



**Easterseals Arkansas**

**Consolidated Financial Statements  
and  
Supplemental Information  
June 30, 2020 and 2019**

**(With Independent Auditor's Reports Thereon)**

# Easterseals Arkansas

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Easterseals Arkansas  
Little Rock, Arkansas

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Easterseals Arkansas** and affiliates (collectively, "**the Organization**"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

### **Auditor's Responsibility (*Continued*)**

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

### **Opinion**

In our opinion, the consolidated financial statements referred to on the preceding page present fairly, in all material respects, the consolidated financial position of **Easterseals Arkansas** and affiliates as of June 30, 2020 and 2019, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As disclosed in Note 2 to the consolidated financial statements, management adopted the requirements of the Financial Accounting Standards Board Accounting Standards Update No. 2014-09, *Revenues from contracts with Customers*, and No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* during the year ended June 30, 2020. Our opinion is not modified with respect to these matters.

### **Other Matters**

#### **Other Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*; schedule of state assistance, as required by the state of Arkansas Department of Human Services; and the supplementary schedules, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

The Board of Directors  
Easterseals Arkansas

**Other Reporting Required by *Government Auditing Standards* (Continued)**

financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

  
Certified Public Accountants

Little Rock, Arkansas  
March 31, 2021

## **Consolidated Financial Statements**

# Easterseals Arkansas

## Consolidated Statements of Financial Position June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents - unrestricted	\$ 3,306,475	\$ 1,862,194
Cash and cash equivalents - restricted	557,298	527,091
Investments	2,085,246	2,303,825
Grants and contracts receivable, net	2,585,806	3,482,684
Contributions receivable, net	44,345	53,458
Other receivables	26,894	18,359
Prepaid expenses and other assets	190,655	235,647
Property and equipment, net	<u>20,425,511</u>	<u>20,681,895</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 29,222,230</u></u>	<u><u>\$ 29,165,153</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 551,657	\$ 643,300
Accrued expenses and other liabilities	1,841,411	1,267,594
Capital lease obligations	14,323	55,414
Long-term obligations	<u>3,651,016</u>	<u>3,760,411</u>
<b>Total Liabilities</b>	<u>6,058,407</u>	<u>5,726,719</u>
<b>Net Assets</b>		
Without donor restrictions	18,130,394	18,373,825
With donor restrictions	<u>5,033,429</u>	<u>5,064,609</u>
<b>Total Net Assets</b>	<u>23,163,823</u>	<u>23,438,434</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 29,222,230</u></u>	<u><u>\$ 29,165,153</u></u>

See accompanying notes to consolidated financial statements.

# Easterseals Arkansas

## Consolidated Statements of Activities Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Support, Revenue, Gains (Losses) and Reclassifications</b>		
<b>Fees and Grants from Government Agencies</b>		
Medicaid	\$ 18,925,177	\$ 18,934,654
Federal awards	1,867,632	2,226,483
State assistance	482,742	581,345
<b>Public Support</b>		
Contributions	576,627	396,435
Special events	531,288	954,988
Net assets released from restrictions	16,116	4,050
<b>Other</b>		
Private pay and insurance	593,996	923,796
Workshop fees	71,734	179,935
Contract service fees	522,086	465,874
Rental income	261,752	208,398
Investment income	52,657	66,623
Loss on disposals of property and equipment	(9,718)	(1,009)
Net (depreciation) appreciation in fair value of investments	(63,380)	44,921
Miscellaneous	39,125	166,400
<b>Total Unrestricted Support, Revenue, Gains (Losses) and Reclassifications</b>	<u>23,867,834</u>	<u>25,152,893</u>
<b>Expenses</b>		
<b>Program Services</b>		
Children	11,115,506	11,522,126
Adult	10,261,757	9,725,170
	<u>21,377,263</u>	<u>21,247,296</u>
<b>Supporting Services</b>		
Administration	2,185,523	2,159,224
Fundraising	528,579	639,727
	<u>2,714,102</u>	<u>2,798,951</u>
<b>Total Expenses</b>	<u>24,091,365</u>	<u>24,046,247</u>
<b>(Decrease) Increase in Net Assets without Donor Restrictions</b>	<u>(223,531)</u>	<u>1,106,646</u>

*(Continued)*

See accompanying notes to consolidated financial statements.



# Easterseals Arkansas

## Consolidated Statements of Activities *(Continued)* Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
<b>Public Support</b>		
Contributions	\$ -	\$ 10,000
Net (depreciation) appreciation in fair value of investments	(15,064)	1,472
Net assets released from restrictions	<u>(16,116)</u>	<u>(4,050)</u>
<b>(Decrease) Increase in Net Assets with Donor Restrictions</b>	<u>(31,180)</u>	<u>7,422</u>
<b>OTHER CHANGES</b>		
Remittance of excess residual receipts to HUD	<u>(19,900)</u>	<u>-</u>
<b>(DECREASE) INCREASE IN TOTAL NET ASSETS</b>	(274,611)	1,114,068
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>23,438,434</u>	<u>22,324,366</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 23,163,823</u></u>	<u><u>\$ 23,438,434</u></u>

See accompanying notes to consolidated financial statements.

## Easterseals Arkansas

### Consolidated Statement of Functional Expenses Year Ended June 30, 2020

	<b>Program Expenses</b>		<b>Total Program</b>	<b>General and</b>		<b>Total</b>
	<b>Children</b>	<b>Adult</b>	<b>Expenses</b>	<b>Administrative</b>	<b>Fundraising</b>	<b>Expenses</b>
Salaries	\$ 7,099,316	\$ 7,394,727	\$ 14,494,043	\$ 920,841	\$ 258,342	\$ 15,673,226
Payroll taxes and benefits	1,086,076	1,039,394	2,125,470	169,096	56,022	2,350,588
Professional fees	986,051	352,704	1,338,755	665,007	44,092	2,047,854
Supplies	638,456	190,501	828,957	115,382	131,212	1,075,551
Taxes and licenses	315,002	78,626	393,628	30,678	-	424,306
Telephone	50,595	50,244	100,839	21,854	1,092	123,785
Postage and shipping	3,275	2,463	5,738	6,732	3,575	16,045
Occupancy	186,507	114,679	301,186	17,518	5,102	323,806
Insurance	90,178	72,410	162,588	82,238	2,309	247,135
Printing	60	-	60	3,164	5,142	8,366
Transportation and travel	44,367	38,520	82,887	1,922	984	85,793
Employee recruitment/retention	19,226	20,957	40,183	14,020	511	54,714
Staff development	30,030	18,972	49,002	6,414	80	55,496
Specific assistance to individuals	-	131,859	131,859	383	-	132,242
National dues and subscriptions	-	-	-	49,166	-	49,166
Other dues and subscriptions	9,599	689	10,288	22,242	1,000	33,530
Repairs and maintenance	150,539	204,680	355,219	24,603	4,559	384,381
Interest	4,378	164,572	168,950	2,488	-	171,438
Miscellaneous	(44)	-	(44)	(17,610)	-	(17,654)
Provision for uncollectible accounts	75,897	35,309	111,206	-	2,500	113,706
Depreciation and amortization	325,998	350,451	676,449	49,385	12,057	737,891
<b>Total Expenses</b>	<b>\$ 11,115,506</b>	<b>\$ 10,261,757</b>	<b>\$ 21,377,263</b>	<b>\$ 2,185,523</b>	<b>\$ 528,579</b>	<b>\$ 24,091,365</b>

See accompanying notes to consolidated financial statements.

