



**Easter Seals South Florida, Inc.**

**Financial Statements and Reports Required by *Government Auditing Standards*,  
the Uniform Guidance, the Florida Single Audit Act**

For the Years Ended August 31, 2020 and 2019

## **Easter Seals South Florida, Inc.**

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**Financial Statements; Reports Required by *Government Auditing Standards*, the Uniform Guidance, the Florida Single Audit Act; and Schedules of Expenditures of Federal Awards and State Financial Assistance**

For the Years Ended August 31, 2020 and 2019

# Easter Seals South Florida, Inc.

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Easter Seals South Florida, Inc. (the "Organization"), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, 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 Easter Seals South Florida, Inc. as of August 31, 2020 and 2019, 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 Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Florida Auditor General*, and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021, on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.

BDO USA, LLP

Miami, Florida  
March 23, 2021

Certified Public Accountants

## Financial Statements

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# Easter Seals South Florida, Inc.

## Statements of Financial Position

<i>August 31,</i>	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 1,813,120	\$ 811,521
Grants and accounts receivable, net	1,393,147	1,379,157
Contributions receivable, net	247,381	227,646
Prepaid expenses	42,089	28,490
Investments	4,658,199	4,387,414
Investment in partnership	2,709,657	2,709,657
Property and equipment, net	3,264,312	2,896,258
Other assets	1,892	3,792
<b>Total assets</b>	<b>\$ 14,129,797</b>	<b>\$ 12,443,935</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,228,425	\$ 1,247,485
Refundable advances	127,889	59,224
Notes payable	2,057,000	-
<b>Total liabilities</b>	<b>3,413,314</b>	<b>1,306,709</b>
Commitments and Contingencies (Note 11)		
<b>Net assets</b>		
Without donor restrictions	10,383,141	10,823,620
With donor restrictions	333,342	313,606
<b>Total net assets</b>	<b>10,716,483</b>	<b>11,137,226</b>
<b>Total liabilities and net assets</b>	<b>\$ 14,129,797</b>	<b>\$ 12,443,935</b>

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

# Easter Seals South Florida, Inc.

## Statements of Activities

<i>For the years ended August 31,</i>	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support, Revenue, and Gains</b>						
Contributions	\$ 1,696,124	\$ 256,531	\$ 1,952,655	\$ 914,103	\$ 666,899	\$ 1,581,002
Government grants and contracts	9,449,792	-	9,449,792	10,388,872	-	10,388,872
Program service fee	1,394,194	-	1,394,194	2,093,506	-	2,093,506
Investment income, net	102,421	-	102,421	112,949	-	112,949
Net realized and unrealized gains (losses) on investments	250,983	-	250,983	(79,087)	-	(79,087)
Distributions received from investment in partnership	427,226	-	427,226	372,333	-	372,333
In-kind contributions	301,253	-	301,253	489,550	-	489,550
Other income	45,466	-	45,466	111,373	-	111,373
Net assets released from restrictions	236,795	(236,795)	-	664,630	(664,630)	-
<b>Total public support, revenue, and gains</b>	<b>13,904,254</b>	<b>19,736</b>	<b>13,923,990</b>	<b>15,068,229</b>	<b>2,269</b>	<b>15,070,498</b>
<b>Expenses</b>						
Functional expenses:						
Program services	13,263,423	-	13,263,423	13,671,491	-	13,671,491
Supporting activities:						
Management and general	665,097	-	665,097	641,782	-	641,782
Fundraising activities	345,584	-	345,584	522,204	-	522,204
<b>Total functional expenses</b>	<b>14,274,104</b>	<b>-</b>	<b>14,274,104</b>	<b>14,835,477</b>	<b>-</b>	<b>14,835,477</b>
Membership fees to affiliated organization	70,629	-	70,629	72,131	-	72,131
<b>Total expenses</b>	<b>14,344,733</b>	<b>-</b>	<b>14,344,733</b>	<b>14,907,608</b>	<b>-</b>	<b>14,907,608</b>
Changes in net assets	(440,479)	19,736	(420,743)	160,621	2,269	162,890
Net assets, beginning of year	10,823,620	313,606	11,137,226	10,662,999	311,337	10,974,336
<b>Net assets, end of year</b>	<b>\$ 10,383,141</b>	<b>\$ 333,342</b>	<b>\$ 10,716,483</b>	<b>\$ 10,823,620</b>	<b>\$ 313,606</b>	<b>\$ 11,137,226</b>

