

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

**1906 Palmyra Road  
Albany, Georgia**

EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Easterseals Southern Georgia, Inc.

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying consolidated financial statements of Easterseals Southern Georgia, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of August 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Easterseals Southern Georgia, Inc. as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Easterseals Southern Georgia, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

MEMBERS

American Institute of Certified Public Accountants / Georgia Society of Certified Public Accountants

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Easterseals Southern Georgia, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Easterseals Southern Georgia, Inc.'s ability to continue as a going concern for a reasonable period of time.

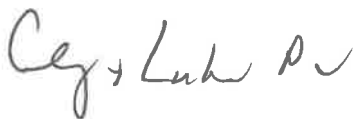
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information (pages 18-26), including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 November 23, 2022, on our consideration of Easterseals Southern Georgia, 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 Southern Georgia, 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 Southern Georgia, Inc.'s internal control over financial reporting and compliance.



Albany, Georgia  
November 23, 2022

**EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2022 AND 2021**

<b><u>ASSETS</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>CURRENT ASSETS:</b>		
Cash	\$4,377,777	\$ 5,128,022
Accounts Receivable:		
Production work sites	3,955	4,938
Contracts	93,864	141,725
Other receivables	36,202	55,931
Patient fees	507,876	137,187
Allowance for doubtful accounts	(3,000)	(3,000)
Inventory, at cost	72,758	69,967
Prepaid expenses	<u>110,918</u>	<u>100,959</u>
Total Current Assets	<u>5,200,350</u>	<u>5,635,729</u>
<b>PROPERTY:</b>		
Investment Property	38,500	38,500
Land, buildings and equipment, net	<u>2,970,631</u>	<u>2,975,946</u>
Net Property	<u>3,009,131</u>	<u>3,014,446</u>
<b>OTHER ASSETS:</b>		
Cash Held in Unemployment Service Trust	46,300	1,674
Cash - Donor Restricted Endowment	<u>81,705</u>	<u>93,582</u>
Total Other Assets	<u>128,005</u>	<u>95,256</u>
<b>TOTAL ASSETS</b>	<b><u>\$8,337,486</u></b>	<b><u>\$ 8,745,431</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 284,702	\$ 158,627
Accrued Payroll and Other	183,210	204,862
Notes Payable-Current Portion	25,674	24,574
Deferred Revenue	<u>728,804</u>	<u>634,460</u>
Total Current Liabilities	1,222,390	1,022,523
Long Term Portion of Notes Payable	<u>270,978</u>	<u>296,845</u>
Total Liabilities	<u>1,493,368</u>	<u>1,319,368</u>
<b>NET ASSETS:</b>		
Without Donor Restrictions:		
Board Designated	3,035,469	3,492,638
Undesignated	<u>2,642,375</u>	<u>2,626,751</u>
Total Net Assets Without Donor Restrictions	5,677,844	6,119,389
With Donor Restrictions:	<u>1,166,274</u>	<u>1,306,674</u>
Total Net Assets	<u>6,844,118</u>	<u>7,426,063</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$8,337,486</u></b>	<b><u>\$ 8,745,431</u></b>

See notes to consolidated financial statements

**EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>Public Support and Revenue</b>		<b>Total</b>		<b>Total</b>
<b>Public Support:</b>				
Memorials, Bequests-Cash	\$ 95,706	\$ 95,706	\$ 119,240	\$ 119,240
Contribution-SBA PPP Loan	-	-	1,411,303	1,411,303
Special Events, Net-Note 8	5,787	5,787	3,663	3,663
United Way Allocation	22,378	22,378	15,224	15,224
<b>TOTAL PUBLIC SUPPORT</b>	<b>123,871</b>	<b>123,871</b>	<b>1,549,430</b>	<b>1,549,430</b>
<b>Revenue:</b>				
Government Grants	1,135,668	1,135,668	2,134,929	2,134,929
Program Service Fees-Note 2	9,070,771	9,070,771	8,598,625	8,598,625
Foundation Grants	55,887	55,887	34,445	34,445
Production Income	37,352	37,352	80,084	80,084
Investment Income	(9,191)	(9,191)	28,515	28,515
Rent Income-Note 9	7,700	7,700	5,000	5,000
HUD Property Fees	-	-	849	849
Miscellaneous Income	49,124	49,124	62,073	62,073
Net Assets Released from Restrictions	140,400	(140,400)	72,893	(72,893)
<b>TOTAL REVENUE</b>	<b>10,487,711</b>	<b>10,347,311</b>	<b>11,017,413</b>	<b>10,944,520</b>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>10,611,582</b>	<b>10,471,182</b>	<b>12,566,843</b>	<b>12,493,950</b>
<b>Expenses:</b>				
Direct Services	9,737,523	9,737,523	9,697,373	9,697,373
Fund Raising	174,365	174,365	177,130	177,130
Management and General	1,086,548	1,086,548	1,046,957	1,046,957
National Membership Fees	54,691	54,691	52,575	52,575
<b>Total Expenses</b>	<b>11,053,127</b>	<b>11,053,127</b>	<b>10,974,035</b>	<b>10,974,035</b>
<b>CHANGE IN NET ASSETS</b>				
Net Assets at Beginning of Year	(441,545)	(581,945)	1,592,808	1,519,915
	6,119,389	7,426,063	4,526,581	5,906,148
<b>NET ASSETS-END OF YEAR</b>	<b>\$ 5,677,844</b>	<b>\$ 6,844,118</b>	<b>\$ 6,119,389</b>	<b>\$ 7,426,063</b>

