



Easterseals Arkansas

**Consolidated Financial Statements
and
Supplemental Information
June 30, 2024 and 2023**

(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 Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Easterseals Arkansas** and its controlled affiliates (collectively, "**the Organization**"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Easterseals Arkansas and its controlled affiliates as of June 30, 2024 and 2023, and the 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter

As discussed in Note 2 to the consolidated financial statements, in July 2023, the Organization adopted Financial Accounting Standards Board, Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements *(Continued)*

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated 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 consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 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*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. In addition, the schedule of state assistance and the supplementary schedules listed in the accompanying table of contents, which are required by the Department of Human Services, are also presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 November 12, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas
November 12, 2024

Consolidated Financial Statements

Easterseals Arkansas

Consolidated Statements of Financial Position June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$ 3,037,347	\$ 5,921,235
Cash and cash equivalents - restricted	580,328	545,430
Investments	2,912,777	2,299,408
Grants and contracts receivable, net	3,512,301	2,996,607
Contributions receivable, net	7,229	11,155
Stop loss insurance receivable	1,287,545	-
Other receivables	40,545	1,546
Prepaid expenses and other assets	234,551	293,395
Right of use asset, financing	210,127	267,434
Property and equipment, net	<u>20,233,720</u>	<u>19,997,791</u>
TOTAL ASSETS	<u><u>\$ 32,056,470</u></u>	<u><u>\$ 32,334,001</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 644,219	\$ 458,697
Accrued expenses and other liabilities	2,891,551	2,873,788
Lease liability, financing	210,127	267,434
Long-term obligations	<u>3,033,646</u>	<u>3,207,396</u>
Total Liabilities	<u>6,779,543</u>	<u>6,807,315</u>
Net Assets		
Without donor restrictions	19,527,609	19,672,338
With donor restrictions	<u>5,749,318</u>	<u>5,854,348</u>
Total Net Assets	<u>25,276,927</u>	<u>25,526,686</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 32,056,470</u></u>	<u><u>\$ 32,334,001</u></u>

See accompanying notes to consolidated financial statements.

Easterseals Arkansas

Consolidated Statements of Activities Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support, Revenue, Gains (Losses) and Reclassifications		
Fees and Grants from Government Agencies		
Medicaid	\$ 34,658,201	\$ 25,605,438
Federal awards	3,114,103	3,361,174
State assistance	927,937	624,415
Public Support		
Contributed financial assets	796,134	659,399
Contributed nonfinancial assets	104,868	146,668
Special events	873,337	1,047,629
Net assets released from restrictions	154,000	19,759
Other		
Private pay and insurance	2,443,293	1,871,558
Workshop fees	60,263	106,666
Contract service fees	459,405	409,274
Rental income	236,547	255,423
Investment income	155,223	669,360
Loss on disposals of property and equipment	(8,098)	(2,504)
Net appreciation in fair value of investments	173,819	93,389
Miscellaneous	(7,126)	63,725
Total Unrestricted Support, Revenue, Gains (Losses) and Reclassifications	<u>44,141,906</u>	<u>34,931,373</u>
Expenses		
Program Services		
Children	18,811,567	16,614,662
Adult	20,635,971	14,588,076
	<u>39,447,538</u>	<u>31,202,738</u>
Supporting Services		
Administration	3,931,613	3,677,542
Fundraising	895,884	873,414
	<u>4,827,497</u>	<u>4,550,956</u>
Total Expenses	<u>44,275,035</u>	<u>35,753,694</u>
Decrease in Net Assets without Donor Restrictions	<u>(133,129)</u>	<u>(822,321)</u>

(Continued)

See accompanying notes to consolidated financial statements.

Easterseals Arkansas

Consolidated Statements of Activities *(Continued)* Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Public Support		
Contributions	\$ 174,590	\$ 10,000
Net appreciation in fair value of investments	16,204	10,872
Return of restricted contribution	(141,824)	-
Net assets released from restrictions	<u>(154,000)</u>	<u>(19,759)</u>
Increase in Net Assets with Donor Restrictions	<u>(105,030)</u>	<u>1,113</u>
OTHER CHANGES		
Remittance of excess residual receipts to HUD	<u>(11,600)</u>	<u>(14,800)</u>
DECREASE IN TOTAL NET ASSETS	(249,759)	(836,008)
NET ASSETS, BEGINNING OF YEAR	<u>25,526,686</u>	<u>26,362,694</u>
NET ASSETS, END OF YEAR	<u><u>\$ 25,276,927</u></u>	<u><u>\$ 25,526,686</u></u>

See accompanying notes to consolidated financial statements.