## Easterseals Arkansas

### Consolidated Statement of Functional Expenses Year Ended June 30, 2019

	<u>Program Expenses</u>		<u>Total Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
	<u>Children</u>	<u>Adult</u>				
Salaries	\$ 7,402,189	\$ 6,837,050	\$ 14,239,239	\$ 931,263	\$ 262,579	\$ 15,433,081
Payroll taxes and benefits	1,044,039	914,668	1,958,707	136,993	43,503	2,139,203
Professional fees	967,071	382,697	1,349,768	556,975	24,439	1,931,182
Supplies	781,269	199,231	980,500	51,572	277,221	1,309,293
Taxes and licenses	318,010	79,453	397,463	28,121	-	425,584
Telephone	42,406	46,890	89,296	18,936	1,152	109,384
Postage and shipping	3,860	2,654	6,514	4,964	3,114	14,592
Occupancy	183,636	108,931	292,567	23,611	5,109	321,287
Insurance	87,757	66,039	153,796	77,607	1,854	233,257
Printing	480	391	871	-	62	933
Transportation and travel	67,813	35,954	103,767	1,494	144	105,405
Employee recruitment/retention	28,676	24,854	53,530	4,762	752	59,044
Staff development	32,812	20,894	53,706	3,146	-	56,852
Specific assistance to individuals	-	270,451	270,451	3,166	-	273,617
National dues and subscriptions	-	-	-	56,622	-	56,622
Other dues and subscriptions	10,346	385	10,731	22,233	250	33,214
Repairs and maintenance	118,173	180,288	298,461	25,000	4,979	328,440
Interest	659	168,778	169,437	5,379	-	174,816
Miscellaneous	113	-	113	61,394	-	61,507
Provision for uncollectible accounts	116,000	32,521	148,521	98,660	2,500	249,681
Depreciation and amortization	316,817	353,041	669,858	47,326	12,069	729,253
<b>Total Expenses</b>	<b>\$ 11,522,126</b>	<b>\$ 9,725,170</b>	<b>\$ 21,247,296</b>	<b>\$ 2,159,224</b>	<b>\$ 639,727</b>	<b>\$ 24,046,247</b>

See accompanying notes to consolidated financial statements.

# Easterseals Arkansas

## Consolidated Statements of Cash Flows Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) Increase in Total Net Assets	\$ (274,611)	\$ 1,114,068
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities</b>		
Depreciation and amortization expense	737,891	729,253
Loss on disposals of property and equipment	9,718	1,009
Net depreciation (appreciation) in fair value of investments	63,380	(44,921)
Changes in operating assets and liabilities:		
Grants and contracts receivable	896,878	(1,810,185)
Contributions receivable	9,113	17,823
Other receivables	(8,535)	1,216
Prepaid expenses and other assets	44,992	(49,163)
Accounts payable	(91,643)	230,179
Accrued expenses and other liabilities	573,817	2,872
<b>Net Cash Provided by Operating Activities</b>	<u>1,961,000</u>	<u>192,151</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(491,225)	(195,117)
Purchases of investments	(37,456)	(150,069)
Proceeds from sales of property and equipment	-	2,753
Proceeds from sales and maturities of investments	192,655	42,928
<b>Net Cash Used by Investing Activities</b>	<u>(336,026)</u>	<u>(299,505)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease obligations	(41,091)	(38,383)
Payments on long-term obligations	(109,395)	(220,410)
<b>Net Cash Used by Financing Activities</b>	<u>(150,486)</u>	<u>(258,793)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,474,488	(366,147)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,389,285</u>	<u>2,755,432</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 3,863,773</u></u>	<u><u>\$ 2,389,285</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>		
Cash and cash equivalents - unrestricted	\$ 3,306,475	\$ 1,862,194
Cash and cash equivalents - restricted	557,298	527,091
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 3,863,773</u></u>	<u><u>\$ 2,389,285</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest expense incurred and paid	<u><u>\$ 171,438</u></u>	<u><u>\$ 178,816</u></u>
Purchases of property and equipment included in accounts payable	<u><u>\$ -</u></u>	<u><u>\$ 129,157</u></u>

See accompanying notes to consolidated financial statements.

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### **NOTE 1: NATURE OF ACTIVITIES**

These consolidated financial statements include the accounts of Easterseals Arkansas (ESA), a nonprofit corporation serving children and adults with disabilities throughout the state of Arkansas, and its affiliates, which include Easterseals Arkansas Foundation (the Foundation), Armistead Apartments, Inc. (Armistead), Charlotte Gardens, Inc. (Charlotte Gardens), Wilson Court II and Harold Court (collectively, “the Organization”).

The Foundation, a nonprofit corporation, was established to foster, support and encourage the activities of ESA. Armistead, Charlotte Gardens, Wilson Court II and Harold Court, also nonprofit corporations, were established to provide housing facilities located in Little Rock, Arkansas, for low-income persons with disabilities and operate under the terms of agreements with the U.S. Department of Housing and Urban Development (HUD). ESA has the ability to exercise control over and has an economic interest in each of these affiliated corporations.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The consolidated financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. All significant transactions and balances between affiliated entities have been eliminated.

#### **Basis of Presentation**

The Organization reports information regarding its financial position and activities according to the following two classes of net assets:

Net Assets without Donor Restrictions—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

#### **Use of 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 in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

For the purposes of the consolidated statements of cash flow, ESA considers all short term investment funds and highly liquid debt instruments purchased with original maturity date of three months or less to be cash equivalents. At times during 2020 and 2019, cash and cash equivalent balances held with financial institutions and investment banking firms exceeded the amounts insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC), as applicable, and were not collateralized. In the event of an institutional failure, account

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Cash and Cash Equivalents (Continued)**

balances exceeding FDIC or SIPC insurance may not be recoverable. At June 30, 2020 and 2019, the Organization's account balances totaled approximately \$4,025,000 and \$2,438,000, respectively. Of these balances, approximately \$2,176,000 and \$961,000 at June 30, 2020 and 2019, respectively, were not insured by the FDIC or SIPC, nor were they collateralized.

#### **Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. See Note 4 for further discussion of fair value measurements.

Net appreciation (depreciation) in fair value of investments reported on the consolidated statements of activities includes realized and unrealized gains and losses on investments bought and sold during the year, as well as those held at year end. Purchases and sales are recorded on a trade date basis. Investment income reported on the consolidated statement of activities includes interest and dividend income earned during the year. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment income and gains restricted by donors are reported as increases in net assets without restriction if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) during the reporting period in which the investment returns are recognized and are appropriated for expenditure. Otherwise, investment returns are reported as increases in net assets with donor restrictions.