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

## Easter Seals South Florida, Inc.

### Statements of Functional Expenses

<i>For the year ended August 31, 2020</i>										
	Program Services						Supporting Services			
	Early Childhood	Educational Services	Vocational Services	Adult and Senior Care Services	Head Start	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and benefits:										
Salaries and wages	\$ 838,353	\$ 2,064,045	\$ -	\$ 2,416,970	\$2,766,725	\$ 8,086,093	\$ 236,878	\$ 243,614	\$ 480,492	\$ 8,566,585
Payroll taxes and employee benefits	148,780	309,047	-	436,463	480,034	1,374,324	83,106	38,761	121,867	1,496,191
<b>Total salaries and benefits</b>	<b>987,133</b>	<b>2,373,092</b>	<b>-</b>	<b>2,853,433</b>	<b>3,246,759</b>	<b>9,460,417</b>	<b>319,984</b>	<b>282,375</b>	<b>602,359</b>	<b>10,062,776</b>
Other expenses:										
Contracted services	134,787	92,869	17,425	289,145	188,193	722,419	41,016	-	41,016	763,435
Professional fees	33,760	58,422	-	71,914	91,000	255,096	62,385	12,088	74,473	329,569
Program supplies and expenses	40,810	240,424	848	294,851	444,674	1,021,607	17,098	-	17,098	1,038,705
Occupancy	92,530	272,514	537	587,549	101,063	1,054,193	11,981	7,057	19,038	1,073,231
Travel and transportation	4,789	10,017	-	31,690	3,897	50,393	4,712	65	4,777	55,170
Insurance	51,979	53,944	-	63,136	99,762	268,821	9,212	7,335	16,547	285,368
Staff training and development	1,906	4,748	-	18,096	16,532	41,282	22,694	53	22,747	64,029
Office supplies	20,395	10,736	-	37,995	42,277	111,403	47,907	14,140	62,047	173,450
Depreciation and amortization	76,991	65,683	-	107,281	-	249,955	19,833	4,839	24,672	274,627
Interest, taxes and other	3,508	1,810	-	3,800	14	9,132	105,485	4,757	110,242	119,374
Marketing and promotion	5,741	5,126	-	6,594	1,244	18,705	2,790	12,875	15,665	34,370
<b>Total other expenses</b>	<b>467,196</b>	<b>816,293</b>	<b>18,810</b>	<b>1,512,051</b>	<b>988,656</b>	<b>3,803,006</b>	<b>345,113</b>	<b>63,209</b>	<b>408,322</b>	<b>4,211,328</b>
<b>Total expenses</b>	<b>\$ 1,454,329</b>	<b>\$ 3,189,385</b>	<b>\$ 18,810</b>	<b>\$ 4,365,484</b>	<b>\$4,235,415</b>	<b>\$ 13,263,423</b>	<b>\$ 665,097</b>	<b>\$ 345,584</b>	<b>\$ 1,010,681</b>	<b>\$14,274,104</b>

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

## Easter Seals South Florida, Inc.

### Statements of Functional Expenses

For the year ended August 31, 2019	Program Services						Supporting Activities			
	Early Childhood	Educational Services	Vocational Services	Adult and Senior Care Services	Head Start	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and benefits:										
Salaries and wages	\$ 857,626	\$ 1,884,953	\$ -	\$ 2,555,322	\$ 2,759,626	\$ 8,057,527	\$ 290,025	\$ 357,225	\$ 647,250	\$ 8,704,777
Payroll taxes and employee benefits	152,003	309,828	-	471,536	516,483	1,449,850	60,914	47,746	108,660	1,558,510
<b>Total salaries and benefits</b>	<b>1,009,629</b>	<b>2,194,781</b>	<b>-</b>	<b>3,026,858</b>	<b>3,276,109</b>	<b>9,507,377</b>	<b>350,939</b>	<b>404,971</b>	<b>755,910</b>	<b>10,263,287</b>
Other expenses:										
Contracted services	182,453	92,468	18,700	252,177	378,810	924,608	24,011	-	24,011	948,619
Professional fees	28,409	47,199	-	51,960	63,912	191,480	57,141	9,068	66,209	257,689
Program supplies and expenses	64,177	228,206	365	494,021	419,900	1,206,669	3,326	3,155	6,481	1,213,150
Occupancy	76,433	318,904	-	446,331	98,031	939,699	4,517	7,783	12,300	951,999
Travel and transportation	8,383	48,504	-	70,250	8,855	135,992	5,552	296	5,848	141,840
Insurance	32,127	46,210	-	56,669	90,673	225,679	19,654	6,451	26,105	251,784
Staff training and development	3,387	17,867	-	19,220	27,639	68,113	20,111	1,961	22,072	90,185
Office supplies	17,796	24,710	134	52,605	45,342	140,587	43,676	12,149	55,825	196,412
Bad debt expense	16,413	13,875	-	64,433	-	94,721	-	50,713	50,713	145,434
Depreciation and amortization	68,061	63,683	-	77,264	-	209,008	14,789	3,872	18,661	227,669
Interest, taxes and other	2,907	2,379	-	4,655	-	9,941	95,334	7,491	102,825	112,766
Marketing and promotion	4,234	8,743	-	4,640	-	17,617	2,732	14,294	17,026	34,643
<b>Total other expenses</b>	<b>504,780</b>	<b>912,748</b>	<b>19,199</b>	<b>1,594,225</b>	<b>1,133,162</b>	<b>4,164,114</b>	<b>290,843</b>	<b>117,233</b>	<b>408,076</b>	<b>4,572,190</b>
<b>Total expenses</b>	<b>\$ 1,514,409</b>	<b>\$ 3,107,529</b>	<b>\$ 19,199</b>	<b>\$ 4,621,083</b>	<b>\$ 4,409,271</b>	<b>\$ 13,671,491</b>	<b>\$ 641,782</b>	<b>\$ 522,204</b>	<b>\$ 1,163,986</b>	<b>\$ 14,835,477</b>

