

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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

**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, 2023 and 2022, 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, 2023 and 2022, 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 19-25) 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 January 22, 2024, 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.

Clenney + Luke

Albany, Georgia
January 22, 2024

EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash	\$4,713,713	\$ 4,377,777
Accounts Receivable:		
Production work sites	1,087	3,955
Contracts	85,843	93,864
Other receivables	32,874	36,202
Patient fees	295,712	507,876
Allowance for doubtful accounts	(3,000)	(3,000)
Employee Retention Credits	239,092	-
Inventory, at cost	68,853	72,758
Prepaid expenses	92,198	110,918
Total Current Assets	<u>5,526,372</u>	<u>5,200,350</u>
PROPERTY:		
Investment Property	38,500	38,500
Land, buildings and equipment, net	<u>2,917,162</u>	<u>2,970,631</u>
Net Property	<u>2,955,662</u>	<u>3,009,131</u>
OTHER ASSETS:		
Operating Lease Right of Use Asset	51,000	-
Cash Held in Unemployment Service Trust	21,487	46,300
Cash - Donor Restricted Endowment	<u>90,583</u>	<u>81,705</u>
Total Other Assets	<u>163,070</u>	<u>128,005</u>
TOTAL ASSETS	<u>\$8,645,104</u>	<u>\$ 8,337,486</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 182,282	\$ 284,702
Accrued Payroll and Other	218,675	183,210
Operating Lease Payable	13,244	-
Notes Payable	27,125	25,674
Deferred Revenue	<u>741,714</u>	<u>728,804</u>
Total Current Liabilities	<u>1,183,040</u>	<u>1,222,390</u>
LONG-TERM LIABILITIES:		
Operating Lease Payable	37,756	-
Notes Payable	<u>242,738</u>	<u>270,978</u>
Total Long-Term Liabilities	<u>280,494</u>	<u>270,978</u>
Total Liabilities	<u>1,463,534</u>	<u>1,493,368</u>
NET ASSETS:		
Without Donor Restrictions:		
Board Designated	3,203,580	3,035,469
Undesignated	<u>2,937,072</u>	<u>2,642,375</u>
Total Net Assets Without Donor Restrictions	<u>6,140,652</u>	<u>5,677,844</u>
With Donor Restrictions:	<u>1,040,918</u>	<u>1,166,274</u>
Total Net Assets	<u>7,181,570</u>	<u>6,844,118</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$8,645,104</u>	<u>\$ 8,337,486</u>

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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public Support:						
Memorials, Bequests-Cash	\$ 86,794	\$ -	\$ 86,794	\$ 95,706	\$ -	\$ 95,706
Special Events, Net-Note 8	68,587	-	68,587	5,787	-	5,787
United Way Allocation	14,400	-	14,400	22,378	-	22,378
TOTAL PUBLIC SUPPORT	169,781	-	169,781	123,871	-	123,871
Revenue:						
Government Grants	1,219,508	-	1,219,508	1,135,668	-	1,135,668
Program Service Fees-Note 2	10,389,870	-	10,389,870	9,070,771	-	9,070,771
Foundation Grants	72,620	-	72,620	55,887	-	55,887
Production Income	43,571	-	43,571	37,352	-	37,352
Investment Income	94,841	-	94,841	(9,191)	-	(9,191)
Rent Income-Note 9	8,600	-	8,600	7,700	-	7,700
HUD Property Fees	390	-	390	-	-	-
Miscellaneous Income	564,376	-	564,376	49,124	-	49,124
Net Assets Released from Restrictions	125,356	(125,356)	-	140,400	(140,400)	-
TOTAL REVENUE	12,519,132	(125,356)	12,393,776	10,487,711	(140,400)	10,347,311
TOTAL PUBLIC SUPPORT AND REVENUE	12,688,913	(125,356)	12,563,557	10,611,582	(140,400)	10,471,182
Expenses:						
Direct Services	10,921,861	-	10,921,861	9,737,523	-	9,737,523
Fund Raising	174,558	-	174,558	174,365	-	174,365
Management and General	1,075,977	-	1,075,977	1,086,548	-	1,086,548
National Membership Fees	53,709	-	53,709	54,691	-	54,691
Total Expenses	12,226,105	-	12,226,105	11,053,127	-	11,053,127
CHANGE IN NET ASSETS						
Net Assets at Beginning of Year	462,808	(125,356)	337,452	(441,545)	(140,400)	(581,945)
NET ASSETS-END OF YEAR	5,677,844	1,166,274	6,844,118	6,119,389	1,306,674	7,426,063
	\$ 6,140,652	\$ 1,040,918	\$ 7,181,570	\$ 5,677,844	\$ 1,166,274	\$ 6,844,118