#### **Property and Equipment, Net**

Purchased property and equipment are recorded at historical cost, while contributed property and equipment are recorded at their estimated fair value at the date of receipt. Contributions of property and equipment are reported as support without donor restrictions, unless the donor has restricted the use of the contributed asset for specific purposes. Major renewals and improvements are capitalized, while normal repairs and maintenance are expensed in the period incurred. Depreciation and amortization expense is computed using the straight-line basis over the estimated useful lives of the assets, excluding land and land improvements, which have indefinite useful lives. Useful lives of buildings and improvements range from ten to forty years, while the useful lives of furniture, equipment and vehicles range from five to ten years.

#### **Contributions**

Contributions, including unconditional promises to give, are recognized as support in the consolidated statements of activities in the period received or when the Organization becomes aware that a promise to give has been made, whichever occurs first. Conditional promises to give, that is, those with measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Contributions (Continued)**

other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statements of activities as net assets released from restrictions.

Contributions receivable as of June 30, 2020 and 2019 consist of unconditional promises to give and are considered by management to be fully collectible. Contributions that are expected to be collected in future years are discounted to their estimated present value on the date the gift was made. Amortization of the discount is recorded as additional support over the period of collection. As of June 30, 2020 and 2019 all contributions receivable are expected to be collected within one year.

#### **Revenue and Revenue Recognition**

Medicaid reimbursements are defined as contracts for services and are recognized as the related services are provided. Receivables from Medicaid represent amounts for contractual services that have been provided, but for which the Organization has not yet received compensation.

Federal awards and state assistance are recognized as revenue on a reimbursement of expense basis. Contractual fees for services are recognized as revenue when the related service is provided. Receivables from federal and state agencies represent amounts requested for reimbursement for allowable expenses incurred in excess of grant funds received or for contractual services that have been provided but for which the Organization has not received compensation. Grant awards are classified as refundable advances to the extent that funds are received before they are expended for their intended purpose or before the required service is provided. Any such amounts are included in accrued expenses and other liabilities on the consolidated statements of financial position.

#### **Allowance for Uncollectible Grants and Contracts Receivable**

Allowances for uncollectible grants and contracts receivable are based upon management's analysis of specific accounts, anticipated collections and related historical trends for write-offs of these receivables. Changes in the allowance for uncollectible Medicaid receivables are netted against Medicaid revenues for purposes of presentation in the consolidated financial statements. Changes in the allowance for other uncollectible grants and contracts receivable are included in the appropriate related expenses. Management does not anticipate material losses on these receivables in excess of established allowances.

#### **Donated Services and Materials**

Donated services are recognized as contributions only if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Although many volunteers have donated significant amounts of their time to the Organization's program services and fundraising activities, the value of such donated services has not been recognized in the consolidated financial statements as neither of the recognition criteria have been met.

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Donated Services and Materials (Continued)**

The Organization receives donated items for use in its program services and special events. These contributions are reflected as support and expense in the consolidated financial statements based upon their estimated fair values during the period of use. The value of donated items included in the consolidated financial statements for the years ended June 30, 2020 and 2019 is approximately \$8,600 and \$70,700, respectively.

#### **Functional Expenses**

The Organization allocates its expenses on a functional basis among various programs and supporting services. Expenses that can be identified with a specific program or supporting service are recorded directly according to their natural expenditure classification. Salaries and benefits are common to several functions and are allocated to program and supporting services based on estimates of time worked. Depreciation and utilities are allocated based on square footage.

Expenses associated with certain activities and functions necessary for the support of programs provided by the Organization are reported as supporting services expenses. Supporting services include costs associated with general and administrative functions of the Organization and fundraising activities.

#### **Income Taxes**

ESA, the Foundation, Armistead, Charlotte Gardens, Wilson Court II and Harold Court are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and are not private foundations.

Accounting standards require the Organization to evaluate its tax positions and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization has analyzed the tax positions taken and has concluded that as of June 30, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Organization may be subject to audit by the Internal Revenue Service; however there are currently no audits for any tax periods in progress.

#### **Recently Adopted Accounting Standards**

Effective July 1, 2019, the Centers adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, Revenues from Contracts with Customers (Topic 606), as amended. ASU No. 2014-09 supersedes the revenue recognition requirements in ASC 605, Revenue Recognition, and is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the provisions of this standard resulted in no significant changes to the way the Organization recognizes revenue, and therefore no changes to the previously issued consolidated financial statements were required on a retrospective basis. The disclosures of revenue have been enhanced in accordance with the standard.



# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Recently Adopted Accounting Standards (Continued)**

Effective July 1, 2019, the Organization adopted the provisions of FASB ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU No. 2018-08 assists entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or exchange (reciprocal) transactions and 2) determining whether a contribution is conditional. Distinguishing between contributions and exchange transactions determines which accounting guidance is applied, and the accounting may be different depending on the guidance applied. In addition, for contributions, determining whether a contribution is conditional or unconditional affects the timing of recognition. Implementation of this standard did not have a significant impact on the Organization's consolidated financial statements.

#### **Recently Issued Accounting Standards**

In February 2016, the FASB issued ASU No. 2016-02, Leases. The new guidance requires lessees to record a right-of-use asset and a corresponding liability equal to the present value of future rental payments on their balance sheets for all leases with a term greater than one year and is effective for the Organization on July 1, 2022. Early application is permitted for nonpublic business entities upon issuance. Management of the Organization has not yet determined the significance of the impact of implementation of this standard or any related amendments.

In September 2020, FASB issued ASU No. 2020-07 Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to enhance disclosures about the valuation of those contributions and their use in programs and other activities, including any donor-imposed restrictions on such use. The amendments in this ASU should be applied on a retrospective basis and will be effective for the Organization for the year ending June 30, 2022. Management of the Organization has not yet determined the significance of the impact of implementation of this standard or any related amendments.

#### **Reclassifications**

Certain amounts in the 2019 financial statements have been reclassified to conform with presentation in the 2020 financial statements.

### **NOTE 3: RESTRICTED CASH AND CASH EQUIVALENTS**

Restricted cash and cash equivalents includes bond reserve accounts and reserve accounts required by HUD as follows:

#### **Bond Reserve Accounts Held with Trustee**

##### **Bond Funds**

The bond funds include resources accumulated for the payment of principal and interest on outstanding bonds.

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 3: RESTRICTED CASH AND CASH EQUIVALENTS (Continued)

#### Debt Service Reserve Funds

The debt service reserve funds include additional resources segregated to pay scheduled principal and interest payments in the event that sufficient resources are not available in the bond funds.

Balances in these accounts, which are held with the trustee in demand deposit accounts and certificates of deposits, are not available for general operating purposes. The balances are as follows at June 30:

	2020	2019
Bond funds	\$ 96,132	\$ 72,698
Debt service reserve funds	164,579	162,231
	<u>\$ 260,711</u>	<u>\$ 234,929</u>

#### HUD Accounts

The Organization maintains deposit accounts as required by HUD to accumulate resources for building maintenance, replacement of property and other allowable expenses specified by HUD. Balances accumulated in these accounts may not be spent without HUD approval. Balances in these accounts totaled approximately \$297,000 and \$277,000 at June 30, 2020 and 2019, respectively.

