOOL  
A DIVISION OF EASTERSEALS  
NORTHEAST CENTRAL FLORIDA, INC.**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Revenues</u></b>		
State government	\$ 1,151,554	\$ 1,097,510
School meal reimbursement	62,344	38,470
Miscellaneous	4,197	-
Total revenues	<u>1,218,095</u>	<u>1,135,980</u>
Total revenues without donor restriction	1,218,095	1,135,980
<b><u>Expenses</u></b>		
Classroom instruction	853,993	673,225
Occupancy	-	265
Staff development	344	296
General administration	106,434	59,318
School administration	230,114	220,225
Fiscal services	31,363	34,976
Food services	69,260	58,092
Transportation services	44,303	44,582
Conferences	-	30
Specific Assistance	-	374
Operation of plant	160,408	75,900
Maintenance of plant	17,930	25,856
Depreciation expense	5,137	13,624
Other	-	25
Total expenses without donor restriction	<u>1,519,286</u>	<u>1,206,788</u>
Decrease in net assets without donor restrictions	(301,191)	(70,808)
<b>Net assets without donor restrictions, beginning of period</b>	<u>152,514</u>	<u>223,322</u>
<b>Net assets without donor restrictions, end of period</b>	<u><u>\$ (148,677)</u></u>	<u><u>\$ 152,514</u></u>

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should be read with these financial statements.

**EASTERSEALS CHARTER SCHOOL  
A DIVISION OF EASTERSEALS  
NORTHEAST CENTRAL FLORIDA, INC.**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (301,191)	\$ (70,808)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	5,137	13,624
<i>(Increase) decrease in certain assets:</i>		
Other receivables	15,062	(6,465)
Prepaid expenses	66	(3,974)
<i>Increase (decrease) in certain liabilities:</i>		
Accounts payable	41,129	6,121
Accrued expenses	25,576	(126,183)
Deferred revenue	2,167	(11,847)
Total adjustments	<u>89,137</u>	<u>(128,724)</u>
Net cash used by operating activities	<u>(212,054)</u>	<u>(199,532)</u>
<b>Cash flows from investing activities</b>		
Intercompany advances	149,412	354,658
Purchases of leasehold improvements and equipment	<u>(4,435)</u>	<u>(22,727)</u>
Net cash provided by investing activities	<u>144,977</u>	<u>331,931</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(67,077)</b>	<b>132,399</b>
<b>Cash and cash equivalents, beginning of period</b>	<u>196,363</u>	<u>63,964</u>
<b>Cash and cash equivalents, end of period</b>	<u><u>\$ 129,286</u></u>	<u><u>\$ 196,363</u></u>

The accompanying independent auditors' report and notes  
should be read with these financial statements.

**EASTERSEALS CHARTER SCHOOL  
A DIVISION OF EASTERSEALS  
NORTHEAST CENTRAL FLORIDA, INC.  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 – Summary of Significant Accounting Policies:**

Organization and Purpose

Easterseals Charter School (the School) is a division of Easterseals Northeast Central Florida, Inc., formerly known as Easter Seal Society of Volusia and Flagler Counties, Inc., (the Organization). The Organization is a not-for-profit corporation that provides services to children and adults with disabilities or other special needs and their families. The Organization offers a broad range of services including the following: physical, occupational, speech and language therapies; autism early diagnosis and functional assessments; pre-school; camping and recreation; and family community education. These programs are operated at various locations in Volusia, Flagler, Putnam, Lake, and Sumter Counties in the State of Florida. The governing body of the School is the Board of Directors of the Organization which is comprised of voluntary members. The Principal of the School oversees its daily functions and reports directly to the President of the Organization who in turn reports directly to the Board of Directors. The purpose of the School is to improve learning and academic achievement by providing classroom instruction and interventions to achieve optimum learning for children with special needs to master developmental objectives with their non-disabled peers. For the school years ended June 30, 2021 and 2020, the Organization operated two School sites. At the Daytona Beach site, the School serves up to fifty-six (56) students. The Deland School site opened in August 2017 for the 2017-2018 school year. At the Deland site, the School serves up to fifty-one (51) students. However, by mutual agreement between the School and the School Board of Volusia County, Florida the number of students served may be increased.

The general operating authority of the School is contained in Section 1002.33 of the Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Volusia County, Florida (the District) and began operations in September 2005. The current charter was renewed effective July 1, 2018 through June 29, 2023, and may be renewed in increments of five years by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to the Florida Statutes, in the event the School is dissolved or terminated, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the District. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is a Florida public school and is subject to supervisory jurisdiction of the District and accountable to the District for performance, as provided by the charter agreement and Florida Statutes.