Easterseals Arkansas

Consolidated Statement of Functional Expenses Year Ended June 30, 2024

	<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	\$ 11,696,138	\$ 16,020,265	\$ 27,716,403	\$ 1,798,152	\$ 334,807	\$ 29,849,362
Payroll taxes and benefits	1,916,704	2,321,708	4,238,412	281,105	56,128	4,575,645
Professional fees	2,524,466	296,259	2,820,725	935,743	165,051	3,921,519
Supplies	863,047	242,858	1,105,905	161,758	304,780	1,572,443
Taxes and licenses	315,603	80,300	395,903	48,951	-	444,854
Telephone	31,876	35,839	67,715	2,111	-	69,826
Postage and shipping	2,190	923	3,113	3,375	1,291	7,779
Occupancy	232,139	126,628	358,767	38,415	4,906	402,088
Insurance	125,081	88,815	213,896	129,115	2,091	345,102
Printing	-	868	868	-	2,448	3,316
Transportation and travel	84,778	70,744	155,522	39,448	1,186	196,156
Employee recruitment/retention	63,105	87,056	150,161	68,202	1,608	219,971
Staff development	54,807	45,876	100,683	10,880	1,190	112,753
Specific assistance to individuals	-	393,504	393,504	2,247	-	395,751
National dues and subscriptions	-	-	-	96,052	-	96,052
Other dues and subscriptions	14,460	3,644	18,104	15,773	944	34,821
Repairs and maintenance	275,676	210,767	486,443	36,663	4,235	527,341
Interest	2,975	143,544	146,519	72	-	146,591
Miscellaneous	(159,322)	-	(159,322)	169,641	-	10,319
Provision for uncollectible accounts	184,825	58,243	243,068	-	2,508	245,576
Lease expense	75,215	21,448	96,663	20,553	478	117,694
Depreciation and amortization	507,804	386,682	894,486	73,357	12,233	980,076
Total Expenses	\$ 18,811,567	\$ 20,635,971	\$ 39,447,538	\$ 3,931,613	\$ 895,884	\$ 44,275,035

See accompanying notes to consolidated financial statements.

Easterseals Arkansas

Consolidated Statement of Functional Expenses Year Ended June 30, 2023

	<u>Program Expenses</u>		<u>Total Program</u>	<u>General and</u>		<u>Total</u>
	<u>Children</u>	<u>Adult</u>	<u>Expenses</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Expenses</u>
Salaries	\$ 10,184,788	\$ 11,119,230	\$ 21,304,018	\$ 1,466,536	\$ 301,543	\$ 23,072,097
Payroll taxes and benefits	1,702,848	1,586,633	3,289,481	289,708	57,341	3,636,530
Professional fees	2,088,003	162,699	2,250,702	1,161,528	202,358	3,614,588
Supplies	795,109	164,010	959,119	130,931	267,425	1,357,475
Taxes and licenses	314,330	79,905	394,235	45,060	-	439,295
Telephone	12,122	14,358	26,480	2,073	-	28,553
Postage and shipping	3,127	940	4,067	5,546	768	10,381
Occupancy	257,179	133,080	390,259	27,898	4,379	422,536
Insurance	113,380	77,463	190,843	119,893	1,895	312,631
Printing	175	925	1,100	-	1,592	2,692
Transportation and travel	74,416	42,259	116,675	33,042	970	150,687
Employee recruitment/retention	78,051	56,834	134,885	55,984	1,494	192,363
Staff development	84,172	25,336	109,508	11,500	1,750	122,758
Specific assistance to individuals	425	157,006	157,431	2,230	-	159,661
National dues and subscriptions	-	-	-	81,807	-	81,807
Other dues and subscriptions	14,558	587	15,145	29,388	45	44,578
Repairs and maintenance	212,669	252,347	465,016	36,500	4,534	506,050
Interest	3,038	149,173	152,211	86,819	-	239,030
Miscellaneous	265	-	265	8,846	-	9,111
Provision for uncollectible accounts	177,041	159,808	336,849	-	14,549	351,398
Lease expense	42,338	7,145	49,483	6,270	396	56,149
Depreciation and amortization	456,628	398,338	854,966	75,983	12,375	943,324
Total Expenses	<u>\$ 16,614,662</u>	<u>\$ 14,588,076</u>	<u>\$ 31,202,738</u>	<u>\$ 3,677,542</u>	<u>\$ 873,414</u>	<u>\$ 35,753,694</u>