### NOTE 4: FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.   |
| Level 2 | Inputs to the valuation methodology include the following: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li><li>• If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</li></ul> |

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of assets. When available, the Organization measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation methodologies used during the years ended June 30, 2020 and 2019.

The fair values of mutual funds are determined based on the net asset value of shares held by the Organization at year end. Mutual funds held by Organization are open ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The fair values of U.S. Treasury notes, exchange traded funds and equity securities are determined based on closing prices reported on the active market in which those investments are traded.

The methods described to estimate fair value may result in a fair value estimate that is indicative of net realizable value or reflective of future fair values. Furthermore, although management of the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's assets measured at fair value on a recurring basis at June 30 are as follows:

	June 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
Mutual funds:				
Short-term bonds	\$ 84,415	\$ 84,415	\$ -	\$ -
Small value	15,601	15,601	-	-
Small growth	60,575	60,575	-	-
Mid-cap growth	8,863	8,863	-	-
Mid-cap blend	8,584	8,584	-	-
Large value	31,304	31,304	-	-
Large growth	22,386	22,386	-	-
Corporate bonds	42,493	42,493	-	-
High-yield bond	9,758	9,758	-	-
Ultrashort bond	202,254	202,254	-	-
Intermediate term bond	181,444	181,444	-	-
Foreign large blend	8,436	8,436	-	-
World blend	18,616	18,616	-	-
Total mutual funds	694,729	694,729	-	-

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Notes	34,976	34,976	-	-
Exchange traded funds:				
Small growth	51,718	51,718	-	-
Mid-cap value	59,846	59,846	-	-
Mid-cap growth	104,043	104,043	-	-
Large value	201,388	201,388	-	-
Large blend	45,775	45,775	-	-
Large growth	196,905	196,905	-	-
Financial	34,694	34,694	-	-
Short-term bond	212,338	212,338	-	-
Preferred stock	96,804	96,804	-	-
Corporate bonds	106,081	106,081	-	-
Total exchange traded funds	1,109,592	1,109,592	-	-
Equity securities:				
Basic materials	55,706	55,706	-	-
Financial	19,520	19,520	-	-
Healthcare	20,737	20,737	-	-
Services	489	489	-	-
Communication	4,664	4,664	-	-
Consumer goods	39,151	39,151	-	-
Technology	105,682	105,682	-	-
Total equity securities	245,949	245,949	-	-
Total Investments	\$ 2,085,246	\$ 2,085,246	\$ -	\$ -

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2019			
	Fair Value	Level 1	Level 2	Level 3
Mutual funds:				
Short-term bonds	\$ 84,763	\$ 84,763	\$ -	\$ -
Small value	14,315	14,315	-	-
Small growth	54,398	54,398	-	-
Mid-cap growth	8,081	8,081	-	-
Mid-cap blend	8,028	8,028	-	-
Large value	29,973	29,973	-	-
Large growth	30,038	30,038	-	-
Corporate bonds	114,432	114,432	-	-
High-yield bond	10,004	10,004	-	-
Ultrashort bond	200,663	200,663	-	-
Intermediate term bond	171,465	171,465	-	-
Energy limited partnership	12,468	12,468	-	-
Foreign large blend	8,041	8,041	-	-
World blend	19,994	19,994	-	-
Total mutual funds	766,663	766,663	-	-
U.S. Treasury Notes	49,535	49,535	-	-
Exchange traded funds:				
Small growth	84,165	84,165	-	-
Mid-cap value	69,700	69,700	-	-
Mid-cap growth	93,824	93,824	-	-
Large value	323,374	323,374	-	-
Small blend	8,935	8,935	-	-
Large blend	46,606	46,606	-	-
Foreign large blend	4,733	4,733	-	-
Large growth	150,572	150,572	-	-
Financial	39,564	39,564	-	-
Short-term bond	212,349	212,349	-	-
Preferred stock	129,830	129,830	-	-
Corporate bonds	100,183	100,183	-	-
Total exchange traded funds	1,263,835	1,263,835	-	-

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2019			
	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Basic materials	62,430	62,430	-	-
Financial	35,283	35,283	-	-
Healthcare	21,534	21,534	-	-
Services	917	917	-	-
Communication	11,426	11,426	-	-
Consumer goods	30,172	30,172	-	-
Technology	62,030	62,030	-	-
Total equity securities	<u>223,792</u>	<u>223,792</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 2,303,825</u>	<u>\$ 2,303,825</u>	<u>\$ -</u>	<u>\$ -</u>

### NOTE 5: GRANTS AND CONTRACTS RECEIVABLE, NET

The following is a summary of grants and contracts receivable at June 30:

	2020	2019
Medicaid	\$ 2,767,397	\$ 3,524,465
Federal awards	34,853	124,724
State assistance	20,421	20,742
Private pay and insurance	19,077	31,308
Contract service fees	<u>49,529</u>	<u>138,301</u>
	2,891,277	3,839,540
Less allowance for uncollectible receivables	<u>(305,471)</u>	<u>(356,856)</u>
	<u>\$ 2,585,806</u>	<u>\$ 3,482,684</u>

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 6: PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment at June 30:

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 23,013,427	\$ 22,677,966
Furniture and equipment	3,322,602	3,213,792
Vehicles	552,587	520,587
	<u>26,888,616</u>	<u>26,412,345</u>
Less accumulated depreciation and amortization	<u>(11,771,058)</u>	<u>(11,250,423)</u>
	15,117,558	15,161,922
Land and nondepreciable land improvements	5,307,953	5,307,953
Construction in progress	<u>-</u>	<u>212,020</u>
	<u><u>\$ 20,425,511</u></u>	<u><u>\$ 20,681,895</u></u>

### NOTE 7: LONG-TERM OBLIGATIONS

On December 16, 2011, Pulaski County issued a \$4,500,000 revenue bond (the 2011 Facility Bond) to finance the construction of a job training and wellness center for adults with disabilities. Under a loan agreement executed on that date, the County agreed to lend the proceeds of the 2011 Facility Bond to the Organization to construct the facility.

The guaranty agreements executed by the Organization concurrently with the issuance of the bonds contain certain restrictive covenants, including, among other things, requirements to maintain a debt service coverage ratio of not less than 1.00 to 1.00. Management is not aware of any violations of any covenants during the years ended June 30, 2020 and 2019.

The Organization's long-term obligations at June 30, are as follows:

	<u>2020</u>	<u>2019</u>
\$4,500,000 revenue bond payable, dated December 16, 2011; fixed interest rates ranging between 2.25% and 5.00% through December 2036; principal payments through December 2036 at varying amounts; secured by a mortgage on certain buildings and land with a net book value of \$8,097,356 at June 30, 2020.	<u><u>\$ 3,651,016</u></u>	<u><u>\$ 3,760,411</u></u>

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 7: LONG-TERM OBLIGATIONS (Continued)

Scheduled principal payments for these long-term obligations during the fiscal years subsequent to June 30, 2020, are as follows:

2021	\$ 228,892
2022	148,750
2023	160,833
2024	173,750
2025	185,833
Thereafter	<u>2,752,958</u>
	<u>\$ 3,651,016</u>

### NOTE 8: CAPITAL LEASE OBLIGATIONS

On, May 27, 2015, the Organization entered into an equipment lease agreement to acquire a new cooling unit, requiring 60 monthly payments with the term beginning on the date the equipment was delivered. The unit was initially recorded at the present value of the future minimum lease payments with effective interest rate of 6.80%.