See notes to consolidated financial statements

EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Direct <u>Services</u>	Fund <u>Raising</u>	Management and <u>General</u>	National Membership <u>Fees</u>	2023 <u>Totals</u>	2022 <u>Totals</u>
Salaries	\$ 3,539,137	\$105,887	\$ 690,635	\$ -	\$ 4,335,659	\$ 4,342,163
Client Wages	34,323	-	-	-	34,323	67,918
Contract Services	1,296,009	-	1,605	-	1,297,614	969,987
FICA Tax	265,533	8,063	48,460	-	322,056	324,498
Unemployment Tax	8,285	60	3,887	-	12,232	7,335
Group Insurance	375,239	825	57,563	-	433,627	457,683
Workers Comp Insurance	74,073	2,161	14,242	-	90,476	97,566
Retirement Expense	21,011	1,247	5,691	-	27,949	65,288
Postage and Printing	7,648	139	2,390	-	10,177	7,667
Supplies	165,999	1,030	14,199	-	181,228	84,989
Program Supplies	134,700	-	-	-	134,700	100,232
Promotional Expense	-	9,072	-	-	9,072	-
Auto and Travel Expense	139,995	2,595	14,139	-	156,729	164,768
Conference and Training	16,384	-	6,272	-	22,656	24,383
References and Publications	-	-	20	-	20	20
Rent Expense	129,577	88	3,014	-	132,679	136,554
Insurance	135,162	286	19,999	-	155,447	142,868
Utilities	173,870	297	10,158	-	184,325	184,681
Telecommunications	104,299	1,333	10,805	-	116,437	110,380
Facilities Maintenance/Repair	193,251	835	28,603	-	222,689	206,836
Equipment Maintenance/Repair	12,702	-	3,428	-	16,130	15,176
CARF Expense	-	-	8,803	-	8,803	13,315
Dues and Memberships	15,132	1	4,433	-	19,566	19,915
NESS Fees	-	-	-	53,709	53,709	54,691
Legal and Accounting	16,000	-	28,500	-	44,500	41,325
Employment Expense	69,821	-	1,331	-	71,152	25,721
Family Support/Direct Services	3,561,382	-	-	-	3,561,382	2,782,708
Miscellaneous Expense	14,528	31,124	19,571	-	65,223	56,487
Software Subscriptions	89,699	5,779	40,956	-	136,434	162,935
Equipment Purchase/Leases	25,284	2,920	9,287	-	37,491	69,236
Interest	11,959	-	43	-	12,002	12,760
Bad Debt Expense	6,009	-	-	-	6,009	2,329
Depreciation	155,247	816	27,943	-	184,006	175,706
Totals Before Depreciation of Assets Funded by Governmental Agencies	10,792,258	174,558	1,075,977	53,709	12,096,502	10,928,120
Depreciation	129,603	-	-	-	129,603	125,007
Totals	<u>\$ 10,921,861</u>	<u>\$174,558</u>	<u>\$ 1,075,977</u>	<u>\$ 53,709</u>	<u>\$ 12,226,105</u>	<u>\$ 11,053,127</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, 2023 AND 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2023</u>	<u>2022</u>
Change in Net Assets	\$ 337,452	\$ (581,945)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	313,609	300,713
(Gain) Loss on Assets Held in Trust	(5,704)	14,788
Non-Cash Items-Net	10,400	5,779
Changes in Operating Assets and Liabilities:		
Accounts Receivable-Net	(12,711)	(302,116)
Inventories	3,905	(2,791)
Prepaid Expenses and Other Assets	18,720	(9,959)
Net Transfers to Unemployment Service Trust	11,239	(53,317)
Accounts Payable	(102,420)	126,075
Accrued Expenses	35,465	(21,652)
Deferred Income	12,910	94,344
Net Cash Provided/(Used) by Operating Activities	<u>622,865</u>	<u>(430,081)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property, Plant and Equipment	<u>(260,140)</u>	<u>(295,397)</u>
Net Cash Provided/(Used) in Investing Activities	<u>(260,140)</u>	<u>(295,397)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payments on Notes	(26,789)	(24,767)
Proceeds from Restricted Contributions	<u>-</u>	<u>-</u>
Net Cash Provided/(Used) in Financing Activities	<u>(26,789)</u>	<u>(24,767)</u>
Net Increase in Cash and Cash Equivalents	335,936	(750,245)
Cash and Cash Equivalents-Beginning of Year	<u>4,377,777</u>	<u>5,128,022</u>
Cash and Cash Equivalents-End of Year	<u>\$ 4,713,713</u>	<u>\$ 4,377,777</u>
Supplemental Disclosures:		
Interest Paid	<u>\$ 12,002</u>	<u>\$ 12,760</u>
Noncash Investing and Financing Transaction:		
Property Leases:		
Right of Use Asset	\$ 55,482	\$ -
Lease Obligation	(55,482)	-