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

# Easter Seals South Florida, Inc.

## Statements of Cash Flows

<i>For the years ended August 31,</i>	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (420,743)	\$ 162,890
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:		
Realized and unrealized (gains) losses on investments	(250,983)	79,087
Depreciation and amortization	274,627	227,669
Change in allowance for doubtful accounts	-	145,434
Changes in operating assets and liabilities:		
Grants and accounts receivables	(13,990)	(43,291)
Contributions receivable, net	(19,735)	(2,088)
Prepaid expenses	(13,599)	42,354
Other assets	1,900	9,497
Accounts payable and accrued expenses	(19,060)	128,894
Refundable advances	68,665	(125,149)
<b>Net cash (used in) provided by operating activities</b>	<b>(392,918)</b>	<b>625,297</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(492,838)	(623,650)
Sales of investments	473,036	587,891
Purchase of property and equipment	(642,681)	(470,458)
<b>Net cash used in investing activities</b>	<b>(662,483)</b>	<b>(506,217)</b>
<b>Cash Flows from Financing Activities:</b>		
Borrowings from Paycheck Protection Program	1,907,000	-
Borrowings from Economic Injury Disaster Loan	150,000	-
Payments on capital leases	-	(4,249)
<b>Net cash provided by (used in) financing activities</b>	<b>2,057,000</b>	<b>(4,249)</b>
Net increase (decrease) in cash and cash equivalents	1,001,599	(176,037)
Cash and cash equivalents, beginning of year	811,521	987,558
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,813,120</b>	<b>\$ 811,521</b>

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

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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

#### *Nature of Organization*

Easter Seals South Florida, Inc. (the “Organization”) is a nonprofit organization established in 1942. The Organization’s cause and purpose is to support and strengthen families living with a disability in its community. Its mission is to change the way the world defines and views disability by making profound, positive differences in people’s lives every day. The Organization provides programs and services in early childhood education, special education, and aging services across eleven locations in South Florida.

#### *Use of Estimates*

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

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Net Assets*

Net assets can be classified in the following categories:

- *Net Assets With Donor Restrictions* - Net assets subject to donor-imposed restrictions, including *stipulations* that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.
- *Net Assets Without Donor Restrictions* - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in net assets with donor restrictions.

Expenses are reported as decreases in net assets without donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

#### *Cash and Cash Equivalents*

The Organization considers all highly liquid investments as cash equivalents that have an original maturity of three months or less. The Organization maintains its cash in bank deposit accounts. These deposits may exceed the amount of FDIC insurance provided on such deposits; generally, these deposits may be redeemed upon demand and; therefore, bear minimal risk. At August 31, 2020 and 2019, the Organization had \$1,498,372 and \$552,071, respectively, in cash uninsured by the Federal Deposit Insurance Corporation.

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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### *Grants and Accounts Receivable, Net*

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances and consists of amounts due from various government agencies and other third parties. The Organization's agreements with government agencies typically require the Organization to apply for annual renewal. The Organization carries grants and accounts receivable net of an estimated allowance for doubtful accounts. The allowance is based on the Organization's experience with the agencies and the third-party contracts and other circumstances which may affect the ability of the funder to meet their obligations. Receivables are considered impaired if payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible grants and accounts receivable against the allowance when management determines the receivable will not be collected. The allowance for doubtful accounts as of August 31, 2020 and 2019 was \$108,131 and \$139,075, respectively.

### *Contributions Receivable, Net*

Contributions receivable represent unconditional promises to give by donors. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected after one year have been discounted using risk-free interest rates applicable to the years in which the promises are received, approximately at 1%, and are reflected in the financial statements at their net present value. Amortization of the discounts is included in contribution revenue. The Organization determines an allowance for doubtful accounts based upon management's evaluation of the collectability of individual promises.

### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position.

Unrealized gains and losses are included in the change in net assets. Recognized gains and losses, dividends, interest and other income generated by the investment in partnership are reported in the statements of activities as increases in net assets without donor restrictions. Gains that are restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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

*Investments accounts:* The Organization maintains certain investment accounts. These include closed-end mutual funds, stocks, and corporate bonds (all Level 1 measurements). The fair value of these investments is based on quoted market values of the shares held by the Organization at year-end.

*Investment in partnership:* The Organization initially recorded its equity interest in partnerships at their fair values as of the dates the investments were donated to the Organization and thereafter carries such investments at the carrying value.

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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### *Property and Equipment, Net*

Purchased property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the assets, which are as follows below. Leasehold improvements are amortized over the estimated useful life of the improvement or the lease term, whichever is shorter. For donated property, refer to note *Donated Non-Cash Assets* below.

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

Purchases of property and equipment in excess of \$2,500, unless specified otherwise by the funder, are capitalized. Costs of maintenance and repairs of minor items are charged to expense as incurred. Major repairs and improvements that extend the life of the asset are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statement of activities and changes in net assets.

### *Impairment of Long-Lived Assets*

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its carrying amount in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment has been recognized during the years ended August 31, 2020 and 2019.

### *Refundable Advances*

The Organization records advances on grant awards accounted for as contributions as refundable advances until all measurable performance barriers and conditions have been met, at which time they are recognized as support on the statement of activities.

### *Contributions*

Contributions, including unconditional promises to give, are recorded at fair value as made. Conditional promises to give, this is those with a measurable performance barrier or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Organization did not have any conditional contributions, except for advances from grant awards, at August 31, 2020 or 2019. The Organization reports gifts with donor restrictions if they are pledged, restricted for future periods, or received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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### *Program Service Fee*

Program service fees consist primarily of services provided on behalf of medical and insurance companies. The Organization considers these to be exchange transaction and therefore revenue is recognized as services are provided.

### *Donated Non-Cash Assets*

Donations of non-cash assets are recorded as support at their estimated fair values at the date of donation. Donated non-cash assets include but are not limited to property and equipment, investments, and other tangible property. Such donations would be reported as support without donor restrictions, unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use are also reported as donations with donor restrictions. Absent donor stipulations regarding how long donated long-lived assets must be used, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

### *Donated Facilities and Services*

Donated facilities and services are reflected in the accompanying statement of activities at their estimated fair value at the date of receipt. The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skill that would typically need to be purchased if not provided by donation. The value of donated services is recorded as contributions and expenses in the period received. The amount of donated rent amounted to \$130,100 in both 2020 and 2019 and the amount of donated services amounted to \$171,153 and \$359,450 for the years ended August 31, 2020 and 2019, respectively. Donated services consisted primarily of services for the childhood services, the Organization seeks donations of specific services to comply with the Head Start Program in-kind requirements.

### *Functional Allocation of Expenses*

The costs of providing the Organization's programs and other activities have been summarized in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses have been assigned to functions based on specific identification. All indirect expenses have been allocated among the functions benefitted. Program services include costs of early childhood services, educational services, vocational services, adult and senior care services, and head start. Fundraising expenses include costs related to campaigns, development, and other fundraising efforts. Management and general expenses include executive, financial administration, information systems and personnel expenses. Occupancy costs and general supplies are allocated based on the percentage of square footage in the buildings by each function. The salaries of the executive staff are allocated based on the time spent in each function.

Following is a description of the Organization's program and support services:

### *Early Childhood*

The Child Development Center includes specialized early childhood childcare and education as well as pediatric therapies for children from birth to five years old. Although the Organization is known

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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for its work with persons with disabilities, the Child Development Center has an inclusive program for typical learners as well as children with developmental delays and disabilities.

### *Educational Services*

The Elementary and Middle School Academy serves children from Kindergarten through 8<sup>th</sup> grade, providing expert support and special education for children with autism and other developmental disabilities. The academy incorporates specialized education services and life skills training to support academic growth and independent skill building that best prepares academy students for high school success. The Culinary Arts High School has uniquely addressed the needs of young adults with Autism Spectrum Disorder and other developmental disabilities for more than 25 years. The program combines high quality education services and supports that combine academic skills, life skills and vocational training for students ages 14 - 22.

### *Vocational Services*

The Organization offers supported employment services and helps prepare youth & adults with physical, emotional and/or developmental and disabilities for employment through Vocational Evaluations. Assessments are offered in English & Spanish.