The equipment and unit are being amortized over their useful lives, which management estimates to be three and fifteen years, respectively. The net book value of the equipment being amortized was approximately \$17,900 and \$55,400, respectively, at June 30, 2020 and 2019.

Minimum lease payments for these capital leases during fiscal years subsequent to June 30, 2020, are as follows:

2021	\$ 18,157
Amount representing interest	<u>(304)</u>
Present value of minimum lease payments	<u>\$ 17,853</u>

Approximately \$2,700 and \$5,400 of interest related to these capital leases has been included in interest expense for the year ended June 30, 2020 and 2019, respectively.

### NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

#### Net Assets Donor Restricted to the Passage of Time

The costs of constructing Armistead's eighteen-unit apartment complex, Charlotte Garden's fourteen-unit apartment complex, Wilson Court II's fourteen-unit apartment complex, and Harold Court's fourteen-unit apartment complex were partially funded through capital advance awards provided by HUD under Section 811 of the National Affordable Housing Act of 1990, *Supportive Housing for Persons with Disabilities* (Section 811) and through direct subsidies provided by the Federal Home Loan Bank (FHLB).



# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

#### Net Assets Donor Restricted to the Passage of Time (Continued)

Pursuant to the terms of the Capital Advance Agreements executed with HUD and the agreements executed with FHLB, the capital advances and subsidies bear no interest and are not required to be repaid, subject to continuing compliance requirements and as long as housing remains available to eligible individuals for a period of forty years. The capital advances are secured by mortgages on each of the apartment complexes and the land on which they are located. Since management considers the possibility of repayment of the capital advances and subsidies to be remote, these advances and subsidies were recognized as support with donor restrictions when received and are included in net assets with donor restrictions.

Net assets restricted to the passage of time at June 30, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Net Assets Donor Restricted to Passage of Time:		
HUD capital advance - Armistead	\$ 928,500	\$ 928,500
HUD capital advance - Charlotte Gardens	902,800	902,800
HUD capital advance - Wilson Court II	1,237,500	1,237,500
HUD capital advance - Harold Court	1,491,000	1,491,000
FHLB direct subsidy - Wilson Court II	154,000	154,000
FHLB direct subsidy - Harold Court	98,000	98,000
Total net assets donor restricted to passage of time	<u>\$ 4,811,800</u>	<u>\$ 4,811,800</u>

#### Net Assets Restricted to Purpose

Net assets restricted to a purpose at June 30, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Net Assets Donor Restricted to Purpose:		
Contributions for specific supplies	\$ 9,556	\$ 25,672
Contributions for scholarships to Grand Prairie Child Development Center	136,976	152,040
Total net assets donor restricted to purpose	<u>\$ 146,532</u>	<u>\$ 177,712</u>

#### Net Assets Restricted in Perpetuity

Net assets restricted in perpetuity at June 30, 2020 and 2019, include approximately \$65,000 of contributions received by the Organization, the corpus of which may not be used for any purpose other than investment in perpetuity, while the income earned may be used to enhance the independence or lifestyle of a disabled individual. The remaining balance of net assets restricted in perpetuity of approximately \$10,000 is attributable to the Infant Scholarship Fund, the income of which is used to provide financial assistance to those infants in the Organization's outpatient therapy program whose families are unable to pay for needed services.

# **Easterseals Arkansas**

## **Notes to Consolidated Financial Statements June 30, 2020 and 2019**

### ***NOTE 10: RETIREMENT BENEFITS***

The Organization provides a 403(b) salary deferral retirement plan that covers substantially all full-time employees. As approved by the Board of Directors, the Organization may elect to contribute up to 3.00% of each participating employee's eligible compensation annually to the 403(b) plan. During the years ended June 30, 2020 and 2019, the Board of Directors approved a 3.00% match contribution to participating employees.

The Organization also provides a deferred compensation plan for its current and former President/CEO that provides periodic payments over an agreed-upon period after separation of this plan. During the year ended June 30, 2020 and 2019, the Board of Directors approved contributions of approximately \$18,500 and \$18,000, respectively. Plan assets totaled approximately \$440,000 and \$416,000, respectively, at June 30, 2020 and 2019, and are included in investments with an offsetting liability included in accrued expenses and other liabilities in the consolidated statements of financial position. The assets are held in the Organization's name and are subject to claims of the Organization's creditors.

### ***NOTE 11: CONTINGENCIES***

The Organization receives federal awards and state assistance designated for specific purposes that are subject to subsequent review and audit by federal and state funding sources. These reviews and audits could result in a requirement for reimbursement by the funding sources for amounts disallowed under the terms and conditions of the related contracts and grants. It is the opinion of management that such disallowances, if any, would not be significant to the Organization's consolidated financial statements.

### ***NOTE 12: RISKS AND UNCERTAINTIES***

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and financial results will depend on future developments, including the duration and spread of the outbreak and the related impact on consumer confidence and spending, all of which are highly uncertain.

### ***NOTE 13: SUBSEQUENT EVENTS***

Management has evaluated subsequent events through March 31, 2021, the date the consolidated financial statements were available to be issued. There were no events that met the criteria for accrual or disclosure.

# Easterseals Arkansas

## Notes to Consolidated Financial Statements June 30, 2020 and 2019

### NOTE 14: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations as of June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents - unrestricted	\$ 3,306,475	\$ 1,862,194
Cash and cash equivalents - restricted	557,298	527,091
Grants and contracts receivable, net	2,585,806	3,482,684
Contributions receivable	44,345	53,458
Other receivables	26,894	18,359
Investments	<u>2,085,246</u>	<u>2,303,825</u>
Total financial assets	8,606,064	8,247,611
Less:		
Net assets donor restricted to passage of time	(4,811,800)	(4,811,800)
Net assets donor restricted to purpose	(146,532)	(177,712)
Net assets donor restricted in perpetuity	(75,097)	(75,097)
Restricted cash and equivalents	<u>(557,298)</u>	<u>(527,091)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,015,337</u></u>	<u><u>\$ 2,655,911</u></u>