See notes to consolidated financial statements

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

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, 2023**

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, 2023**

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, 2023, 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, 2023**

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.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02 "Leases (Topic 842)." The new guidance was adopted by EasterSeals Southern Georgia, Inc. in the fiscal year ending August 31, 2023. The ASU and subsequent amendments require lessees to recognize assets and liabilities on the balance sheet for all in-scope leases with a term of greater than twelve months and require disclosure of certain quantitative and qualitative information pertaining to an entity's leasing arrangements. This replaces the existing lease accounting guidance in GAAP that required only capital leases to be recognized on lessee's balance sheets.

See Note 18 for additional information related to EasterSeals Southern Georgia, Inc.'s leasing activity.

NOTE 2 – PROGRAM SERVICE FEES

A schedule of program service fees earned during the fiscal year ended August 31, 2023, follows:

Medicaid Fee Income	\$ 6,989,060
HUD Fee Income	388,009
VR Training	57,000
Consumer Income	293,185
DBHDD Contracts	2,664,943
Service Discounts	<u>(2,327)</u>
Total	<u>\$10,389,870</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

NOTE 3 – CONTRACTS RECEIVABLE

The Organization was owed the following amounts on state contracts as of August 31, 2023:

Georgia Vocational Rehabilitation Agency:	
Vocational Services	\$ 7,280
Florida Department of Education:	
Vocational Contracts	25,836
Georgia Department of Community Health:	
Champions for Children	<u>52,727</u>
	<u>\$ 85,843</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, 2023, is presented on the following page.

EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

<u>ASSETS</u>	<u>COST/BASIS</u> <u>8/31/2022</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>COST/BASIS</u> <u>8/31/2023</u>	<u>ACC DEP</u> <u>8/31/2023</u>	<u>NET</u>
Land	\$ 172,757	\$ 2,000	\$ -	\$ 174,757	\$ -	\$ 174,757
Building	2,890,130	202,968	-	3,093,098	1,609,340	1,483,758
Equipment	968,406	-	(45,930)	922,476	794,737	127,739
Totals-Easter Seals	4,031,293	204,968	(45,930)	4,190,331	2,404,077	1,786,254
Land	32,897	-	-	32,897	-	32,897
Furniture/Equipment	17,930	8,679	-	26,609	7,726	18,883
Building	392,825	-	-	392,825	334,731	58,094
Totals-OFL, Inc.	443,652	8,679	-	452,331	342,457	109,874
Land	9,993	-	-	9,993	-	9,993
Furniture/Equipment	20,551	4,194	-	24,745	10,197	14,548
Building	231,840	-	-	231,840	189,149	42,691
Totals-OFL East One	262,384	4,194	-	266,578	199,346	67,232
Land	9,965	-	-	9,965	-	9,965
Equipment	6,342	2,937	(4,413)	4,866	2,277	2,589
Building	616,158	5,389	-	621,547	475,734	145,813
Totals-OFL East Two	632,465	8,326	(4,413)	636,378	478,011	158,367
Land	30,494	-	-	30,494	-	30,494
Equipment	19,402	-	(1,250)	18,152	13,378	4,774
Building	458,879	1,900	-	460,779	341,714	119,065
Totals-Colquitt Options	508,775	1,900	(1,250)	509,425	355,092	154,333
Land	16,000	-	-	16,000	-	16,000
Furniture/Equipment	3,372	-	-	3,372	2,922	450
Building	215,952	-	-	215,952	149,467	66,485
Totals-Crisp Options	235,324	-	-	235,324	152,389	82,935
Land	29,756	-	-	29,756	-	29,756
Equipment	585	17,438	-	18,023	1,208	16,815
Building	293,255	-	-	293,255	192,936	100,319
Totals-Grady Options	323,596	17,438	-	341,034	194,144	146,890
Land	53,822	-	-	53,822	-	53,822
Furniture/Equipment	15,390	-	-	15,390	8,684	6,706
Building	367,722	14,635	-	382,357	230,221	152,136
Totals-Valdosta Options	436,934	14,635	-	451,569	238,905	212,664
Land	8,813	-	-	8,813	-	8,813
Furniture/Equipment	13,546	-	-	13,546	972	12,574
Building	452,102	-	-	452,102	274,876	177,226
Total-Satilla Solutions	474,461	-	-	474,461	275,848	198,613
TOTALS	\$ 7,348,884	\$ 260,140	\$ (51,593)	\$ 7,557,431	\$ 4,640,269	\$ 2,917,162

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

NOTE 5 – LAND, BUILDING AND EQUIPMENT (Continued)

The land, building and equipment of \$7,557,431 at August 31, 2023, consisted of purchased assets recorded at cost in the amount of \$7,013,963 and donated assets recorded at fair market value in the amount of \$543,468. Depreciation for the year was \$313,609 of which \$184,006 was attributable to EasterSeals Southern Georgia, Inc., and \$129,603 was attributable to its related entities.

NOTE 6 – CASH

As of August 31, 2023, the carrying amount of the Organization's deposits was \$4,713,713. The bank balances totaled \$4,891,243. All deposits were FDIC insured as of August 31, 2023.

NOTE 7 – DEFERRED REVENUES

The balance shown represents certain collections received by August 31, 2023, which are not recognized as current year revenues in these financial statements. A detailed schedule follows:

Champions for Children	\$ 732,396
Other Miscellaneous	<u>9,318</u>
Total Deferred Revenues	<u>\$ 741,714</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	\$ 10,209	\$ 6,517	\$ 3,692
Golf Tournament	<u>77,302</u>	<u>12,137</u>	<u>64,895</u>
Totals	<u>\$ 87,511</u>	<u>\$ 18,654</u>	<u>\$ 68,587</u>

NOTE 9 – RENTAL INCOME

A schedule of the rental income generated during the year ended August 31, 2023, follows:

Midtown Mall Property – See Note 4	\$ 5,000
Miscellaneous Office Space	<u>3,600</u>
Total Rent Income	<u>\$ 8,300</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

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 – 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 12 – 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.

NOTE 13 – 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 \$41,596 of leave as of August 31, 2023.

NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31, 2023 consist of the following:

Endowment Fund	\$ 42,100
Net assets of HUD Group Homes	<u>998,818</u>
Total Assets with Donor Restrictions	<u>\$1,040,918</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

NOTE 15 – 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>2023</u>
Designated for Unemployment Claims	\$ 21,487
Designated for Capital Improvements	100,393
Designated for Cash Reserves	3,047,830
Designated for USDA Sinking Fund	15,970
Designated for Endowment Fund	17,900
Undesignated	<u>2,937,072</u>
Unrestricted Net Assets	<u><u>\$6,140,652</u></u>

NOTE 16 – DEBT

Notes Payable

The Organization's notes payable consisted of the following at August 31, 2023:

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.