**EASTERSEALS CHARTER SCHOOL  
A DIVISION OF EASTERSEALS  
NORTHEAST CENTRAL FLORIDA, INC.  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 – Summary of Significant Accounting Policies: (Continued)**

Significant Accounting Policies

The following is a summary of the more significant accounting policies and practices of the School, which affect significant elements of the accompanying financial statements.

- (a) **Basis of accounting**—The School uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. The special purpose financial statements present the statements of financial position, activities and cash flows for the School. The accounts of the School are maintained in accordance with the principles of fund accounting.
- (b) **Basis of presentation**—The School utilizes the standard state codification of accounts as contained in the “Financial and Program Cost Accounting and Reporting for Florida Schools” as a means of codifying all transactions pertaining to its operations for the purpose of submitting year end reports to the District. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958, Not-for-Profit Entities Presentation of Financial Statements. Under those standards, the Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

In general, net assets without donor restrictions of the School may be used at the discretion of the School’s management and the Board of Directors to support the School’s purposes and operations.

**Net Assets With Donor Restrictions** – Net assets subject to donor-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.

When the donor stipulated the investment of the gift corpus in perpetuity, the income generated from the investment of corpus is available for the School’s operations in accordance with the donor restrictions. Appreciation related to the net assets with donor restrictions, if not specifically restricted otherwise, follows the donor’s income restriction and is included in the appropriate net asset class based on existence or absence of donor-imposed restrictions.

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 – Summary of Significant Accounting Policies: (Continued)**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of donor restrictions on net assets that are temporary in nature (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. It is the School's policy to record donor-restricted contributions on which restrictions are met in the same reporting period as contributions without donor restrictions.

(c) **Deferred revenue**—Capital outlay monies received by the School that have not been spent on qualifying expenses are recorded as deferred revenue in the accompanying statements of financial position.

(d) **Cash and cash equivalents**—For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents.

(e) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(f) **Income taxes**—The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. The School had no net unrelated taxable business income during the years ended June 30, 2021 and 2020. As a result, no provisions for income taxes are included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements.

The Organization files tax returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by taxing authorities for years before June 30, 2018.

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 1 – Summary of Significant Accounting Policies: (Continued)**

(g) **Revenue Sources**—Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with the charter and the Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of the Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is monthly during the fiscal year and is adjusted to reflect revised calculations by the FDOE under the FEFP and actual FTE students reported by the School during the semi-annual designated FTE survey periods. Payments are based upon the revenue estimate for the enrollment adjusted retroactively for the actual FTE count, and adjusted for prior payments.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62 of the Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are generally limited to capital expenditures, lease, rent or construction of school facilities and related insurance expenses for the school.

Other accounts receivable reported at June 30, 2021 and 2020 consist of amounts due from the District for capital outlay funds for the period ended June 30, 2021 and 2020, respectively.

(h) **Property and equipment**—The School capitalizes all expenditures in excess of \$1,000 for property and equipment. The fair value of donated assets is simultaneously capitalized and recognized as support.

Property and equipment are carried at cost for purchased assets and at fair market value at date of donation for donated assets. Depreciation is calculated using the straight-line method over the following estimated lives:

Building and improvements	7 – 39 years
Furniture, fixtures and equipment	5 – 10 years
Leasehold improvements	Shorter of useful life or lease term

Betterments and large renewals which extend the life of an asset are capitalized, whereas repairs and maintenance costs are charged to expense as incurred.

(i) **Recent Accounting Pronouncements** - In February 2016, the FASB issued ASU 2016-02 *Leases: Topic 842*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendments in this ASU were officially delayed by the FASB and are effective for fiscal years beginning after December 15, 2021. The School has not yet implemented this ASU and is in the process of assessing the effect on the School’s financial statements.

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 – Prior Period Adjustments:**

During fiscal year 2020-2021, a prior year accrued expense to Volusia County Schools for the expenses related to providing school guardians was found to be funded by other sources, therefore the expense in amounts of \$84,045 was forgiven.

During the fiscal year 2020-2021, the Organization released deferred revenue of \$22,574 with respect to qualifying expenses incurred in the fiscal year 2019-2020.

During the fiscal year 2019-2020, Easterseals Charter School was audited by the Department of Education for the fiscal year 2017-2018. The Department of Education found two issues that resulted in a financial payback of \$103,150. The first finding related to teachers that did not have the required certification as required by the State of Florida to teach within the classroom. The second finding was that the information that classified students placed at Easterseals Charter School was not verified and therefore, in some cases contained errors, resulting in the improper payment to Easterseals Charter School. Corrective and preventative action has been taken to minimize the risk of this reoccurring in subsequent periods.