### *Adult and Senior Care Services*

The Organization provides an array of activities for attendees to participate in, many of which can be adapted to each person's unique abilities, maximizing enjoyment and minimizing frustration. These adult day services provide participants with the opportunity to connect with others living with Alzheimer's in a meaningful way. The Organization also offers in-home respite to those with Alzheimer's Disease and other memory-related disorders. The specialty services include physical, music, recreational and pet therapies.

### *Head Start*

The Organization provides education to 488 young children in six Head Start programs (480 Head Start slots and 8 Early Head Start slots through the program). The Organization provides comprehensive early childhood care, case management, and education services for pregnant women, infants, toddlers, and pre-school age children.

### *Income Taxes*

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code and similar income tax regulations of the State of Florida. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2). The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

Income determined to be unrelated business income would be taxable. The Organization accrued approximately \$193,000 and \$116,000 for the years ended August 31, 2020 and 2019, respectively, for tax liabilities for unrelated business income taxes.

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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### *Recently Issued Accounting Pronouncements Adopted*

In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contribution’s Received and Contributions Made (“ASU 2018-08”)*. The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The Organization adopted the new standard on a modified prospective basis as of September 1, 2019. There were no changes to opening net assets as a result of the adoption.

The Organization reviewed all funds received in the statements of activities to determine if the funds are exchange transactions or contributions under ASU 2018-08.

The Organization concluded that government grants and contracts should be defined as contributions under ASU 2018-08 as the value received by the resource providers is incidental to the potential public benefit from using the assets transferred. The amounts are recognized as support on the statement of activities as the Organization fulfills the terms of the agreement.

### *Accounting Pronouncements to be Adopted*

#### *Revenue Recognition*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (“ASU 2014-09”)*, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard can be adopted using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a modified retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). In June 2020, FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

#### *Leases*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. In June 2020, FASB issued ASU 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2021.

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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Management has elected this deferral and is currently evaluating the impact of this ASU on its financial statements.

### *Reclassifications*

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported change in net assets.

## **2. Investment in Partnership**

In October 1996, the Organization was devised an interest in the Estate of Josephine Wolfe (the "Estate"). As certain portions of the Estate cleared probate, the Organization received approximately \$500,000 and \$4,000,000 from its interest in the Estate during fiscal years 1997 and 1998, respectively. During fiscal year 1999, the Organization received an additional devise of the Estate consisting primarily of equity interest in a partnership with 14.7% interest. The Organization recorded the bequest of this equity interest at the estimated fair value at the time of donation, based on an independent appraisal. In 2018, the partnership converted to a limited liability company (LLC) and one member bought back one of the member's equity share using the loan (the Loan) proceeds it obtained from a bank secured by the partnership's total assets. Consequently, the Organization's equity share increased from 14.7% to 26.3%. Per authoritative guidance, the Organization can view a limited liability company similar to a partnership, as opposed to a corporation, for purposes of determining how to account for the interest in a limited liability company. The Organization determined that it has no control over the LLC and does not hold more than a minor interest. Therefore, the Organization continues to classify their equity interest in the LLC at the investment's carrying value on the statements of financial position. As of August 31, 2020 and 2019, the carrying value of the investment in partnership was \$2,709,657.

Dividends distributed from accumulated earnings of the investee are recorded as revenue in the period received in the statement of activities as distributions received from investment in partnership. Distributions received from this partnership were \$427,226 and \$372,333 for the years ended August 31, 2020 and 2019, respectively.

The Loan required the Organization and other partners in the partnership to serve as guarantors (the "Guarantors"). The Guarantors guarantee the due and prompt payment of all amounts and the due and prompt performance of the partnership of all obligations for which the partnership is liable under the terms of the loan. This guarantee is triggered in the event the partnership otherwise does not perform under the terms of the loan. As of August 31, 2020, management estimates the value of collateral is sufficient to cover all expected future payments under the guarantee and the LLC is in compliance with the terms of the loan.

## **3. Fair Value Measurements**

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

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

ASC 820, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

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

The following table presents the Organization's investments measured at fair value and segregated by level within the fair value hierarchy as of August 31, 2020:

Description:	Fair Value Measurements at Reporting Date Using:				Total
	Quoted Prices In Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		
Stocks	\$ 2,876,668	\$ -	\$ -	\$ -	\$ 2,876,668
Closed-end mutual funds	1,114	-	-	-	1,114
Corporate Bonds	1,780,417	-	-	-	1,780,417
<b>Total</b>	<b>\$ 4,658,199</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,658,199</b>

The following table presents the Organization's investments measured at fair value and segregated by level within the fair value hierarchy as of August 31, 2019:

Description:	Fair Value Measurements at Reporting Date Using:				Total
	Quoted Prices In Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		
Stocks	\$ 2,544,864	\$ -	\$ -	\$ -	\$ 2,544,864
Closed-end mutual funds	16,313	-	-	-	16,313
Corporate Bonds	1,826,237	-	-	-	1,826,237
<b>Total</b>	<b>\$ 4,387,414</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,387,414</b>