See notes to consolidated financial statements

**EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

	Direct <u>Services</u>	Fund <u>Raising</u>	Management and <u>General</u>	National Membership <u>Fees</u>	2022 <u>Totals</u>	2021 <u>Totals</u>
Salaries	\$ 3,565,999	\$105,333	\$ 670,831	\$ -	\$ 4,342,163	\$ 4,227,098
Client Wages	67,918	-	-	-	67,918	89,217
Contract Services	961,223	4,800	3,964	-	969,987	1,016,411
FICA Tax	269,596	7,902	47,000	-	324,498	317,785
Unemployment Tax	5,420	1	1,914	-	7,335	44,754
Group Insurance	391,516	411	65,756	-	457,683	517,436
Workers Comp Insurance	80,178	2,622	14,766	-	97,566	132,685
Retirement Expense	49,471	1,838	13,979	-	65,288	62,189
Postage and Printing	6,209	459	999	-	7,667	11,596
Supplies	72,507	781	11,701	-	84,989	156,860
Program Supplies	100,232	-	-	-	100,232	72,491
Auto and Travel Expense	158,870	550	5,348	-	164,768	130,348
Conference and Training	18,374	-	6,009	-	24,383	23,749
References and Publications	-	-	20	-	20	-
Rent Expense	133,615	85	2,854	-	136,554	157,699
Insurance	120,172	368	22,328	-	142,868	129,854
Utilities	174,352	299	10,030	-	184,681	189,847
Telecommunications	99,506	1,397	9,477	-	110,380	104,724
Facilities Maintenance/Repair	181,398	737	24,701	-	206,836	175,204
Equipment Maintenance/Repair	6,893	193	8,090	-	15,176	15,871
CARF Expense	-	-	13,315	-	13,315	12,320
Dues and Memberships	14,875	-	5,040	-	19,915	15,996
NESS Fees	-	-	-	54,691	54,691	52,575
Legal and Accounting	16,000	-	25,325	-	41,325	42,750
Employment Expense	25,574	52	95	-	25,721	41,648
Family Support/Direct Services	2,782,708	-	-	-	2,782,708	2,652,036
Miscellaneous Expense	2,578	40,448	13,461	-	56,487	50,087
Software Subscriptions	85,594	5,071	72,270	-	162,935	121,225
Equipment Purchase/Leases	60,468	162	8,606	-	69,236	81,113
Interest	12,760	-	-	-	12,760	22,400
Bad Debt Expense	2,329	-	-	-	2,329	21,721
Depreciation	146,181	856	28,669	-	175,706	165,646
Totals Before Depreciation of Assets Funded by Governmental Agencies	9,612,516	174,365	1,086,548	54,691	10,928,120	10,855,335
Depreciation	125,007	-	-	-	125,007	118,700
Totals	<u>\$ 9,737,523</u>	<u>\$174,365</u>	<u>\$ 1,086,548</u>	<u>\$ 54,691</u>	<u>\$ 11,053,127</u>	<u>\$ 10,974,035</u>

See notes to consolidated financial statements

**EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<u>2022</u>	<u>2021</u>
Change in Net Assets	\$ (581,945)	\$ 1,519,915
Adjustments to Reconcile Change in Net Assets to Cash		
Provided by Operating Activities:		
Depreciation	300,713	284,346
(Gain) Loss on Assets Held in Trust	14,788	(22,254)
Non-Cash Items-Net	5,779	43,770
Changes in Operating Assets and Liabilities:		
Accounts Receivable-Net	(302,116)	(48,200)
Inventories	(2,791)	(6,797)
Prepaid Expenses and Other Assets	(9,959)	(3,358)
Net Transfers to Unemployment Service Trust	(53,317)	(10,606)
Accounts Payable	126,075	(19,576)
Accrued Expenses	(21,652)	(6,775)
Deferred Income	94,344	39,377
Net Cash Provided/(Used) by Operating Activities	<u>(430,081)</u>	<u>1,769,842</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Property, Plant and Equipment	<u>(295,397)</u>	<u>(103,124)</u>
Net Cash Provided/(Used) in Investing Activities	<u>(295,397)</u>	<u>(103,124)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Payments on Notes	(24,767)	(23,208)
Proceeds from Restricted Contributions	-	-
Net Cash Provided/(Used) in Financing Activities	<u>(24,767)</u>	<u>(23,208)</u>
Net Increase in Cash and Cash Equivalents	(750,245)	1,643,510
Cash and Cash Equivalents-Beginning of Year	<u>5,128,022</u>	<u>3,484,512</u>
Cash and Cash Equivalents-End of Year	<u>\$ 4,377,777</u>	<u>\$ 5,128,022</u>
Supplemental Disclosures:		
Interest Paid	<u>\$ 12,760</u>	<u>\$ 15,590</u>

See notes to consolidated financial statements



**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

EasterSeals Southern Georgia, Inc., (the parent) and its related entities were organized under the Georgia Nonprofit Corporation Act. EasterSeals principle purpose is to furnish vocational, residential, respite and family support, day habilitation and other advocacy services to people of all ages and disabilities from a fifty-four county area in South Georgia and a sixteen county area in North Florida. The organization accomplishes these goals through contributions received from businesses, individuals, and civic organizations, as well as grants from federal, state and local governmental agencies. The organization is a member of the National Easter Seal Society.