**NOTE 3 – Restatement of Financial Statements:**

The effect of the restatements were to decrease accrued expenses and deferred revenue for the year ended June 30, 2020 by \$84,045 and \$22,574, respectively. Net Assets without donor restrictions, beginning of period of 2020 were increased by \$84,045, and revenues from state government were increased by \$22,574 for the year ended June 30, 2020 for the effects of the restatements.

The effect of the restatement on the Statement of Financial Position as of and for the year ended June 30, 2020 is as follows:

	2020	
	As previously reported	Restated
Accrued expenses	123,365	39,320
Deferred revenue	82,966	60,392
Net assets	45,895	152,514

The effect of the restatement on the Statement of Activities for the year ended June 30, 2020 is as follows:

	2020	
	As previously reported	Restated
State government	1,074,936	1,097,510

**EASTERSEALS CHARTER SCHOOL  
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 4 – Revenues:**

As described in Note 1 (g), the District provides operating funds from FEFP on a monthly basis based on FTE students, and capital outlay funds on a monthly basis based on the Schools capital outlay plan submitted to the District. State government revenue in the Statement of Activities is comprised as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Florida Education Finance Program	\$ 1,103,354	\$ 1,042,273
Capital Outlay Program	48,200	55,237
Total State Government Revenue	<u>\$ 1,151,554</u>	<u>\$ 1,097,510</u>

FEFP revenues are net of \$25,159 and \$19,862 for District administrative fees withheld by the District for the years ended June 30, 2021 and 2020, respectively.

**NOTE 5 – Other receivables:**

Other receivables at June 30, 2021 and 2020, in the amount of \$-0- and \$15,062, respectively, consist of School capital outlay funds due from the District.

**NOTE 6 – Intercompany Advances:**

Short term intercompany advances represent amounts due from or due to the Organization for School expenses including wages and benefits which apply to both the School and the Organization, and which are paid by the Organization. At June 30, 2021 and 2020, amounts due to and due from the Organization totaled \$127,326 and \$22,087, respectively.

**NOTE 7 – Property and Equipment, net:**

Property and Equipment consist of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 9,219	\$ 4,784
Leasehold improvements	20,157	20,157
	29,376	24,941
Less: Accumulated depreciation	(7,730)	(2,593)
Property and equipment, net	<u>\$ 21,646</u>	<u>\$ 22,348</u>

Depreciation expense was \$5,137 and \$13,624 for the years ended June 30, 2021 and 2020, respectively.



**EASTERSEALS CHARTER SCHOOL  
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NORTHEAST CENTRAL FLORIDA, INC.  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 – Property and Equipment, net: (Continued)**

During the years ended June 30, 2021 and 2020, the School disposed of certain fully depreciated leasehold improvements and equipment with a cost of \$0 and \$30,289, respectively. No gains or losses were realized on this fully depreciated School improvements or equipment.

In the event the School is dissolved or terminated, all remaining School equipment purchased with public funds automatically reverts to the District. These assets are depreciated by the School as if owned by them.

**NOTE 8 – Deferred Revenues:**

As described in Note 1 (g), the School is eligible to receive charter school capital outlay funding. At June 30, 2021 and 2020, deferred revenue for unspent capital outlay funds amounted to \$62,559 and \$60,392, respectively.

**NOTE 9 – Commitments and Contingencies:**

The Organization leased its West Volusia County School site beginning January 2017 for the 2016-2017 school year in Deland, Florida. In February 2020, the Organization leased a new site in Deland, Florida. This facility is equally shared with Easterseals Deland, Florida child development center and the School. At June 30, 2021, the School's share of the minimum future rental commitments in excess of one year under this noncancelable operating lease is as follows:

Year Ending 30-Jun	Amount
2022	\$ 49,400
2023	50,600
2024	51,800
2025	44,000
	<u>\$ 195,800</u>

Rent expense was \$54,586 and \$38,069 for the years ended June 30, 2021 and 2020, respectively.

- (a) The School participates in state and federal school funding programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective programs are subject to audit and adjustment by the grantor agencies.

In the opinion of the School management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the School's funding programs and accordingly, no provision has been recorded in the accompanying financial statements for any such contingencies.

**EASTERSEALS CHARTER SCHOOL  
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 – Commitments and Contingencies (continued):**

- (b) In the normal course of conducting its operations, the School could become a party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

**NOTE 10 – Retirement Plan:**

Eligible School employees participate in the Organizations 401(k) plan. Under this plan, the School contributes 50% of employee contributions up to a maximum of 3% of the employee's compensation. The employer matching contributions are made on a bi-weekly basis to the plan. School matching contribution expense totaled \$3,062 and \$2,526 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 11 – Compensated Absences:**

Employees of the Organization including the School employees are entitled to paid personal time off (PTO) benefits for vacation and sick days depending on length of services. The Organization's policy is to recognize PTO when earned by employees. The current policy of the Organization effective January 1, 2019 provides that employees may rollover up to 80 hours of PTO hours not used during the calendar year. Upon termination, all unused PTO is forfeited. Prior to this, employees were eligible to carryover up to one year of PTO hours depending on length of services. All earned PTO balances at December 31, 2015 were frozen. These earned PTO balances are payable to the employees upon termination or can be used in addition to any annual PTO received under the current policy if approved. The balances payable to eligible School employees for PTO that was earned but not used at June 30, 2021 and 2020 was \$12,515 and \$13,261, respectively.