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

NOTE 16 – DEBT (continued)

Principal maturities of the aforementioned notes payable are as follows:

Year Ending August 31:

2024 (Current)	\$ 27,125
2025	28,123
2026	93,781
2027	24,492
2028	25,516
Thereafter	70,826
Total Noncurrent	\$ 242,738

Line of Credit

A line of credit in the amount of \$500,000 was renewed with Synovus Bank on March 30, 2023. The purpose of the line was for working capital. The interest rate on the outstanding principal balance of the line of credit is 8.50% and the entire principal and interest balance is due and payable on March 30, 2024. As of August 31, 2023, there was no outstanding balance on the line of credit.

NOTE 17 - 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 \$27,871 and \$65,288 for the years ended August 31, 2023 and 2022, respectively, were made by the Organization, in addition to the elective deferrals made by employees.

NOTE 18 – LEASES

Upon adoption, ASC 842 *Leases* had an impact on EasterSeals Southern Georgia, Inc.'s consolidated statements of financial position and cash flows. As part of the transition, the Organization elected the following practical expedients:

- Package of practical expedients which eliminates the need to reassess (1) whether any expired or existing contracts are, or contain, leases; (2) the lease classification for any expired or existing leases; and (3) the initial direct costs for any existing leases.
- The practical expedient whereby the lease and non-lease components will not be separated for all classes of assets.
- Not to recognize right-of-use (ROU) assets and corresponding lease liabilities with a lease term of 12 months or less from the lease commencement date.
- Use the rate implicit in the lease whenever that rate is readily determinable. Otherwise, the risk-free rate (such as governmental treasury bills) will be used.

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

NOTE 18 – LEASES (continued)

EasterSeals Southern Georgia, Inc. assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

For existing leases, EasterSeals Southern Georgia, Inc. did not elect the use of hindsight and did not reassess lease terms upon adoption.

EasterSeals Southern Georgia, Inc. leases office facilities and office equipment under various short-term and long-term operating leases. The Organization has determined that only one real estate lease (Thomasville office space) is non-cancelable and meets the criteria for recognition in these financial statements. The commencement date of this lease was May 1, 2023. The office equipment leases are not considered material to the financial statements and thus are not recorded on the statement of financial position. Lease expense is recognized for these arrangements on a straight-line basis over the various lease terms.

As of August 31, 2023, the right-of-use (ROU) has a balance of \$51,000 as shown in noncurrent assets on the statement of financial position. The lease liability is included in current liabilities (\$13,244) and long-term liabilities (\$37,756). The lease did not contain an implicit interest rate so the ROU asset and related lease liability were calculated using the risk-free rate of return at the commencement date of the lease.

Additional information about the Organization's leases is as follows:

Lease Costs (included in rent expense on the statement of functional expenses)	\$ 5,000
<u>Other Information:</u>	
Lease Assets Obtained in Exchange for Lease Obligations	\$ 55,482
Weighted Average Remaining Lease Term	4 years
Weighted Average Discount Rate	3.89%

Future minimum lease payments for ROU operating leases are as follows:

August 31, 2024	\$ 15,000
August 31, 2025	15,000
August 31, 2026	15,000
August 31, 2027	<u>10,000</u>
Total Lease Payments	55,000
Less Interest	<u>(4,000)</u>
Present Value of Lease Liabilities	<u>\$ 51,000</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023**

NOTE 19 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The organization has \$5,365,321 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 \$4,713,713 and various receivables of \$651,608.

In addition, the organization has \$112,070 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 – EMPLOYEE RETENTION CREDIT

EasterSeals Southern Georgia, Inc. is eligible for the Employee Retention Credit (ERC) under the CARES Act. With the new laws enacted in later 2020 and 2021, the Organization retroactively applied for the ERC during the fiscal year ending August 31, 2023, by filing amended Form 941's for the eligible quarters. The claims for the credits were based on wages incurred during the last three quarters of 2020 and the first two quarters of 2021. The condition under which the Organization is eligible is based on a decline in gross revenue of at least 50% for the second, third, and fourth quarters of 2020 and a 20% decline in gross revenue for the first and second quarters of 2021 when compared to the same quarters in 2019.