EasterSeals Southern Georgia, Inc.'s related entities operate multi-family housing projects that are affordable and accessible for persons with disabilities under Section 811 of the National Housing Act. The related entities are as follows:

Options for Living, Inc.	Crisp County Options, Inc.
Options for Living East One, Inc.	Grady County Options, Inc.
Options for Living East Two, Inc.	Valdosta/Lowndes County Options for Living
Colquitt Options, Inc.	Satilla Solutions, Inc.

**SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

Basis of accounting refers to the method by which revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Net assets of EasterSeals Southern Georgia, Inc. and its related entities are accounted for using the accrual basis of accounting.

The consolidated financial statements include the accounts of the parent and its related entities. All material intercompany balances and transactions have been eliminated in consolidation.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions. The organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance method is based on prior year's experience and management's analysis of specific promises made.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated asset 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.

Capitalization and Depreciation Policy

Property, plant and equipment purchased at a cost of \$5,000 or more are capitalized at cost and are depreciated over their estimated useful lives in accordance with the straight-line method. Donated fixed assets meeting the capitalization threshold of \$5,000 or more are recorded at their fair market value at the date of the gift and depreciated over their estimated useful lives in accordance with the straight-line method. Depreciation is computed at rates based on the following estimated useful lives:

Buildings	30 Years
Equipment	5-10 Years

Repairs, maintenance and minor renewals are expensed in the period incurred. Expenditures for major renewals and betterments normally are capitalized.

Financial Statement Presentation

The organization follows the guidance of the FASB Accounting Standards Codification, which is the source of authoritative accounting principles for nongovernmental entities that prepare financial statements in accordance with generally accepted accounting principles in the United States of America. All standards applicable to the organization have been properly adopted and applied in the preparation of the financial statements.

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. EasterSeals Southern Georgia, Inc. therefore reports information about its financial position and activities using two classes of net assets that recognize the existence and nature of restrictions on its net assets.

Net assets without donor restrictions represent resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the organization in accordance with the Articles of Incorporation and By-laws.

Net assets with donor restrictions represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the organization or by the passage of time.

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

The Organization and its related entities have been approved by the Internal Revenue Service to be exempt from taxation pursuant to Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the financial statements. However, the Organization and its related entities file annual information returns (Form 990) with the Internal Revenue Service. The organization has no unrelated business taxable income and thus has no uncertain tax positions that are material to the financial statements.

Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method. The majority of the inventory consists of commemorative Christmas ornaments held for resale by the Organization.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of one year or less to be cash equivalents. At August 31, 2022, and for the fiscal year then ended, the Organization held no marketable securities or debt securities meeting these criteria.

Contributions

The Organization follows the guidance of SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as net asset with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Fair Values of Financial Instruments

The following methods and assumptions are used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term investments and promises to give due in less than one year are reported in the statement of financial position at approximate fair values because of the short maturities of those instruments.

Promises to give due in more than one year are estimated by discounting the future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected collection period.

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when the entity satisfies a performance obligation. Easterseals Southern Georgia, Inc. adopted the provisions of ASU 2014-09 using the modified retrospective method applied to all contracts existing as of September 1, 2020. There was no material impact on the Center's financial position and results of operations upon adoption of the new standard and therefor no changes to previously issued audited financial statements were required.

The Organization's revenue subject to this revenue recognition standard is derived primarily from program services. The Organization has contractual arrangements with various funders to provide program services at negotiated rates for specific services. As such, the performance obligation is the service provided and revenue is recognized in the month the contractual services are rendered. The Organization does not have multiple performance obligations that would require allocation of the transaction price.

Upcoming Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02 "Leases (Topic 842)." ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the accounting for lease expenses. The Center anticipates that the adoption of ASU 2016-02 will 1) increase the Center's recorded assets and liabilities, 2) increase depreciation and amortization expense, 3) increase interest expense, and 4) decrease lease/rental expense. The Center is currently evaluating each of its lease arrangements and has not determined the aggregate amount of change expected for each of the preceding categories. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. **Easterseals Southern Georgia, Inc. has made the decision to not adopt the requirements of ASU 2016-02 until the fiscal year ending August 31, 2023.**

**NOTE 2 – PROGRAM SERVICE FEES**

A schedule of program service fees earned during the fiscal year ended August 31, 2022, follows:

Medicaid Fee Income	\$ 6,449,655
HUD Fee Income	376,492
Consumer Income	308,514
DBHDD Contracts	1,964,452
Service Discounts	<u>(28,342)</u>
Total	<u>\$ 9,070,771</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 3 – CONTRACTS RECEIVABLE**

The Organization was owed the following amounts on state contracts as of August 31, 2022:

Georgia Vocational Rehabilitation Agency:	
Vocational Services	\$ 11,178
Florida Department of Education:	
Vocational Contracts	30,464
Georgia Department of Community Health:	
Champions for Children	<u>52,222</u>
	<u>\$ 93,864</u>

**NOTE 4 – INVESTMENT PROPERTY**

The carrying value shown represents the fair market value assigned per appraisal in 1978 for certain unimproved real estate bequested to the Organization. The property contains approximately four acres located in Albany, Georgia commonly referred to as the Midtown Mall property. The Organization is a co-owner of the property along with the Georgia Baptist Children's Home, Inc., each having a one-half undivided interest.

The property is subject to a long term lease which provided annual rental income of \$10,000 until December 31, 1994, then subject to five year renewal options through December 31, 2059, under the same rental terms, which the lessee exercised on January 1, 2020.