**NOTE 12 – Risk Management:**

Workers compensation, property and general liability insurance coverage are being provided through purchased commercial insurance with deductibles for each line of coverage.

**NOTE 13 – Concentration of Risk:**

The School receives substantially all of its revenue from federal, state and local sources, passed through the District, which subjects the School to changes in government funding allocations. Continuing operation of the School is greatly dependent upon the continued funding by these entities.

Financial instruments that subject the School to concentrations of credit risk include cash. While the School attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

**EASTERSEALS CHARTER SCHOOL  
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 14 – Liquidity and Availability of Resources:**

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2021</u>
Cash and cash equivalents	\$ 129,286
	<u>\$ 129,286</u>

**NOTE 15 – Schedule of Functional Expenses:**

	<u>2021</u>			<u>2020</u>		
	Direct Services	Management and General	Total Expenses	Direct Services	Management and General	Total Expenses
Salaries and Benefits	\$ 724,750	\$ 235,554	\$ 960,304	\$ 532,293	\$ 234,010	\$ 766,303
Professional fees	196,344	-	196,344	200,681	-	200,681
Supplies	69,337	4,524	73,861	62,953	4,746	67,699
Telecommunications	3,300	-	3,300	5,782	-	5,782
Postage and shipping	82	-	82	751	-	751
Occupancy	148,229	-	148,229	80,523	-	80,523
Small equipment and maintenance	10,818	-	10,818	4,712	-	4,712
Printing and publications	-	6,122	6,122	-	267	267
Travel	3,155	148	3,303	1,521	219	1,740
Conferences and meetings	181	-	181	55	75	130
Specific assistance	-	-	-	374	-	374
Other	-	51	51	-	921	921
Depreciation and amortization	3,262	1,875	5,137	8,453	5,170	13,623
Insurance	5,120	-	5,120	4,335	-	4,335
	1,164,578	248,274	1,412,852	902,433	245,408	1,147,841
Allocation of Management and general	73,074	33,360	106,434	40,161	18,786	58,947
	<u>\$ 1,237,652</u>	<u>\$ 281,634</u>	<u>\$ 1,519,286</u>	<u>\$ 942,594</u>	<u>\$ 264,194</u>	<u>\$ 1,206,788</u>

**NOTE 16 – Subsequent Events:**

The Organization's management has evaluated subsequent events through September 27, 2021, which is prior to the financial statement availability date of September 28, 2021. Management determined there are no subsequent events which require disclosure.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Easterseals Charter School

A Division of Easterseals Northeast Central Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Easterseals Charter School, a division of Easterseals Northeast Central Florida, Inc.'s internal control.

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

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

**Compliance and Other Matters**

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

**Independent Auditors' Report on Internal Control Over Financial  
Reporting And On Compliance And Other Matters Based On  
An Audit Of Financial Statements Performed  
In Accordance With *Government Auditing Standards***

**Purpose of this Report**

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



Olivari & Associates  
Certified Public Accountants And Consultants

Ormond Beach, Florida  
September 27, 2021

## MANAGEMENT LETTER

To the Board of Directors of  
Easterseals Charter School  
A Division of Easterseals Northeast Central Florida, Inc.  
Daytona Beach, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Easterseals Charter School a division of Easterseals Northeast Central Florida, Inc., Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 27, 2021.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports and schedule, which are dated September 27, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Easterseals Charter School, School Code 649895.

### **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the Easterseals Charter School a division of Easterseals Northeast Central Florida, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Easterseals Charter School a division of Easterseals Northeast Central Florida, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

**Management Letter****September 27, 2021****Page Two**

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Easterseals Charter School a division of Easterseals Northeast Central Florida, Inc. It is management's responsibility to monitor the Easterseals Charter School a division of Easterseals Northeast Central Florida, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Easterseals Charter School a division of Easterseals Northeast Central Florida, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Easterseals Charter School a division of Easterseals Northeast Central Florida, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

**Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and Easterseals Northeast Central Florida, Inc. and is not intended to be and should not be used by anyone other than these specified parties.



Olivari &amp; Associates

Certified Public Accountants And Consultants

Ormond Beach, Florida

September 27, 2021