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

### 4. Contributions Receivable, Net

Gross contributions receivable as of August 31, 2020 and 2019 amounted to \$285,141 and \$346,575, respectively. Contributions receivable utilizing discount rates of 1.0% consist of:

	2020		2019
Receivables due in less than one year	\$ 234,161	\$	240,008
Receivables due greater than one year	50,980		106,567
Less: discounts to net present value	(6,078)		(6,078)
Less: allowance for doubtful accounts	(31,682)		(112,851)
<b>Total</b>	<b>\$ 247,381</b>	<b>\$</b>	<b>227,646</b>

### 5. Property and Equipment, Net

Property and equipment, net, at August 31, 2020 and 2019 consisted of the following:

	2020		2019
Land	\$ 679,948	\$	679,948
Building and building improvements	6,350,260		5,777,685
Furniture and equipment	768,883		698,777
Therapeutic pool	134,869		134,869
Vehicles	255,528		255,528
Software	110,011		110,011
Leasehold improvements	167,287		167,287
<b>Total property and equipment</b>	<b>8,466,786</b>		<b>7,824,105</b>
Accumulated depreciation and amortization	(5,202,474)		(4,927,847)
<b>Property and equipment, net</b>	<b>\$ 3,264,312</b>	<b>\$</b>	<b>2,896,258</b>

### 6. Notes payable

The Organization has applied for and has received funds under the Paycheck Protection Program (PPP) in the amount of \$1,907,000 during the year ended August 31, 2020. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

The Small Business Administration has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. While we believe our loan was properly obtained, there can be no assurance regarding the outcome of an SBA review.

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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The loan has been properly recorded in the Organization's statements of financial position as of August 31, 2020 as a note payable. As of the date of this report, the Organization has not applied for forgiveness but anticipates that the majority, if not all, of the loan received under the CARES Act will be fully forgiven. Any unforgiven amounts will be payable beginning April 21, 2021 and will accrue interest at 1%. Interest will begin accruing on April 21, 2021. The monthly principal payments of \$158,917 will be payable beginning April 21, 2021. The Loan matures on April 21, 2022.

The Organization also received an SBA Economic Injury Disaster (EID) Loan in the amount of \$150,000 during the year ended August 31, 2020. Installment payments, including principal and interest, of \$641 monthly, will begin on July 1, 2021. The balance of principal and interest will be payable on July 1, 2050. Interest will accrue at the rate of 2.75% per annum and will accrue only on funds actually advanced from the date(s) of each advance. Both PPP and EID loans are disclosed in Notes payable in the statements of financial position.

### 7. Retirement Plan

Effective June 1, 1997, the Organization implemented a defined contribution retirement plan in accordance with Section 403(b) of the Internal Revenue Code, Tax Deferred Annuity Plan. The plan, which is administered by a third party, is funded by employee contributions up to the amount allowed by law per employee per year and discretionary contributions by the Organization. All permissible employees of the Organization, as defined in accordance with the universal availability standards are eligible to enroll on the first day of the quarter following their date of hire. No discretionary contributions were made for the years ended August 31, 2020 and 2019.

### 8. Membership Fees to Affiliated Organization

In accordance with the terms of the membership agreement between the Organization and National Easter Seals, Inc. (the "National Organization"), the Organization is subject to membership fees as part of its national affiliation, as determined by a formula included in the membership agreement. Fees paid to the National Organization for the years ended August 31, 2020 and 2019 were \$70,629 and \$72,131, respectively, and are included on the accompanying statement of activities and changes in net assets.

### 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available with the following restrictions as of August 31, 2020 and 2019:

	2020	2019
Program services and projects - time restricted	\$ 253,461	\$ 233,735
Joan Bornstein Scholarship Fund - purpose restricted	79,881	79,881
<b>Total net assets with donor restrictions</b>	<b>\$ 333,342</b>	<b>\$ 313,606</b>

Net assets released from restrictions of \$236,795 and \$664,630 during the years ended August 31, 2020 and 2019, respectively were all released due to the expiration of time restrictions.

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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### 10. Concentrations

#### *Grant Awards*

For 2020, the Organization received approximately 33% of its government grant funding from the U.S. Department of Health and Human Services - Head Start Program, 12% from Alliance for Aging, and 11% from The Children's Trust. As of August 31, 2020, receivables from the U.S. Department of Health and Human Services - Head Start Program, accounted for 22% of the Organization's total grants and accounts receivable. Receivables from the Alliance for Aging accounted for approximately 16% of the Organization's total grants and accounts receivable. Receivables from The Children's Trust accounted for approximately 28% of the Organization's total grants and accounts receivable.