Due to the absence of a current appraisal, the current market value is not presented.

**NOTE 5 – LAND, BUILDING AND EQUIPMENT**

A detailed schedule of the costs and related accumulated depreciation of land, buildings and equipment as of August 31, 2022, is presented on the following page.

**EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

<u>ASSETS</u>	<u>COST/BASIS</u> <u>8/31/2021</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>COST/BASIS</u> <u>8/31/2022</u>	<u>ACC DEP</u> <u>8/31/2022</u>	<u>NET</u>
Land	\$ 172,757	\$ -	\$ -	\$ 172,757	\$ -	\$ 172,757
Building	2,837,849	60,947	(8,666)	2,890,130	1,492,504	1,397,626
Equipment	923,067	136,502	(91,163)	968,406	773,498	194,908
<b>Totals-Easter Seals</b>	<b><u>3,933,673</u></b>	<b><u>197,449</u></b>	<b><u>(99,829)</u></b>	<b><u>4,031,293</u></b>	<b><u>2,266,002</u></b>	<b><u>1,765,291</u></b>
Land	32,897	-	-	32,897	-	32,897
Furniture/Equipment	6,354	12,545	(969)	17,930	5,450	12,480
Building	374,980	17,845	-	392,825	319,678	73,147
<b>Totals-OFL, Inc.</b>	<b><u>414,231</u></b>	<b><u>30,390</u></b>	<b><u>(969)</u></b>	<b><u>443,652</u></b>	<b><u>325,128</u></b>	<b><u>118,524</u></b>
Land	9,993	-	-	9,993	-	9,993
Furniture/Equipment	12,149	8,941	(539)	20,551	10,197	10,354
Building	221,440	10,400	-	231,840	177,970	53,870
<b>Totals-OFL East One</b>	<b><u>243,582</u></b>	<b><u>19,341</u></b>	<b><u>(539)</u></b>	<b><u>262,384</u></b>	<b><u>188,167</u></b>	<b><u>74,217</u></b>
Land	9,965	-	-	9,965	-	9,965
Equipment	7,634	-	(1,292)	6,342	6,342	-
Building	587,465	28,693	-	616,158	448,105	168,053
<b>Totals-OFL East Two</b>	<b><u>605,064</u></b>	<b><u>28,693</u></b>	<b><u>(1,292)</u></b>	<b><u>632,465</u></b>	<b><u>454,447</u></b>	<b><u>178,018</u></b>
Land	30,494	-	-	30,494	-	30,494
Equipment	20,317	-	(915)	19,402	12,751	6,651
Building	449,935	8,944	-	458,879	324,159	134,720
<b>Totals-Colquitt Options</b>	<b><u>500,746</u></b>	<b><u>8,944</u></b>	<b><u>(915)</u></b>	<b><u>508,775</u></b>	<b><u>336,910</u></b>	<b><u>171,865</u></b>
Land	16,000	-	-	16,000	-	16,000
Furniture/Equipment	3,372	-	-	3,372	2,248	1,124
Building	215,952	-	-	215,952	141,243	74,709
<b>Totals-Crisp Options</b>	<b><u>235,324</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>235,324</u></b>	<b><u>143,491</u></b>	<b><u>91,833</u></b>
Land	29,756	-	-	29,756	-	29,756
Equipment	1,232	-	(647)	585	586	(1)
Building	289,035	4,220	-	293,255	181,928	111,327
<b>Totals-Grady Options</b>	<b><u>320,023</u></b>	<b><u>4,220</u></b>	<b><u>(647)</u></b>	<b><u>323,596</u></b>	<b><u>182,514</u></b>	<b><u>141,082</u></b>
Land	53,822	-	-	53,822	-	53,822
Furniture/Equipment	16,037	-	(647)	15,390	7,353	8,037
Building	365,722	2,000	-	367,722	216,409	151,313
<b>Totals-Valdosta Options</b>	<b><u>435,581</u></b>	<b><u>2,000</u></b>	<b><u>(647)</u></b>	<b><u>436,934</u></b>	<b><u>223,762</u></b>	<b><u>213,172</u></b>
Land	8,813	-	-	8,813	-	8,813
Furniture/Equipment	13,546	-	-	13,546	12,557	989
Building	447,742	4,360	-	452,102	245,275	206,827
<b>Total-Satilla Solutions</b>	<b><u>470,101</u></b>	<b><u>4,360</u></b>	<b><u>-</u></b>	<b><u>474,461</u></b>	<b><u>257,832</u></b>	<b><u>216,629</u></b>
<b>TOTALS</b>	<b><u>\$ 7,158,325</u></b>	<b><u>\$ 295,397</u></b>	<b><u>\$ (104,838)</u></b>	<b><u>\$ 7,348,884</u></b>	<b><u>\$ 4,378,253</u></b>	<b><u>\$ 2,970,631</u></b>

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 5 – LAND, BUILDING AND EQUIPMENT (Continued)**

The land, building and equipment of \$7,348,884 at August 31, 2022, consisted of purchased assets recorded at cost in the amount of \$6,805,416 and donated assets recorded at fair market value in the amount of \$543,468. Depreciation for the year was \$300,713 of which \$175,706 was attributable to EasterSeals Southern Georgia, Inc., and \$125,007 was attributable to its related entities.

**NOTE 6 – CASH**

As of August 31, 2022, the carrying amount of the Organization's deposits was \$4,377,777. The bank balances totaled \$4,273,254. All deposits were FDIC insured as of August 31, 2022.