The total claims submitted for refund amounted to \$547,915. Of this amount, \$308,823 was received prior to August 31, 2023, and \$239,092 remains outstanding and is reflected in accounts receivable on the statement of financial position. The entire amount of the claims is included in miscellaneous revenue on the statement of activities.

Although the Organization believes the occurrence of qualifying expenditures will result in a full refund, the expenditures are subject to review and/or audit under applicable administrative provisions by the IRS. The ERC amount may be subject to change based on final approval from the IRS.

NOTE 21 – DATE OF MANAGEMENT EVALUATION OF SUBSEQUENT EVENTS

Management of the Organization has evaluated the effects of subsequent events through January 22, 2024, which is the date the financial statements are available to be issued.

SUPPLEMENTARY INFORMATION
(See Accompanying Independent Auditor's Report)

EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023

	<u>Consolidated</u>	<u>Eliminations</u>	<u>Easter Seals Southern Georgia, Inc.</u>	<u>HUD Group Homes</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash	\$ 4,713,713	\$ -	\$ 4,529,432	\$ 184,281
Accounts Receivable:				
Production Work Sites	1,087	-	1,087	-
Contracts	85,843	-	85,843	-
Other Receivables	32,874	(300,074)	332,202	746
Patient Fees, less allowance for uncollectible accounts of \$3,000	292,712	-	292,712	-
Employee Retention Credits	239,092	-	239,092	-
Inventory, at cost	68,853	-	68,853	-
Prepaid Expenses	92,198	-	76,572	15,626
Total Current Assets	<u>5,526,372</u>	<u>(300,074)</u>	<u>5,625,793</u>	<u>200,653</u>
PROPERTY:				
Investment Property	38,500	-	38,500	-
Land, building and equipment, net	<u>2,917,162</u>	<u>-</u>	<u>1,786,254</u>	<u>1,130,908</u>
Net Property	<u>2,955,662</u>	<u>-</u>	<u>1,824,754</u>	<u>1,130,908</u>
OTHER ASSETS:				
Operating Lease Right of Use Asset	51,000	-	51,000	-
Cash Held in Unemployment Service Trust	21,487	-	21,487	-
Cash - Donor Restricted Endowment	<u>90,583</u>	<u>-</u>	<u>90,583</u>	<u>-</u>
Total Other Assets	<u>163,070</u>	<u>-</u>	<u>163,070</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 8,645,104</u>	<u>\$ (300,074)</u>	<u>\$ 7,613,617</u>	<u>\$ 1,331,561</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts Payable	\$ 182,282	\$ (300,074)	\$ 161,167	\$ 321,189
Accrued Payroll and Other	218,675	-	207,404	11,271
Operating Lease Payable	13,244	-	13,244	-
Notes Payable	27,125	-	27,125	-
Deferred Revenue	<u>741,714</u>	<u>-</u>	<u>741,431</u>	<u>283</u>
Total Current Liabilities	<u>1,183,040</u>	<u>(300,074)</u>	<u>1,150,371</u>	<u>332,743</u>
LONG-TERM LIABILITIES:				
Operating Lease Payable	37,756	-	37,756	-
Notes Payable	<u>242,738</u>	<u>-</u>	<u>242,738</u>	<u>-</u>
Total Long-Term Liabilities	<u>280,494</u>	<u>-</u>	<u>280,494</u>	<u>-</u>
Total Liabilities	<u>1,463,534</u>	<u>(300,074)</u>	<u>1,430,865</u>	<u>332,743</u>
NET ASSETS:				
Without Donor Restrictions:				
Board Designated	3,203,580	-	3,203,580	-
Undesignated	<u>2,937,072</u>	<u>-</u>	<u>2,937,072</u>	<u>-</u>
Total Net Assets without Donor Restrictions	<u>6,140,652</u>	<u>-</u>	<u>6,140,652</u>	<u>-</u>
With Donor Restrictions	<u>1,040,918</u>	<u>-</u>	<u>42,100</u>	<u>998,818</u>
Total Net Assets	<u>7,181,570</u>	<u>-</u>	<u>6,182,752</u>	<u>998,818</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,645,104</u>	<u>\$ (300,074)</u>	<u>\$ 7,613,617</u>	<u>\$ 1,331,561</u>