See accompanying notes to consolidated financial statements.

Easterseals Arkansas

Consolidated Statements of Cash Flows Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Total Net Assets	\$ (249,759)	\$ (836,008)
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used) Provided by Operating Activities		
Depreciation and amortization expense	980,076	943,324
Loss on disposals of property and equipment	8,098	2,504
Net appreciation in fair value of investments	(190,023)	(104,261)
Changes in operating assets and liabilities:		
Grants and contracts receivable	(515,694)	5,602,705
Contributions receivable	3,926	44,735
Insurance receivables	(1,287,545)	-
Other receivables	(38,999)	16,316
Prepaid expenses and other assets	58,844	2,680
Accounts payable	185,522	(226,642)
Accrued expenses and other liabilities	17,763	169,912
Net Cash (Used) Provided by Operating Activities	<u>(1,027,791)</u>	<u>5,615,265</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,231,103)	(677,663)
Purchases of investments	(505,308)	(57,579)
Proceeds from sales of property and equipment	7,000	-
Proceeds from sales and maturities of investments	81,962	182,040
Net Cash Used by Investing Activities	<u>(1,647,449)</u>	<u>(553,202)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(635,024)
Payments on long-term obligations	(173,750)	(160,000)
Net Cash Used by Financing Activities	<u>(173,750)</u>	<u>(795,024)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,848,990)	4,267,039
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,466,665</u>	<u>2,199,626</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,617,675</u></u>	<u><u>\$ 6,466,665</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents - unrestricted	\$ 3,037,347	\$ 5,921,235
Cash and cash equivalents - restricted	580,328	545,430
Total Cash and Cash Equivalents	<u><u>\$ 3,617,675</u></u>	<u><u>\$ 6,466,665</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest expense incurred and paid	<u>\$ 146,591</u>	<u>\$ 239,030</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Additions to property and equipment included in accounts payable	<u>\$ 189,843</u>	<u>\$ -</u>
Right of use assets obtained in exchange for financing lease liability	<u>\$ -</u>	<u>\$ 286,536</u>

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Notes to Consolidated Financial Statements June 30, 2024 and 2023

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 flows, the Organization considers all short-term investment funds and highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents. At times during 2024 and 2023, cash and cash equivalents 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 balances exceeding FDIC or SIPC insurance may not be able recoverable.

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Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

At June 30, 2024 and 2023, the Organization's account balances totaled approximately \$4,041,000 and \$7,008,000, respectively. Of these balances, approximately \$2,013,000 and \$5,360,000 at June 30, 2024 and 2023, 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, 2024 and 2023

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, 2024 and 2023 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, 2024 and 2023, all contributions receivable are expected to be collected within one year.

Revenue and Revenue Recognition

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.

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.

Allowance for credit losses attributable to receivables associated with grants, contracts and Medicaid receivables are based upon management's analysis of specific accounts, anticipated collections, future economic factors and related historical trends. Changes in the related provisions for uncollectable Medicaid receivables are netted against Medicaid revenues for purposes of presentation in the consolidated financial statements. Changes in the allowance for other uncollectable 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.

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Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Materials (Continued)

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.

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, 2024 and 2023 is approximately \$105,000 and \$147,000, 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.

Self-Insured Health Plan Supplemented by Stop-Loss Insurance

The Organization has purchased stop-loss insurance in order to limit its exposure, which will reimburse the Organization for individual claims in excess of \$100,000, 2023 plan year, and \$75,000, 2022 plan year, annually or aggregate claims exceeding \$1,000,000 annually. Self-insurance losses are accrued based on the Organization's estimates of the aggregate liability for uninsured claims incurred using certain actuarial assumptions followed in the insurance industry. At June 30, 2024 and 2023, the accrued liability for self-insured losses is included in accrued expenses and approximates \$505,000 and \$298,000, respectively.