**NOTE 7 – DEFERRED REVENUES**

The balance shown represents certain collections received by August 31, 2022, which are not recognized as current year revenues in these financial statements. A detailed schedule follows:

Champions for Children	\$ 677,930
Other Miscellaneous	<u>50,875</u>
Total Deferred Revenues	<u>\$ 728,805</u>

**NOTE 8 – SPECIAL EVENTS**

During the year, the Organization was associated with the following fund raising events to further its stated purpose.

EVENT	GROSS REVENUES	RELATED EXPENSES	NET PROFITS
Christmas Ornament Sales	<u>\$ 13,635</u>	<u>\$ 7,848</u>	<u>\$ 5,787</u>

**NOTE 9 – RENTAL INCOME**

A schedule of the rental income generated during the year ended August 31, 2022, follows:

Midtown Mall Property – See Note 4	\$ 5,000
Miscellaneous Office Space	<u>2,700</u>
Total Rent Income	<u>\$ 7,700</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 10 – DONATED SERVICES AND MATERIALS**

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, program activities and special events. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

**NOTE 11 – LEASING ARRANGEMENTS**

The Organization's leasing activity consists of the present commercial lessee with respect to the investment property commonly known as the Midtown Mall property. The lease remained in effect until December 31, 1994, and was renewed by the current lessee on January 1, 2020, for five years. The lease calls for annual rent in the amount of \$10,000, which is shared equally with the Georgia Baptist Children's Home, Inc. as co-owner. The lease grants the lessee the option of five year renewal periods through December 31, 2059. The following is a schedule by years of the minimum future rentals on non cancelable operating leases as of August 31, 2022:

Year Ending August 31:	
2022	\$ 5,000
2023	5,000
2024	5,000

**NOTE 12 – PROPERTY OWNED BY THE STATE OF GEORGIA**

In connection with the Organization's annual contract with the State of Georgia Department of Behavioral Health and Developmental Disabilities, EasterSeals receives periodic grants for the purchase of property and equipment. Although title to these assets is held by the State of Georgia, the Organization anticipates utilizing the property during the assets' useful lives. However, should the Organization discontinue using the property, the property must be returned to the State.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

The Organization maintains a working relationship with its related entities which are listed in Note 1. Those organizations were formed to administer U.S. Department of Housing and Urban Development grants for the development and the operations of housing for persons with disabilities.

The Organizations are deemed to be under a sufficient degree of common control through their respective officers and board of directors whereby consolidation of the Organization's financial statements is required.



**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 14 – COMPENSATED ABSENCES**

In accordance with the provisions of Statement of Financial Accounting Standards No. 43, an employer is required to accrue a liability for its employees' rights to receive compensation for future absences when such absences are vested and payment of compensation is probable and can be reasonably estimated. Employees of the organization are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors.

The organization has adopted policies to allow employees to carry over up to 37.5 hours of paid time off to the following fiscal year. As such, the organization has accrued \$38,390 of leave as of August 31, 2022.

**NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at August 31, 2022 consist of the following:

Endowment Fund	\$ 42,100
Net assets of HUD Group Homes	<u>1,124,174</u>
Total Assets with Donor Restrictions	<u>\$1,166,274</u>

**NOTE 16 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

The organization's board of directors has chosen to place the following limitations on net assets without donor restrictions:

	<u>2022</u>
Designated for Unemployment Claims	\$ 46,300
Designated for Capital Improvements	40,035
Designated for Cash Reserves	2,916,291
Designated for USDA Sinking Fund	14,943
Designated for Endowment Fund	17,900
Undesignated	<u>2,642,375</u>
Unrestricted Net Assets	<u>\$5,677,844</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 17 – DEBT**

Notes Payable

The Organization's notes payable consisted of the following at August 31, 2022:

A note was secured from Flint Community Bank on November 28, 2016, for the purpose of refinancing real estate in Valdosta, Georgia. The amount of the note was \$100,895 which is payable in 144 installments of \$874. The note bears interest at a rate of 3.75% and matures in November, 2028.

A note was secured from Flint Community Bank on March 30, 2018, for the purpose of purchasing real estate in Albany, Georgia. The amount of the note was \$94,658 and is payable in 180 installments of \$712. The note bears interest at a rate of 4.25% and matures in March, 2032.

A note was secured from the United States Department of Agriculture on December 21, 2007, for the purpose of renovating the real estate in Camilla, Georgia commonly referred to as the Carlisle House. The amount of the note was \$150,000 which is payable in 300 installments of \$843. The note bears interest at a rate of 4.38% and matures in December, 2032.

A note was secured from SB&T Bank on October 9, 2020, for the purpose of refinancing real estate in Valdosta, Georgia. The amount of the note was \$95,337 and is payable in 59 payments of \$696 and a final payment of the remaining balance. The note bears interest at a rate of 3.75% and matures in October, 2025.

Principal maturities of the aforementioned notes payable are as follows:

Year Ending August 31:

2023 (Current)	<u>\$ 24,574</u>
2024	26,957
2025	27,211
2026	92,815
2027	21,222
Thereafter	<u>102,773</u>
Total Noncurrent	<u>\$ 270,978</u>

Line of Credit

A line of credit in the amount of \$500,000 was renewed with Synovus Bank on March 30, 2021. The purpose of the line was for working capital. The interest rate on the outstanding principal balance of the line of credit is 3.50% and the entire principal and interest balance is due and payable on March 30, 2023. As of August 31, 2022, there was no outstanding balance on the line of credit.