EASTERSEALS SOUTHERN GEORGIA, INC. AND RELATED ENTITIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDING AUGUST 31, 2023

<u>Net Assets Without Donor Restrictions:</u>	<u>Consolidated</u>	<u>Eliminations</u>	<u>Easter Seals Southern Georgia, Inc.</u>	<u>HUD Group Homes</u>
Public Support and Revenue				
Public Support:				
Memorials, Bequests-Cash	\$ 86,794	\$ -	\$ 86,794	\$ -
Special Events, Net	68,587	-	68,587	-
United Way Allocation	14,400	-	14,400	-
TOTAL PUBLIC SUPPORT	<u>169,781</u>	<u>-</u>	<u>169,781</u>	<u>-</u>
Revenue:				
Government Grants	1,219,508	-	1,219,508	-
Program Service Fees	10,389,870	-	10,001,861	388,009
Foundation Grants	72,620	-	72,620	-
Production Income	43,571	-	43,571	-
Investment Income	94,841	-	94,622	219
Rent Income	8,600	-	8,600	-
HUD Property Fees	390	(86,729)	87,119	-
Miscellaneous Income	564,376	-	564,160	216
Net Assets Released from Restrictions	125,356	-	125,356	-
TOTAL REVENUE	<u>12,519,132</u>	<u>(86,729)</u>	<u>12,217,417</u>	<u>388,444</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>12,688,913</u>	<u>(86,729)</u>	<u>12,387,198</u>	<u>388,444</u>
Expenses:				
Direct Services	10,921,861	(86,729)	10,494,790	513,800
Fund Raising	174,558	-	174,558	-
Management and General	1,075,977	-	1,075,977	-
National Membership Fees	53,709	-	53,709	-
Total Expenses	<u>12,226,105</u>	<u>(86,729)</u>	<u>11,799,034</u>	<u>513,800</u>
Change in Net Assets without Donor Restrictions	<u>462,808</u>	<u>-</u>	<u>588,164</u>	<u>(125,356)</u>
Net Assets with Donor Restrictions:				
Net Assets Released from Restrictions	(125,356)	-	(125,356)	-
Change in Net Assets with Donor Restrictions	<u>(125,356)</u>	<u>-</u>	<u>(125,356)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>337,452</u>	<u>-</u>	<u>462,808</u>	<u>(125,356)</u>
Net Assets at Beginning of Year	<u>6,844,118</u>	<u>-</u>	<u>5,719,944</u>	<u>1,124,174</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,181,570</u>	<u>\$ -</u>	<u>\$ 6,182,752</u>	<u>\$ 998,818</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.
AND RELATED ENTITIES
SUMMARY STATEMENT OF SERVICES DELIVERED
FOR THE YEAR ENDED AUGUST 31, 2023**

STATE CONTRACT NUMBERS

44100-264-9072023104 (GA DBHDD)
44100-264-9072024104 (GA DBHDD)
2015037 (GA DCH)
44100-907-CMA00002928 (GA DBHDD)
44100-907-CMA00003994 (GA DBHDD)
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 2,037 (unduplicated count) disabled individuals during the year September 1, 2022 through August 31, 2023. 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, 2023

<u>Grantor/Program</u>	<u>Contract Number</u>	<u>Federal Funds</u>	<u>State Funds</u>	<u>Total</u>
<u>Georgia Vocational Rehabilitation Agency</u>				
Vocational Services	41200-610-SS-FY22-010080	\$ 809	\$ -	\$ 809
	41200-610-SS-FY22-010080	170,585	-	170,585
GROW Summer Program		97,500	-	97,500
<u>Georgia Department of Community Health</u>				
Champions for Children	2015037	-	762,850	762,850
	2015037	-	86,843	86,843
<u>Florida Department of Education</u>				
Employment/Supported Employment Services; On-the-Job Training		<u>79,425</u>	<u>21,496</u>	<u>100,921</u>
TOTAL GOVERNMENT GRANTS		<u>\$ 348,319</u>	<u>\$ 871,189</u>	<u>\$1,219,508</u>