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, 2024 and 2023, 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.

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Reclassifications

Certain amounts in the 2023 consolidated financial statements have been reclassified to conform to presentation in the 2024 consolidated financial statements.

Recently Adopted Accounting Standards

On July 1, 2023 the Organization adopted the Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses* which significantly changed how entities measure credit losses. The most significant change in this standard is a shift from an incurred loss model to an expected loss model.

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in ASU 2016-13 are grants and contracts receivable. The impact of adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

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.

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.

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 3: RESTRICTED CASH AND CASH EQUIVALENTS (Continued)

Bond Reserve Accounts Held with Trustee (Continued)

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:

	<u>2024</u>	<u>2023</u>
Bond funds	\$ 106,212	\$ 99,785
Debt service reserve funds	<u>178,317</u>	<u>169,690</u>
	<u>\$ 284,529</u>	<u>\$ 269,475</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 \$296,000 and \$276,000 at June 30, 2024 and 2023, 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">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.• 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. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

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, 2024 and 2023.

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 the 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, 2024			
	Fair Value	Level 1	Level 2	Level 3
Mutual funds:				
Small growth	\$ 76,224	\$ 76,224	\$ -	\$ -
Money Market	204,228	204,228	-	-
Ultrashort bond	252,591	252,591	-	-
Bank loans	636,811	636,811	-	-
Total mutual funds	1,169,854	1,169,854	-	-
U.S. Treasury Notes	19,889	19,889	-	-

(Continued)

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

June 30, 2024				
	Fair Value	Level 1	Level 2	Level 3
Exchange traded funds:				
Small value	\$ 50,259	\$ 50,259	\$ -	\$ -
Small growth	75,084	75,084	-	-
Small blend	78,113	78,113	-	-
Small cap	2,805	2,805	-	-
Mid-cap value	189,441	189,441	-	-
Mid-cap growth	118,075	118,075	-	-
Large value	387,664	387,664	-	-
Large blend	72,625	72,625	-	-
Large growth	198,293	198,293	-	-
Financial	100,717	100,717	-	-
Preferred stock	103,430	103,430	-	-
Corporate bonds	101,911	101,911	-	-
Total exchange traded funds	1,478,417	1,478,417	-	-
Equity securities:				
Basic materials	94,026	94,026	-	-
Financial	72,750	72,750	-	-
Healthcare	30,018	30,018	-	-
Services	5,013	5,013	-	-
Communication	12,825	12,825	-	-
Consumer goods	8,461	8,461	-	-
Technology	9,537	9,537	-	-
Industrial	5,162	5,162	-	-
Energy	6,825	6,825	-	-
Total equity securities	244,617	244,617	-	-
Total Investments	\$ 2,912,777	\$ 2,912,777	\$ -	\$ -
June 30, 2023				
	Fair Value	Level 1	Level 2	Level 3
Mutual funds:				
Small growth	\$ 42,737	\$ 42,737	\$ -	\$ -
Corporate bonds	56,491	56,491	-	-
Ultrashort bond	238,431	238,431	-	-
Bank loans	521,851	521,851	-	-
Total mutual funds	859,510	859,510	-	-
U.S. Treasury Notes	29,837	29,837	-	-

(Continued)

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2023			
	Fair Value	Level 1	Level 2	Level 3
Exchange traded funds:				
Small growth	\$ 69,401	\$ 69,401	\$ -	\$ -
Small cap	6,235	6,235	-	-
Mid-cap value	172,339	172,339	-	-
Mid-cap growth	103,394	103,394	-	-
Large value	365,838	365,838	-	-
Large blend	64,295	64,295	-	-
Large growth	118,183	118,183	-	-
Financial	79,460	79,460	-	-
Preferred stock	96,788	96,788	-	-
Corporate bonds	100,763	100,763	-	-
Total exchange traded funds	<u>1,176,696</u>	<u>1,176,696</u>	<u>-</u>	<u>-</u>
Equity securities:				
Basic materials	87,080	87,080	-	-
Financial	42,306	42,306	-	-
Healthcare	23,891	23,891	-	-
Services	1,386	1,386	-	-
Communication	13,931	13,931	-	-
Consumer goods	14,263	14,263	-	-
Technology	41,315	41,315	-	-
Industrial	2,359	2,359	-	-
Energy	6,834	6,834	-	-
Total equity securities	<u>233,365</u>	<u>233,365</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 2,299,408</u>	<u>\$ 2,299,408</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:

	2024	2023	2022
Medicaid	\$ 3,519,542	\$ 3,091,584	\$ 1,860,900
Federal awards	588,546	474,762	89,795
State assistance	35,020	35,432	21,974
Employee retention credit	-	-	6,870,614
Contract service fees	<u>67,383</u>	<u>32,660</u>	<u>44,724</u>
	4,210,491	3,634,438	8,888,007
Allowance for credit losses	<u>(698,190)</u>	<u>(637,831)</u>	<u>(288,695)</u>
	<u>\$ 3,512,301</u>	<u>\$ 2,996,607</u>	<u>\$ 8,599,312</u>

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 6: PROPERTY AND EQUIPMENT, NET

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

	<u>2024</u>	<u>2023</u>
Buildings and improvements	\$ 23,432,800	\$ 23,264,209
Furniture and equipment	4,779,328	4,254,555
Vehicles	767,120	767,120
	<u>28,979,248</u>	<u>28,285,884</u>
Less accumulated depreciation and amortization	(14,758,691)	(14,001,284)
	<u>14,220,557</u>	<u>14,284,600</u>
Land and nondepreciable land improvements	5,661,952	5,661,952
Construction in progress	351,211	51,239
	<u>\$ 20,233,720</u>	<u>\$ 19,997,791</u>

NOTE 7: LEASES

The Organization is committed under a certain non-cancellable financing lease with terms in excess of one year for certain leased equipment. The lease expires in February 2028. For the lease, the Organization records an asset which represents the Organization's right to use the underlying asset during the lease term and a lease liability that represents the Organization's obligation to make payments arising from the lease. The Organization has elected the practical expedient to not separate lease and non-lease components for equipment leases.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the equipment class of assets. The weighted average remaining lease term in years for the Organization's financing lease was 3.75 and 4.75 as of June 30, 2024 and 2023, respectively. The weighted average discount was 3.94%, as of June 30, 2024 and 2023, respectively.

Financing lease cost for the years ended June 30, 2024 and 2023, totaled approximately \$67,000 and \$38,000, respectively. This included right of use asset amortization of approximately \$57,000 and \$14,000, respectively. Of the total lease expense on the statements of functional expenses, approximately \$42,000 and \$18,000 is for short-term leases, respectively.

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 7: LEASES (Continued)

Approximate future minimum lease payments at June 30, 2024 are as follows:

2025	63,024
2026	63,024
2027	63,024
2028	36,764
Total lease payments	225,836
Less interest	(15,709)
Present value of lease liability	<u>\$ 210,127</u>

NOTE 8: ACCRUED EXPENSES AND OTHER LIABILITIES

The following is a summary of accrued expenses and other liabilities at June 30:

	<u>2024</u>	<u>2023</u>
Payroll and related liabilities	\$ 2,868,187	\$ 2,631,849
Deferred revenues	17,750	224,535
Other accrued expenses	5,614	17,404
	<u>\$ 2,891,551</u>	<u>\$ 2,873,788</u>

NOTE 9: LINE OF CREDIT

The Organization maintains a line of credit with a financial institution for an amount up to \$1,500,000. Advances on the line of credit bear interest at a variable rate of one percentage point above the prime rate of the top thirty banks in the United States (otherwise known as the Prime Index). At June 30, 2024 and 2023, there was no balance on this line of credit.

NOTE 10: 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, 2024 and 2023.