## **Supplementary Schedules**

# Easterseals Arkansas

## Combining Schedule of Support, Revenue and Direct Expenses Year Ended June 30, 2020

	Program Services			Supporting Services			Total
	Children	Adult	Total Program Services	Administration	Fundraising	Total Supporting Services	
<b>SUPPORT, REVENUE AND GAINS (LOSSES)</b>							
<b>Fees and Grants from Government Agencies</b>							
Medicaid	\$ 9,273,112	\$ 9,652,065	\$ 18,925,177	\$ -	\$ -	\$ -	\$ 18,925,177
Federal awards	1,100,633	716,620	1,817,253	50,379	-	50,379	1,867,632
State assistance	356,635	126,107	482,742	-	-	-	482,742
<b>Public Support</b>							
Contributions	77,358	6,456	83,814	463	492,350	492,813	576,627
Special events	-	-	-	-	531,288	531,288	531,288
<b>Other</b>							
Private pay and insurance	471,853	122,143	593,996	-	-	-	593,996
Workshop fees	71,734	-	71,734	-	-	-	71,734
Contract service fees	522,086	-	522,086	-	-	-	522,086
Rental income	-	227,072	227,072	34,680	-	34,680	261,752
Investment income	-	791	791	7,067	44,799	51,866	52,657
Loss on disposal of property and equipment	-	-	-	(9,718)	-	(9,718)	(9,718)
Net appreciation (depreciation) in fair value of investments	-	-	-	(18,013)	(60,431)	(78,444)	(78,444)
Miscellaneous	3,118	3,302	6,420	32,235	470	32,705	39,125
<b>Total Support, Revenue and Gains (Losses)</b>	<b>11,876,529</b>	<b>10,854,556</b>	<b>22,731,085</b>	<b>97,093</b>	<b>1,008,476</b>	<b>1,105,569</b>	<b>23,836,654</b>

(Continued)

See Independent Auditor's Report.

# Easterseals Arkansas

## Combining Schedule of Support, Revenue and Direct Expenses *(Continued)* Year Ended June 30, 2020

	Program Services			Supporting Services			Total
	Children	Adult	Total Program Services	Administration	Fundraising	Total Supporting Services	
DIRECT EXPENSES							
Salaries	\$ 7,099,316	\$ 7,394,727	\$ 14,494,043	\$ 920,841	\$ 258,342	\$ 1,179,183	\$ 15,673,226
Payroll taxes and benefits	1,086,076	1,039,394	2,125,470	169,096	56,022	225,118	2,350,588
Professional fees	986,051	352,704	1,338,755	665,007	44,092	709,099	2,047,854
Supplies	638,456	190,501	828,957	115,382	131,212	246,594	1,075,551
Taxes and licenses	315,002	78,626	393,628	30,678	-	30,678	424,306
Telephone	50,595	50,244	100,839	21,854	1,092	22,946	123,785
Postage and shipping	3,275	2,463	5,738	6,732	3,575	10,307	16,045
Occupancy	186,507	114,679	301,186	17,518	5,102	22,620	323,806
Insurance	90,178	72,410	162,588	82,238	2,309	84,547	247,135
Printing	60	-	60	3,164	5,142	8,306	8,366
Transportation and travel	44,367	38,520	82,887	1,922	984	2,906	85,793
Employee recruitment/retention	19,226	20,957	40,183	14,020	511	14,531	54,714
Staff development	30,030	18,972	49,002	6,414	80	6,494	55,496
Specific assistance to individuals	-	131,859	131,859	383	-	383	132,242
National dues and subscriptions	-	-	-	49,166	-	49,166	49,166
Other dues and subscriptions	9,599	689	10,288	22,242	1,000	23,242	33,530
Repairs and maintenance	150,539	204,680	355,219	24,603	4,559	29,162	384,381
Interest	4,378	164,572	168,950	2,488	-	2,488	171,438
Miscellaneous	(44)	-	(44)	(17,610)	-	(17,610)	(17,654)
Provision for uncollectible accounts	75,897	35,309	111,206	-	2,500	2,500	113,706
Depreciation and amortization	325,998	350,451	676,449	49,385	12,057	61,442	737,891
Total Direct Expenses	11,115,506	10,261,757	21,377,263	2,185,523	528,579	2,714,102	24,091,365
OTHER EXPENSES							
Remittance of excess residual receipts to HUD	-	19,900	19,900	-	-	-	19,900
Excess of Revenue and Support over Direct Expenses/(Excess of Direct Expenses over Revenue and Support)	\$ 761,023	\$ 572,899	\$ 1,333,922	\$ (2,088,430)	\$ 479,897	\$ (1,608,533)	\$ (274,611)

See Independent Auditor's Report.

# Easterseals Arkansas

## Schedule of Support, Revenue and Direct Expenses Children Services Division Year Ended June 30, 2020

	Outpatient Therapy	LR Preschool	Grand Prairie CDC	Outreach	The Academy	Education	Residential	Total
<b>SUPPORT, REVENUE AND GAINS</b>								
<b>Fees and Grants from Government Agencies</b>								
Medicaid	\$ 1,637,778	\$ 886,885	\$ 470,775	\$ -	\$ 15,110	\$ -	\$ 6,262,564	\$ 9,273,112
Federal awards	-	16,597	2,280	1,081,756	-	-	-	1,100,633
State assistance	-	-	-	53,000	-	140,113	163,522	356,635
<b>Public Support</b>								
Contributions	4,767	205	84	-	72,211	-	91	77,358
<b>Other</b>								
Private pay and insurance	82,668	56,071	3,359	-	246,918	-	82,837	471,853
Workshop fees	-	-	-	71,734	-	-	-	71,734
Contract service fees	-	-	-	-	-	522,086	-	522,086
Miscellaneous	-	3,078	-	-	40	-	-	3,118
<b>Total Support, Revenue and Gains</b>	<b>1,725,213</b>	<b>962,836</b>	<b>476,498</b>	<b>1,206,490</b>	<b>334,279</b>	<b>662,199</b>	<b>6,509,014</b>	<b>11,876,529</b>
<b>DIRECT EXPENSES</b>								
Salaries	1,210,657	742,568	323,520	807,643	295,200	367,520	3,352,208	7,099,316
Payroll taxes and benefits	189,025	131,068	74,026	110,493	54,244	54,292	472,928	1,086,076
Professional fees	285,172	49,960	30,324	34,606	27,975	22,569	535,445	986,051
Supplies	23,996	59,844	39,658	65,580	13,958	10,261	425,159	638,456
Taxes and licenses	-	-	-	-	3,660	-	311,342	315,002
Telephone	5,911	3,688	12,724	6,504	4,622	2,288	14,858	50,595
Postage and shipping	741	510	141	262	21	17	1,583	3,275
Occupancy	22,476	19,539	20,844	11,801	21,793	10,524	79,530	186,507
Insurance	7,385	8,843	3,898	10,684	14,421	4,445	40,502	90,178

(Continued)

See Independent Auditor's Report.