**EASTERSEALS SOUTHERN GEORGIA, INC.
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
FOR THE YEAR ENDED AUGUST 31, 2023**

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 8/31/2023</u>
<u>Georgia Vocational Rehabilitation Agency:</u>			
41200-610-SS-FY22-010080	\$ 500,000	10/1/21 to 9/30/22	\$ -
<u>Georgia Department of Community Health:</u>			
2015037	\$ 1,013,000	7/1/22 to 6/30/23	\$ -

EASTERSEALS SOUTHERN GEORGIA, INC.
SCHEDULE OF GEORGIA VOCATIONAL REHABILITATION AGENCY - CONTRACTS
REVENUES AND EXPENSES VS BUDGET
October 1, 2021 - September 30, 2022

Contract No. 41200-610-SS-FY22-010080	<u>Contract-to-Date</u>	<u>Budget</u>	<u>Difference (Over) Under</u>
Vocational Services			
REVENUE:			
Georgia Vocational Rehabilitation Agency			
Contract Revenues	174,633	279,366	104,733
Non-Contract Revenues	-	-	-
Other Revenue Sources	69,197	23,333	(45,864)
TOTAL REVENUE	<u>243,830</u>	<u>302,699</u>	<u>58,869</u>
EXPENSES			
Salaries	160,437	120,000	(40,437)
Work Adjustment Wages	11,112	21,416	10,304
Payroll Taxes	12,782	10,332	(2,450)
Unemployment	1,095	-	(1,095)
Group Insurance	16,036	12,184	(3,852)
Workers' Compensation	4,085	4,197	112
Printing and Postage	651	166	(485)
Supplies	1,307	1,384	77
Retirement	1,965	2,008	43
Program Activities	4,211	-	(4,211)
Employee Mileage/Travel	6,503	8,500	1,997
Conferences and Training	35	229	194
Employee Appreciation	55	-	(55)
Telephone/Internet	3,410	3,062	(348)
Equipment Purchases	306	-	(306)
Building/Equipment Repairs and Maintenance	788	437	(351)
Software Subscriptions	2,803	892	(1,911)
Dues/Memberships	4,826	426	(4,400)
Employment Expense	769	658	(111)
Direct Services	760	-	(760)
Bad Debt	1,875	-	(1,875)
Oper. & Maintenance/Facilities/Oversight Allocation	125,641	127,616	1,975
TOTAL EXPENSES	<u>361,452</u>	<u>313,507</u>	<u>(47,945)</u>
REVENUE OVER (UNDER) EXPENSES	<u>\$ (117,622)</u>	<u>\$ (10,808)</u>	<u>\$ 106,814</u>

EASTERSEALS SOUTHERN GEORGIA, INC.
SCHEDULE OF GEORGIA DEPARTMENT OF COMMUNITY HEALTH - CONTRACTS
REVENUES AND EXPENSES VS. BUDGET
July 1, 2022 - June 30, 2023

Contract No. 2015037	<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>854,897</u>	<u>1,013,000</u>	<u>158,103</u>
TOTAL REVENUE	<u>854,897</u>	<u>1,013,000</u>	<u>158,103</u>
EXPENSES:			
Direct Services	<u>854,897</u>	<u>1,013,000</u>	<u>158,103</u>
TOTAL EXPENSES	<u>854,897</u>	<u>1,013,000</u>	<u>158,103</u>
REVENUE OVER (UNDER) EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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, 2023, 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 January 22, 2024.

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.

Clenney + Luke

Albany, Georgia
January 22, 2024

**EASTERSEALS SOUTHERN GEORGIA, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no findings for the prior fiscal year ending August 31, 2022.

**EASTER SEALS SOUTHERN GEORGIA, INC.
SCHEDULE OF FINDING AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no findings for the fiscal year ending August 31, 2023.