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 10: LONG-TERM OBLIGATIONS (Continued)

The Organization's long-term obligation at June 30, is as follows:

	<u>2024</u>	<u>2023</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 \$7,510,908 at June 30, 2024.	<u>\$ 3,033,646</u>	<u>\$ 3,207,396</u>

Scheduled principal payments for these long-term obligations during the fiscal years subsequent to June 30, 2024, are as follows:

2025	\$ 185,833
2026	195,833
2027	202,917
2028	207,917
2029	212,906
Thereafter	<u>2,028,240</u>
	<u>\$ 3,033,646</u>

NOTE 12: 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 Gardens' 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). 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.

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

Net assets restricted to the passage of time at June 30 consist of the following:

	<u>2024</u>	<u>2023</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
FHLB direct subsidy - Harold Court	98,000	98,000
Total net assets donor restricted to passage of time	<u>\$ 4,657,800</u>	<u>\$ 4,811,800</u>

Net Assets Restricted to Purpose

Net assets restricted to a purpose at June 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Net Assets Donor Restricted to Purpose:		
Contributions for specific supplies	\$ 590,135	\$ 421,093
Contributions for scholarships to Grand Prairie Child Development Center	274,204	240,285
Total net assets donor restricted to purpose	<u>\$ 864,339</u>	<u>\$ 661,378</u>

Net Assets Restricted in Perpetuity

Net assets restricted in perpetuity at June 30, 2024 and 2023, include 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 for a donor restricted purpose. Net assets restricted in perpetuity at June 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Net Assets Restricted in Perpetuity:		
Contributions to enhance the independence or lifestyle of a disabled individual	\$ 65,097	\$ 65,097
Contributions to the Infant Scholarship Fund	10,000	10,000
Contributions for educational purposes	306,073	306,073
Total net assets donor restricted in perpetuity	<u>\$ 381,170</u>	<u>\$ 381,170</u>

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 13: RETIREMENT BENEFITS

The Organization provides a 403(b) salary deferral retirement plan that covers substantially all full-time employees. Prior to July 1, 2022, 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. Effective July 1, 2022, the Organization, at the discretion of the Board of Directors, may make a matching contribution based on the employee's years of service. During the years ended June 30, 2024 and 2023, the Board of Directors approved matching contributions to participating and eligible employees.

The Organization also provides a deferred compensation plan for its current and former President/CEOs and other designated executive staff that provides periodic payments over an agreed-upon period after separation from the Organization. During the years ended June 30, 2024 and 2023, the Board of Directors approved contributions of \$39,857 and \$27,000, respectively. Plan assets totaled approximately \$67,500 and \$99,000, respectively, at June 30, 2024 and 2023, 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 14: 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.

Easterseals Arkansas

Notes to Consolidated Financial Statements June 30, 2024 and 2023

NOTE 15: 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>2024</u>	<u>2023</u>
Cash and cash equivalents - unrestricted	\$ 3,037,347	\$ 5,921,235
Cash and cash equivalents - restricted	580,328	545,430
Grants and contracts receivable, net	3,512,301	2,996,607
Contributions receivable, net	7,229	11,155
Other receivables	1,328,090	1,546
Investments	<u>2,912,777</u>	<u>2,299,408</u>
Total financial assets	11,378,072	11,775,381
Less:		
Net assets donor restricted to passage of time	(4,657,800)	(4,811,800)
Net assets donor restricted to purpose	(864,339)	(661,378)
Net assets donor restricted in perpetuity	(381,170)	(381,170)
Restricted cash and equivalents	<u>(580,328)</u>	<u>(545,430)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,894,435</u></u>	<u><u>\$ 5,375,603</u></u>

NOTE 16: SUBSEQUENT EVENTS

Subsequent to June 30, 2024, the Organization terminated PASSE agreements with three of four providers in the State of Arkansas. During this process Arkansas Medicaid determined that certain marketing practices were not in compliance with state and federal regulations governing Medicaid Managed Care Organizations. The Organization and Arkansas Medicaid have established a corrective action plan, which will not include any monetary penalties to the Organization.

Subsequent to June 30, 2024, the Organization entered into a grant agreement with the State of Arkansas for approximately \$6 million to assist the Organization with funding the renovation and expansion of certain properties maintained by the Organization where children's services are provided.

Management has evaluated subsequent events through November 12, 2024, the date the consolidated financial statements were available to be issued. There were no additional events that met the criteria for accrual or disclosure.