# Easterseals Arkansas

## Schedule of Support, Revenue and Direct Expenses *(Continued)* *Children Services Division (Continued)* Year Ended June 30, 2020

	Outpatient Therapy	LR Preschool	Grand Prairie CDC	Outreach	The Academy	Education	Residential	Total
<b>DIRECT EXPENSES <i>(Continued)</i></b>								
Printing	\$ -	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ 60
Transportation and travel	3,504	690	3,023	27,831	927	129	8,263	44,367
Employee recruitment/retention	1,534	4,502	1,391	997	1,027	570	9,205	19,226
Staff development	2,820	4,808	1,897	4,623	772	3,640	11,470	30,030
Other dues and subscriptions	2,568	296	381	3,262	225	38	2,829	9,599
Repairs and maintenance	18,923	19,052	33,787	15,464	20,066	1,016	42,231	150,539
Interest	4,378	-	-	-	-	-	-	4,378
Miscellaneous	165	-	-	(1,659)	-	925	525	(44)
Provision for uncollectible accounts	28,000	6,477	4,474	-	2,181	14,620	20,145	75,897
Depreciation and amortization	34,080	48,495	15,074	53,380	3,000	15,175	156,794	325,998
<b>Total Direct Expenses</b>	<b>1,841,335</b>	<b>1,100,340</b>	<b>565,162</b>	<b>1,151,471</b>	<b>464,152</b>	<b>508,029</b>	<b>5,485,017</b>	<b>11,115,506</b>
<b>ALLOCATION OF ADMINISTRATIVE COST</b>	<b>208,522</b>	<b>146,831</b>	<b>54,326</b>	<b>110,685</b>	<b>44,617</b>	<b>48,834</b>	<b>527,251</b>	<b>1,141,066</b>
<b>Total Expenses and Allocation</b>	<b>2,049,857</b>	<b>1,247,171</b>	<b>619,488</b>	<b>1,262,156</b>	<b>508,769</b>	<b>556,863</b>	<b>6,012,268</b>	<b>12,256,572</b>
	<u>\$ (324,644)</u>	<u>\$ (284,335)</u>	<u>\$ (142,990)</u>	<u>\$ (55,666)</u>	<u>\$ (174,490)</u>	<u>\$ 105,336</u>	<u>\$ 496,746</u>	<u>\$ (380,043)</u>

See Independent Auditor's Report.



# Easterseals Arkansas

## Schedule of Support, Revenue and Direct Expenses Adult Services Division Year Ended June 30, 2020

	Adult Day Program	Residential	Community Services	Armistead Apartments	Charlotte Gardens Apartments	Wilson Court II Apartments	Harold Court Apartments	Total
<b>SUPPORT, REVENUE AND GAINS</b>								
<b>Fees and Grants from Government Agencies</b>								
Medicaid	\$ 1,070,807	\$ 741,354	\$ 7,838,544	\$ 1,360	\$ -	\$ -	\$ -	\$ 9,652,065
Federal awards	417,129	-	-	95,354	66,176	79,583	58,378	716,620
State assistance	126,107	-	-	-	-	-	-	126,107
<b>Public Support</b>								
Contributions	5,568	165	3	-	-	-	720	6,456
<b>Other</b>								
Private pay and insurance	20,995	101,148	-	-	-	-	-	122,143
Rental income	54,040	-	-	43,774	46,633	43,907	38,718	227,072
Investment income	-	-	-	154	189	221	227	791
Miscellaneous	1,052	-	-	1,350	125	625	150	3,302
<b>Total Support, Revenue and Gains</b>	<b>1,695,698</b>	<b>842,667</b>	<b>7,838,547</b>	<b>141,992</b>	<b>113,123</b>	<b>124,336</b>	<b>98,193</b>	<b>10,854,556</b>
<b>DIRECT EXPENSES</b>								
Salaries	917,711	416,794	5,880,717	44,435	47,318	44,090	43,662	7,394,727
Payroll taxes and benefits	166,026	62,353	781,821	6,142	8,017	7,539	7,496	1,039,394
Professional fees	243,928	17,678	34,598	14,125	14,125	14,125	14,125	352,704
Supplies	88,731	57,842	17,896	7,559	5,470	5,087	7,916	190,501
Taxes and licenses	-	78,626	-	-	-	-	-	78,626
Telephone	25,014	4,230	8,205	2,542	2,412	2,401	5,440	50,244
Postage and shipping	508	236	1,426	45	95	85	68	2,463
Occupancy	49,618	12,709	6,697	11,804	10,228	14,183	9,440	114,679
Insurance	28,378	7,344	3,031	9,667	8,371	8,827	6,792	72,410
Transportation and travel	19,190	6,482	4,312	4,139	1,480	1,458	1,459	38,520
Employee recruitment/retention	5,390	790	14,437	81	161	23	75	20,957

*(Continued)*

See Independent Auditor's Report.

# Easterseals Arkansas

## Schedule of Support, Revenue and Direct Expenses *(Continued)* *Adult Services Division (Continued)* Year Ended June 30, 2020

	Adult Day Program	Residential	Community Services	Armistead Apartments	Charlotte Gardens Apartments	Wilson Court II Apartments	Harold Court Apartments	Total
<b>DIRECT EXPENSES <i>(Continued)</i></b>								
Staff development	\$ 4,608	\$ 708	\$ 12,253	\$ 133	\$ 446	\$ 423	\$ 401	\$ 18,972
Specific assistance to individuals	-	-	131,859	-	-	-	-	131,859
Other dues and subscriptions	173	516	-	-	-	-	-	689
Repairs and maintenance	65,213	19,260	5,984	29,973	29,957	30,837	23,456	204,680
Interest	164,572	-	-	-	-	-	-	164,572
Miscellaneous	(55,956)	55,956	-	-	-	-	-	-
Provision for uncollectible accounts	15,766	500	19,043	-	-	-	-	35,309
Depreciation and amortization	185,942	16,980	12,192	25,818	27,337	35,812	46,370	350,451
<b>Total Direct Expenses</b>	<b>1,924,812</b>	<b>759,004</b>	<b>6,934,471</b>	<b>156,463</b>	<b>155,417</b>	<b>164,890</b>	<b>166,700</b>	<b>10,261,757</b>
<b>OTHER EXPENSES</b>								
Remittance of excess residual receipts to HUD	-	-	-	-	-	19,900	-	19,900
<b>ALLOCATION OF ADMINISTRATIVE COST</b>	<b>185,023</b>	<b>72,961</b>	<b>680,651</b>	<b>15,038</b>	<b>14,939</b>	<b>15,850</b>	<b>16,024</b>	<b>1,000,486</b>
<b>Total Expenses and Allocation</b>	<b>2,109,835</b>	<b>831,965</b>	<b>7,615,122</b>	<b>171,501</b>	<b>170,356</b>	<b>200,640</b>	<b>182,724</b>	<b>11,282,143</b>
	<u><u>\$ (414,137)</u></u>	<u><u>\$ 10,702</u></u>	<u><u>\$ 223,425</u></u>	<u><u>\$ (29,509)</u></u>	<u><u>\$ (57,233)</u></u>	<u><u>\$ (76,304)</u></u>	<u><u>\$ (84,531)</u></u>	<u><u>\$ (427,587)</u></u>

See Independent Auditor's Report.

# Easterseals Arkansas

## Schedule of Program Units of Service Year Ended June 30, 2020

		Number of Program Units of Service Provided				
		Medicaid	Federal Awards	State Awards	Private Pay	Total
40-bed residential:						
ICF/MR	Day	14,481	-	-	-	14,481
RSPD	Day	45	-	-	-	45
10-bed residential ICF/MR	Day	3,658	-	-	-	3,658
Adult development	Hour	96,953	-	4,303	484	101,740
Preschool	Hour	79,286	-	-	-	79,286
Transportation	Mile	1,616	-	-	-	1,616
Transportation	Day	-	-	-	181	181
Work activity	Hour	-	-	6,772	-	6,772
USDA - Lunch	Meal	-	16,002	-	149	16,151
USDA - Snack	Meal	-	18,005	-	150	18,155

See Independent Auditor's Report.