For 2019, the Organization received approximately 30% of its government grant funding from the U.S. Department of Health and Human Services - Head Start Program, and 11% from The Children's Trust. As of August 31, 2019, receivables from the U.S. Department of Health and Human Services - Head Start Program, accounted for 15% of the Organization's total grants and accounts receivable. Receivables from The Children's Trust accounted for approximately 36% of the Organization's total grants and accounts receivable.

### 11. Commitments and Contingencies

#### *Leases*

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

The Organization leases offices and office equipment under various operating lease agreements. These leases have various terms of up to 39 months and expire on various dates through 2023.

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

2021	\$	142,709
2022		106,190
2023		1,289
<b>Total</b>	<b>\$</b>	<b>250,188</b>

Lease expense for the years ended August 31, 2020 and 2019 was approximately \$179,000 and \$338,000, respectively, and is included in occupancy and office supplies on the accompanying statement of functional expenses.

#### *Contingencies*

In the normal course of business, the Organization has received grants which are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that all the expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be significant.

# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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As of August 31, 2020, the Organization had a revolving line of credit with a maximum credit limit of \$1 million. The line of credit is attached to the Organization's investment account and has no expiration date. As of the year end, the balance on this line was \$0.

### 12. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The Organization's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Several special events that were scheduled to take place in fiscal year 2020 were cancelled due to the pandemic. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. As of the date of this report, our investment values were not materially impacted. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, and workforce. The Organization experienced a reduction in revenues during fiscal year 2020 due to significantly reduced operations and closure of programs and centers resulting from various Executive Orders issued by state and local governments. Further, the Organization has taken steps to reduce expenses by lowering staffing patterns to match daily member attendance as well as reducing staffing at its administrative offices. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future fiscal years. However, the outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national economic slowdown. As such, our financial condition and liquidity may be negatively impacted for the fiscal year 2021.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Organization applied for and received an SBA Paycheck Protection Program loan of \$1.9 million and EID loan of \$150,000, as disclosed in Note 6 above. The Organization did not apply for any other funding and noted no material impact from the other tax provisions.

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# Easter Seals South Florida, Inc.

## Notes to Financial Statements

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### 13. Liquidity

Financial assets and liquidity resources available within one year for general expenditure were as follows:

<i>August 31,</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 1,813,120	\$ 811,521
Grants and accounts receivable, net	1,393,147	1,379,157
Contributions receivable, net	247,381	227,646
Investments	4,658,199	4,387,414
Less current assets with donor restrictions	(333,342)	(313,606)
<b>Amounts available</b>	<b>\$ 7,778,505</b>	<b>\$ 6,492,132</b>

Additionally, the Organization has a \$1 million line of credit available to meet any obligations that come due (Note 11).

### 14. Subsequent Events

Events occurring after August 31, 2020, the date of the most recent statement of financial position, have been evaluated for possible adjustments to the financial statements or disclosures through March 23, 2021, which is the date when these financial statements are available to be issued. The Organization received a \$6 million unrestricted donation from an individual in December 2020. There were no other events noted that would require disclosure.

**Other Financial Information Required by *Government  
Auditing Standards*, the Uniform Guidance,  
and the Florida Auditor General**

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## **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  
Easter Seals South Florida, Inc.  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Easter Seals South Florida, Inc. (the “Organization”), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2021.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) 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 the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

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



### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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*.

### ***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.

Miami, Florida  
March 23, 2021

BDO USA, LLP

Certified Public Accountants



## **Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General***

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

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

We have audited Easter Seals South Florida, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the Organization's major federal program and state project for the year ended August 31, 2020. The Organization's major federal program and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

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

Our responsibility is to express an opinion on compliance for the Organization's major federal program and state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance), and Chapter 10.650, *Rules of the Florida Auditor General*. Those standards, the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



### ***Opinion on Each Major Federal Program and the Major State Project***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and the major state project for the year ended August 31, 2020.

### **Report on Internal Control Over Compliance**

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

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

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

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

BDO USA, LLP

Miami, Florida  
March 23, 2021

Certified Public Accountants

**Schedules of Expenditures of Federal Awards  
and State Financial Assistance**

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**Easter Seals South Florida, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended August 31, 2020**