**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**NOTE 18—PENSION PLAN**

During the fiscal year ended August 31, 2018, the organization established a defined contribution pension plan under IRS Code Section 403(B). The organization matches 50% of the first 6% that an employee contributes. Contributions totaling \$65,288 and \$62,189 for the years ended August 31, 2022 and 2021, respectively, were made by the Organization, in addition to the elective deferrals made by employees.

**NOTE 19 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The organization has \$5,016,674 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$4,377,777 and various receivables of \$638,897.

In addition, the organization has \$128,005 in unemployment and endowment trust funds that could be utilized upon approval by the board. The organization also has a line of credit available if needed.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12 month period, the Organization considers all expenditures related to its ongoing activities of providing social service programs to individuals with intellectual and developmental disabilities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

**NOTE 20 – PAYCHECK PROTECTION PROGRAM LOAN**

On February 24, 2021, the organization received loan proceeds in the amount of \$1,403,000 in the second round of the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES act) provided for loans to qualifying entities for amounts up to 2.5 times of the average monthly payroll expenses. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its payroll levels.

EasterSeals Southern Georgia, Inc. initially accounted for the PPP loan as a conditional contribution. The organization met all required conditions for forgiveness prior to August 31, 2021, and as such has recognized the entire amount as contribution revenue in the financial statements for the year ended August 31, 2021. On September 27, 2021, EasterSeals Southern Georgia, Inc. was notified that the entire PPP loan had been forgiven.

**NOTE 21 – DATE OF MANAGEMENT EVALUATION OF SUBSEQUENT EVENTS**

Management of the Organization has evaluated the effects of subsequent events through November 23, 2022, which is the date the financial statements are available to be issued.

**SUPPLEMENTARY INFORMATION**  
**(See Accompanying Independent Auditor's Report)**

EASTERSEALS SOUTHERN GEORGIA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services:</b>			
<u>Direct Programs:</u>			
COVID 19 - Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution	93.498	N/A	<u>\$ 877,433</u>
<b>U.S. Department of Education:</b>			
<u>Pass-through Programs from:</u>			
<b>Georgia Vocational Rehabilitation Agency:</b>			
Rehabilitation Services-Vocational		42700-610-SA-0000010080	8,094
Rehabilitation Grants to States	84.126	41200-610-SS-FY22-010080	173,824
<b>Florida Department of Education:</b>			
Rehabilitation Services-Vocational			
Rehabilitation Grants to States	84.126	N/A	<u>94,658</u>
<b>Total U.S. Department of Education</b>			<u><u>276,576</u></u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,154,009</u></u>

EASTERSEALS SOUTHERN GEORGIA, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2022

**NOTE 1 - BASIS OF PRESENTATION**

The preceding schedule of expenditures of federal awards includes the federal award activity of EasterSeals Southern Georgia, Inc. under programs of the federal government for the year ended August 31, 2022. The information in this schedule 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). Because the schedule presents only a selected portion of the operations of EasterSeals Southern Georgia, Inc., it is not intended to and does not present the financial position or changes in financial position of EasterSeals Southern Georgia, Inc.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) EasterSeals Southern Georgia, Inc. elected to not use the 10% de minimis cost rate allowed under the Uniform Guidance.

**EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2022**

	<u>Consolidated</u>	<u>Eliminations</u>	<u>Easter Seals Southern Georgia, Inc.</u>	<u>HUD Group Homes</u>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 4,377,777	\$ -	\$ 4,209,042	\$ 168,735
Accounts Receivable:				
Production Work Sites	3,955	-	3,955	-
Contracts	93,864	-	93,864	-
Other Receivables	36,202	(221,346)	256,324	1,224
Patient Fees, less allowance for uncollectible accounts of \$3,000	504,876	-	504,876	-
Inventory, at cost	72,758	-	72,758	-
Prepaid Expenses	110,918	-	98,667	12,251
Total Current Assets	5,200,350	(221,346)	5,239,486	182,210
<b>PROPERTY:</b>				
Investment Property	38,500	-	38,500	-
Land, building and equipment, net	2,970,631	-	1,765,291	1,205,340
Net Property	3,009,131	-	1,803,791	1,205,340
<b>OTHER ASSETS:</b>				
Cash Held in Unemployment Service Trust	46,300	-	46,300	-
Cash - Donor Restricted Endowment	81,705	-	81,705	-
Total Other Assets	128,005	-	128,005	-
<b>TOTAL ASSETS</b>	<b>\$ 8,337,486</b>	<b>\$ (221,346)</b>	<b>\$ 7,171,282</b>	<b>\$ 1,387,550</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts Payable	\$ 284,702	\$ (221,346)	\$ 253,316	\$ 252,732
Accrued Payroll and Other	183,210	-	172,566	10,644
Notes Payable-Current Portion	25,674	-	25,674	-
Deferred Revenue	728,804	-	728,804	-
Total Current Liabilities	1,222,390	(221,346)	1,180,360	263,376
Long Term Portion of Notes Payable	270,978	-	270,978	-
Total Liabilities	1,493,368	(221,346)	1,451,338	263,376
<b>NET ASSETS:</b>				
Without Donor Restrictions:				
Board Designated	3,035,469	-	3,035,469	-
Undesignated	2,642,375	-	2,642,375	-
Total Net Assets without Donor Restrictions	5,677,844	-	5,677,844	-
With Donor Restrictions	1,166,274	-	42,100	1,124,174
Total Net Assets	6,844,118	-	5,719,944	1,124,174
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,337,486</b>	<b>\$ (221,346)</b>	<b>\$ 7,171,282</b>	<b>\$ 1,387,550</b>

**EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDING AUGUST 31, 2022**

<u>Net Assets Without Donor Restrictions:</u>			Easter Seals Southern Georgia, Inc.	HUD Group Homes
	<u>Consolidated</u>	<u>Eliminations</u>		
<b><u>Public Support and Revenue</u></b>				
<b>Public Support:</b>				
Memorials, Bequests-Cash	\$ 95,706	\$ -	\$ 95,706	\$ -
Special Events, Net	5,787	-	5,787	-
United Way Allocation	22,378	-	22,378	-
<b>TOTAL PUBLIC SUPPORT</b>	<u>123,871</u>	<u>-</u>	<u>123,871</u>	<u>-</u>
<b>Revenue:</b>				
Government Grants	1,135,668	-	1,135,668	-
Program Service Fees	9,070,771	-	8,694,279	376,492
Foundation Grants	55,887	-	55,887	-
Production Income	37,352	-	37,352	-
Investment Income	(9,191)	-	(9,324)	133
Rent Income	7,700	-	7,700	-
HUD Property Fees	-	(86,104)	86,104	-
Miscellaneous Income	49,124	(36)	49,120	40
Net Assets Released from Restrictions	140,400	-	140,400	-
<b>TOTAL REVENUE</b>	<u>10,487,711</u>	<u>(86,140)</u>	<u>10,197,186</u>	<u>376,665</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>10,611,582</u>	<u>(86,140)</u>	<u>10,321,057</u>	<u>376,665</u>
<b>Expenses:</b>				
Direct Services	9,737,523	(86,140)	9,306,598	517,065
Fund Raising	174,365	-	174,365	-
Management and General	1,086,548	-	1,086,548	-
National Membership Fees	54,691	-	54,691	-
<b>Total Expenses</b>	<u>11,053,127</u>	<u>(86,140)</u>	<u>10,622,202</u>	<u>517,065</u>
<b>Change in Net Assets without Donor Restrictions</b>	<u>(441,545)</u>	<u>-</u>	<u>(301,145)</u>	<u>(140,400)</u>
<b><u>Net Assets with Donor Restrictions:</u></b>				
Net Assets Released from Restrictions	(140,400)	-	(140,400)	-
<b>Change in Net Assets with Donor Restrictions</b>	<u>(140,400)</u>	<u>-</u>	<u>(140,400)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	<u>(581,945)</u>	<u>-</u>	<u>(441,545)</u>	<u>(140,400)</u>
Net Assets at Beginning of Year	<u>7,426,063</u>	<u>-</u>	<u>6,161,489</u>	<u>1,264,574</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 6,844,118</u>	<u>\$ -</u>	<u>\$ 5,719,944</u>	<u>\$ 1,124,174</u>



**EASTERSEALS SOUTHERN GEORGIA, INC.  
AND RELATED ENTITIES  
SUMMARY STATEMENT OF SERVICES DELIVERED  
FOR THE YEAR ENDED AUGUST 31, 2022**

STATE CONTRACT NUMBERS

44100-264-9072023104 (GA DBHDD)  
44100-264-9072022104 (GA DBHDD)  
2015037 (GA DCH)  
42700-610-SA-0000010080 (GA Vocational Rehab)  
41200-610-SS-FY22-010080 (GA Vocational Rehab)

Enabled by funding from the contracts listed above, EasterSeals Southern Georgia, Inc. provided Work Adjustment, Sheltered Employment, Supported Employment, Residential Services, Community Service, Transition Services, Day Habilitation Services, and Respite Services for 2,137 (unduplicated count) disabled individuals during the year September 1, 2021 through August 31, 2022. These services were provided through contractual agreements between EasterSeals Southern Georgia, Inc. and Georgia Department of Behavioral Health and Developmental Disabilities, Georgia Department of Community Health, and Georgia Vocational Rehabilitation Agency.

**EASTERSEALS SOUTHERN GEORGIA, INC.  
SCHEDULE OF GOVERNMENT GRANTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

<u>Grantor/Program</u>	<u>Contract Number</u>	<u>Federal Funds</u>	<u>State Funds</u>	<u>Total</u>
<b>Georgia Vocational Rehabilitation Agency</b>				
Vocational Services	42700-610-SA-0000010080	\$ 8,094	\$ 2,190	\$ 10,284
	41200-610-SS-FY22-010080	173,824	-	173,824
 <b>Georgia Department of Community Health</b>				
Champions for Children	2015037	-	739,237	739,237
	2015037	-	92,046	92,046
 <b>Florida Department of Education</b>				
Employment/Supported Employment Services; On-the-Job Training		<u>94,658</u>	<u>25,619</u>	<u>120,277</u>
 <b>TOTAL GOVERNMENT GRANTS</b>		 <u>\$ 276,576</u>	 <u>\$ 859,092</u>	 <u>\$ 1,135,668</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.  
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE  
FOR THE YEAR ENDED AUGUST 31, 2022**

EasterSeals Southern Georgia, Inc. entered into contracts with the State of Georgia Vocational Rehabilitation Agency and the Georgia Department of Community Health to provide respite, family support, and vocational services. The following contracts were completed during the year under audit:

<u>Grant Number</u>	<u>Grant Amount</u>	<u>Grant Period</u>	<u>Due (To)From Granting Agency as of 8/31/2022</u>
<u>Georgia Vocational Rehabilitation Agency:</u>			
42700-610-SA-0000010080	\$ 401,874	7/1/20 to 9/30/21	\$ -
<u>Georgia Department of Community Health:</u>			
2015037	\$ 1,013,000	7/1/21 to 6/30/22	\$ -

EASTERSEALS SOUTHERN GEORGIA, INC.  
SCHEDULE OF GEORGIA VOCATIONAL REHABILITATION AGENCY - CONTRACTS  
REVENUES AND EXPENSES VS BUDGET  
July 1, 2020 - September 30, 2021

<b>Contract No. 42700-610-SA-0000010080</b>	<u>Contract-to-Date</u>	<u>Budget</u>	<u>Difference (Over) Under</u>
Vocational Services			
REVENUE:			
Georgia Vocational Rehabilitation Agency			
Contract Revenues	156,642	737,137	580,495
Non-Contract Revenues	-	-	-
Other Revenue Sources	<u>63,917</u>	<u>4,997</u>	<u>(58,920)</u>
<b>TOTAL REVENUE</b>	<u>220,559</u>	<u>742,134</u>	<u>521,575</u>
EXPENSES			
Salaries	238,129	324,170	86,041
Work Adjustment Wages	17,958	135,321	117,363
Payroll Taxes	19,491	32,481	12,990
Unemployment	7,600	-	(7,600)
Group Insurance	32,789	50,733	17,944
Workers' Compensation	8,045	15,907	7,862
Printing and Postage	1,739	210	(1,529)
Supplies	1,346	3,324	1,978
Retirement	4,707	6,816	2,109
Program Activities	1,900	-	(1,900)
Employee Mileage/Travel	10,384	41,698	31,314
Conferences and Training	810	971	161
Telephone/Internet	5,890	8,554	2,664
Equipment Purchases	1,812	600	(1,212)
Building/Equipment Repairs and Maintenance	488	992	504
Depreciation	807	1,075	268
Software Subscriptions	1,186	70	(1,116)
Dues/Memberships	1,185	-	(1,185)
Employment Expense	951	1,429	478
Bad Debt	23,319	-	(23,319)
Oper. & Maintenance/Facilities/Oversight Allocation	<u>160,893</u>	<u>147,824</u>	<u>(13,069)</u>
<b>TOTAL EXPENSES</b>	<u>541,429</u>	<u>772,175</u>	<u>230,746</u>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ (320,870)</u>	<u>\$ (30,041)</u>	<u>\$ 290,829</u>

EASTERSEALS SOUTHERN GEORGIA, INC.  
SCHEDULE OF GEORGIA DEPARTMENT OF COMMUNITY HEALTH - CONTRACTS  
REVENUES AND EXPENSES VS. BUDGET  
July 1, 2021 - June 30, 2022

<b>Contract No. 2015037</b>	<u>Contract-to-Date</u>	<u>Budget</u>	<u>Difference (Over) Under</u>
Champions for Children Program			
REVENUE:			
State of Georgia Department of Community Health - Contract Revenues	<u>822,029</u>	<u>1,013,000</u>	<u>190,971</u>
TOTAL REVENUE	<u>822,029</u>	<u>1,013,000</u>	<u>190,971</u>
EXPENSES:			
Direct Services	<u>822,029</u>	<u>1,013,000</u>	<u>190,971</u>
TOTAL EXPENSES	<u>822,029</u>	<u>1,013,000</u>	<u>190,971</u>
REVENUE OVER (UNDER) EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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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 of  
Easterseals Southern Georgia, 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 Southern Georgia, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities and changes in net assets, 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 November 23, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

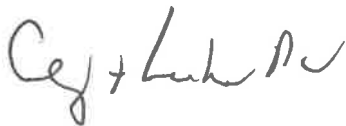
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Easterseals Southern Georgia, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in dark ink, appearing to read "Cej + Luke D.", is positioned above the typed text.

Albany, Georgia  
November 23, 2022



CLENNEY  
+ LUKE, PC

Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Easterseals Southern Georgia, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Easterseals Southern Georgia, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Easterseals Southern Georgia, Inc.'s major federal programs for the year ended August 31, 2022. Easterseals Southern Georgia, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Easterseals Southern Georgia, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Easterseals Southern Georgia, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Easterseals Southern Georgia, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Easterseals Southern Georgia, Inc.'s federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Easterseals Southern Georgia, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Easterseals Southern Georgia, Inc.'s compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Easterseals Southern Georgia, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Easterseals Southern Georgia, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Easterseals Southern Georgia, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.



Albany, Georgia  
November 23, 2022

**EASTERSEALS SOUTHERN GEORGIA, INC.  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2022**

There were no findings for the prior fiscal year ending August 31, 2021.

**EASTERSEALS SOUTHERN GEORGIA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**SECTION I - SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of EasterSeals Southern Georgia, Inc. were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the "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."
3. No instances of noncompliance material to the financial statements of EasterSeals Southern Georgia, Inc., were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal awards programs for EasterSeals Southern Georgia, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The following program was tested as a major program:  

CFDA # 93.498 - Provider Relief Fund (PRF) and American Rescue Plan (ARP)  
Rural Distribution
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. EasterSeals Southern Georgia, Inc. did not qualify as a low-risk auditee.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statement audit.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs relating to the audit of federal awards programs.