**Other Reports  
and  
Supplemental Information**



**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**

**Independent Auditor's Report**

The Board of Directors  
Easterseals Arkansas  
Little Rock, Arkansas

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 consolidated financial statements of **Easterseals Arkansas** and affiliates (collectively, "**the Organization**"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2021.

**Internal Control over Financial Reporting**

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

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

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

The Board of Directors  
Easterseals Arkansas

### **Compliance and Other Matters**

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

### **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.

  
Certified Public Accountants

Little Rock, Arkansas  
March 31, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE THE UNIFORM GUIDANCE**

**Independent Auditor's Report**

The Board of Directors  
Easterseals Arkansas  
Little Rock, Arkansas

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

We have audited the compliance of **Easterseals Arkansas** and affiliates (collectively "**the Organization**") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

  
Certified Public Accountants

Little Rock, Arkansas  
March 31, 2021



# Easterseals Arkansas

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>EXPENDITURES</b>		
<b>U.S. Department of Agriculture</b>		
Passed through Arkansas Department of Human Services:		
DCCECE - Child and Adult Care Food Program	10.558	<u>75,247</u>
<b>Total U.S. Department of Agriculture</b>		<u>75,247</u>
<b>U.S. Department of Housing and Urban Development</b>		
Supportive Housing for Persons with Disabilities (Section 811) – Rental Assistance (Armistead Apartments, Inc.)	14.181	95,354
Supportive Housing for Persons with Disabilities (Section 811) – Rental Assistance (Charlotte Gardens, Inc.)	14.181	66,176
Supportive Housing for Persons with Disabilities (Section 811) – Rental Assistance (Wilson Court II)	14.181	79,583
Supportive Housing for Persons with Disabilities (Section 811) – Rental Assistance (Harold Court)	14.181	<u>58,378</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>299,491</u>
<b>U.S. Department of Education</b>		
Passed through Arkansas Department of Education:		
Special Education Cluster:		
Special Education – Grants to States (IDEA, Part B):		
Outreach	84.027	<u>1,081,756</u>
Passed through Arkansas Rehabilitation Services:		
Rehabilitation Services – Vocational Rehabilitation Grants to States:		
Academics, Community, Career Development and Employment program	84.126	68,862
High School Transition	84.126	227,514
Supportive Employment	84.126	<u>11,805</u>
		<u>308,181</u>
<b>Total U.S. Department of Education</b>		<u>1,389,937</u>

*(Continued)*

See Independent Auditor's Report.

# Easterseals Arkansas

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2020

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>		
Passed through Arkansas Department of Human Services:		
Child Care and Development Block Grant	93.575	\$ 15,829
Foster Care – Title IV-E	93.658	3,048
Social Services Block Grant - Service Operational Contract	93.667	<u>33,701</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>52,578</u>
<b>U.S. Department of Treasury</b>		
Passed through Arkansas Department of Commerce		
Coronavirus Relief Funds - AR Ready for Business Grant	21.019	<u>50,379</u>
<b>Total Expenditures</b>		<u><u>\$ 1,867,632</u></u>
<b>CAPITAL ADVANCES</b>		
<b>U.S. Department of Housing and Urban Development</b>		
Supportive Housing for Persons with Disabilities (Section 811) –		
Capital Advance (Armistead)	14.181	\$ 928,500
Supportive Housing for Persons with Disabilities (Section 811) –		
Capital Advance (Charlotte Gardens)	14.181	902,800
Supportive Housing for Persons with Disabilities (Section 811) –		
Capital Advance (Wilson Court II)	14.181	1,237,500
Supportive Housing for Persons with Disabilities (Section 811) –		
Capital Advance (Harold Court)	14.181	<u>1,491,000</u>
<b>Total Capital Advances</b>		<u><u>\$ 4,559,800</u></u>

### **NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal activity under programs of the Federal government during the year ended June 30, 2020. 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 the Organization, it is not intended to and does not present the consolidated financial position, consolidated changes in net assets or consolidated cash flows of the Organization.

Medicaid reimbursements paid to providers are defined as contracts for services and not federal awards; therefore they are not covered by the reporting requirements of the Uniform Guidance and are not included in the Schedule. Total Medicaid funding for the year ended June 30, 2020 was \$18,925,177.

**See Independent Auditor's Report.**

# **Easterseals Arkansas**

## **Schedule of Expenditures of Federal Awards (*Continued*) Year Ended June 30, 2020**

### ***NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

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.

Capital advances outstanding are required to be reported on the Schedule even though they were not awarded during the current year due to continuing compliance requirements that must be adhered to by the Organization.

### ***NOTE 3: INDIRECT COST RATE***

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance, but rather the rates established directly with each of the respective funding agencies.

**See Independent Auditor's Report.**

# Easterseals Arkansas

## Schedule of State Assistance Year Ended June 30, 2020

	<u>Revenues</u>	<u>Expenditures</u>
<b>STATE ASSISTANCE</b>		
<b>Arkansas Department of Human Services</b>		
Division of Developmental Disabilities Services –		
Service Operational Contract	\$ 42,698	\$ 42,698
Foster Care - State	<u>163,522</u>	<u>163,522</u>
<b>Total Arkansas Department of Human Services</b>	<u>206,220</u>	<u>206,220</u>
<b>Arkansas Department of Education</b>		
Arkansas Department of Education	<u>193,113</u>	<u>193,113</u>
<b>Total Arkansas Department of Education</b>	<u>193,113</u>	<u>193,113</u>
<b>Arkansas Department of Career Education</b>		
Passed through Arkansas Rehabilitation Services		
Vocational Rehabilitation Grants		
Academics, Community, Career Development and		
Employment program	18,637	18,637
High School Transition	61,577	61,577
Supportive Employment	<u>3,195</u>	<u>3,195</u>
<b>Total Arkansas Department of Career Education</b>	<u>83,409</u>	<u>83,409</u>
<b>Total State Assistance</b>	<u>\$ 482,742</u>	<u>\$ 482,742</u>

See Independent Auditor's Report.

# **Easterseals Arkansas**

## **Schedule of Findings and Questioned Costs Year Ended June 30, 2020**

### **Section I - Summary of Auditor's Results**

- **Type of Auditor's Report Issued - Consolidated Financial Statements**  
Unmodified opinion
- **Internal Control - Consolidated Financial Statements**  
None
- **Material Noncompliance - Consolidated Financial Statements**  
None
- **Internal Control - Major Programs**  
None
- **Type of Report Issued - Compliance**  
Unmodified opinion
- **Audit Findings Under the Uniform Guidance**  
None
- **Major Programs**
  - U.S. Department of Housing and Urban Development, Supportive Housing for Persons with Disabilities (Section 811), CFDA #14.181
- **Threshold for Distinguishing between Type A and Type B Programs**  
\$750,000
- **Type of Auditee**  
High-risk auditee

### **Section II - Audit Findings - Consolidated Financial Statement** None

### **Section III - Finding and Questioned Costs – Major Federal Award Program Audit** None

**See Independent Auditor's Report.**