Federal or Grantor/Pass -Through/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Expenditures
<u>U.S. Department of Transportation</u>				
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	n/a	\$ -	\$ 59,353
<u>Small Business Administration</u>				
Disaster Assistance Loans (Economic Injury Disaster Loans)	59.008	n/a	-	150,000
<u>U.S. Department of Health and Human Services</u>				
Pass-through from Miami-Dade County Head Start/Early Head Start Program	93.600	RFA16	-	3,159,304
<b>Subtotal pass through from Miami-Dade County</b>			-	<b>3,159,304</b>
Pass-through from Alliance for Aging, Inc. National Family Caregiver Support Older Americans Act (OAA) Title III, Part B	93.044	AE-1792, AE-1893	-	-
Pass-through from Council/City of Pembroke Pines Title III, Part B Support Services	93.044	JA1-16-10-2017	-	123,686
<b>Subtotal CFDA No. 93.044</b>			-	<b>123,686</b>
Pass-through from Alliance for Aging, Inc. National Family Caregiver Support Older Americans Act (OAA) Title III, Part E	93.052	AE-1792, AE-1892	-	-
Pass-through from Council/City of Pembroke Pines Title III, Part E Support Services	93.052	JA1-16-10-2017	-	56,141
<b>Subtotal CFDA No. 93.052</b>			-	<b>56,141</b>
<b>Total U.S. Department of Health and Human Services</b>			-	<b>3,339,131</b>
<u>Corporation for National and Community Service</u>				
Pass-through from State of Florida Department of Elder Affairs AmeriCorps Program	94.006	XV117, XV118	-	157,181
<b>Total Corporation for National and Community Service</b>			-	<b>157,181</b>
<u>U.S. Department of Agriculture</u>				
Pass-Through from State of Florida Department of Elder Affairs Adult Care Food Program (Non-Pricing Program)	10.558	Y4013, Y3013	-	109,577
Pass-Through from State of Florida Department of Health Child Care Food Program	10.558	S-3934, A-1859	-	340,834
(Non-Pricing Program)	10.558	S-3934, A-1859	-	43,484
<b>Total U.S. Department of Agriculture</b>			-	<b>493,895</b>
<b>Total Expenditures of Federal Awards</b>			\$ -	<b>\$ 4,199,560</b>

**Easter Seals South Florida, Inc.**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended August 31, 2020**

State Grantor/Pass-Through Grantor/Program or Title	CSFA Number	Pass-through Entity Identifying Number	Total Expenditures
<u>Florida Department of Elder Affairs</u>			
Pass-Through from Alliance of Aging: Alzheimer's Disease Initiative	65.004	KZ-1892, KZ-1992	\$ 1,146,469
Subtotal Florida Department of Elder Affairs			1,146,469
<u>Alzheimer's Respite Series</u>			
Pass through from Americorps: Respite for Elders Living in Everyday Families	65.006	XV117, XV119	65,066
Subtotal Alzheimer's Respite Series			65,066
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 1,211,535</b>

*See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.*

**Easter Seals South Florida, Inc.**  
**Notes to Schedules of Expenditures of Federal Awards and**  
**State Financial Assistance**  
**Year Ended August 31, 2020**

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**1. Basis of Presentation**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the “Schedules”) include the federal awards and state financial assistance project activity of Easter Seals South Florida, Inc. (the “Organization”) under programs of the federal government and State of Florida for the year ended August 31, 2020. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Florida Auditor General*, respectively. Because the Schedules present only a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Organization.

The Organization had no federally funded insurance programs or loan guarantees during the year ended August 31, 2020.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Easter Seals South Florida, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended August 31, 2020**

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**SECTION I - Summary of Auditor's Results**

**Financial Statements:**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

	Unmodified		
Internal Control over Financial Reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u>	No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u>	None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u>	No

**Federal Award:**

Internal control over major program:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u>	No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u>	None reported

Type of auditor's report issued on compliance for major programs:

	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	_____ Yes	_____ <u>X</u>	No

**State Project:**

Internal control over major project:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u>	No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u>	None reported

Type of auditor's report issued on compliance for major project:

	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of Florida Auditor General</i> ?	_____ Yes	_____ <u>X</u>	No

**Identification of Major Programs:**

Federal Program:

CFDA Number  
93.600

Name of Program  
Head Start/Early Head Start Program

State Project:

CSFA Number  
65.004

Name of Program  
Alzheimer's Disease Initiative

Dollar threshold used to distinguish between type A and type B programs:

Type A and Type B programs			
Federal programs			\$ 750,000
State projects			\$ 363,460
Auditee qualified as a low risk auditee?	_____ <u>X</u>	Yes	_____ No

**Easter Seals South Florida, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended August 31, 2020**

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**SECTION II - Financial Statement Findings**

There were no audit findings on the internal control over financial reporting based on the audited financial statements performed in accordance with *Government Auditing Standards*.

**SECTION III - Award Findings and Questioned Costs - Federal Awards and State Financial Assistance Projects**

There were no findings identified that were required to be reported to those charged with governance in accordance with 2 CFR 200.516(a) or Chapter 10.650, *Rules of the Florida Auditor General* during the year ended August 31, 2020.