Supplementary Schedules

Easterseals Arkansas

Combining Schedule of Support, Revenue and Direct Expenses Year Ended June 30, 2024

	Program Services			Supporting Services			Total
	Children	Adult	Total Program Services	Administration	Fundraising	Total Supporting Services	
SUPPORT, REVENUE AND GAINS (LOSSES)							
Fees and Grants from Government Agencies							
Medicaid	\$ 14,643,409	\$ 20,014,792	\$ 34,658,201	\$ -	\$ -	\$ -	\$ 34,658,201
Federal awards	1,590,656	1,523,447	3,114,103	-	-	-	3,114,103
State assistance	707,306	220,631	927,937	-	-	-	927,937
Public Support							
Contributions	154,358	231,450	385,808	1,910	546,050	547,960	933,768
Special events	-	-	-	-	873,337	873,337	873,337
Other							
Private pay and insurance	2,341,979	101,314	2,443,293	-	-	-	2,443,293
Workshop fees	60,263	-	60,263	-	-	-	60,263
Contract service fees	459,405	-	459,405	-	-	-	459,405
Rental income	-	226,347	226,347	10,200	-	10,200	236,547
Investment income	-	255	255	56,371	98,597	154,968	155,223
Loss on disposal of property and equipment	-	-	-	(8,098)	-	(8,098)	(8,098)
Net appreciation in fair value of investments	-	-	-	9,998	180,025	190,023	190,023
Miscellaneous	(13,105)	5,704	(7,401)	250	25	275	(7,126)
Total Support, Revenue and Gains (Losses)	\$ 19,944,271	\$ 22,323,940	\$ 42,268,211	\$ 70,631	\$ 1,698,034	\$ 1,768,665	\$ 44,036,876

(Continued)

See Independent Auditor's Report.

Easterseals Arkansas

Combining Schedule of Support, Revenue and Direct Expenses *(Continued)* Year Ended June 30, 2024

	Program Services			Supporting Services			Total
	Children	Adult	Total Program Services	Administration	Fundraising	Total Supporting Services	
DIRECT EXPENSES							
Salaries	\$ 11,696,138	\$ 16,020,265	\$ 27,716,403	\$ 1,798,152	\$ 334,807	\$ 2,132,959	\$ 29,849,362
Payroll taxes and benefits	1,916,704	2,321,708	4,238,412	281,105	56,128	337,233	4,575,645
Professional fees	2,524,466	296,259	2,820,725	935,743	165,051	1,100,794	3,921,519
Supplies	863,047	242,858	1,105,905	161,758	304,780	466,538	1,572,443
Taxes and licenses	315,603	80,300	395,903	48,951	-	48,951	444,854
Telephone	31,876	35,839	67,715	2,111	-	2,111	69,826
Postage and shipping	2,190	923	3,113	3,375	1,291	4,666	7,779
Occupancy	232,139	126,628	358,767	38,415	4,906	43,321	402,088
Insurance	125,081	88,815	213,896	129,115	2,091	131,206	345,102
Lease expense	75,215	21,448	96,663	20,553	478	21,031	117,694
Printing	-	868	868	-	2,448	2,448	3,316
Transportation and travel	84,778	70,744	155,522	39,448	1,186	40,634	196,156
Employee recruitment/retention	63,105	87,056	150,161	68,202	1,608	69,810	219,971
Staff development	54,807	45,876	100,683	10,880	1,190	12,070	112,753
Specific assistance to individuals	-	393,504	393,504	2,247	-	2,247	395,751
National dues and subscriptions	-	-	-	96,052	-	96,052	96,052
Other dues and subscriptions	14,460	3,644	18,104	15,773	944	16,717	34,821
Repairs and maintenance	275,676	210,767	486,443	36,663	4,235	40,898	527,341
Interest	2,975	143,544	146,519	72	-	72	146,591
Miscellaneous	(159,322)	-	(159,322)	169,641	-	169,641	10,319
Provision for uncollectible accounts	184,825	58,243	243,068	-	2,508	2,508	245,576
Depreciation and amortization	507,804	386,682	894,486	73,357	12,233	85,590	980,076
Total Direct Expenses	18,811,567	20,635,971	39,447,538	3,931,613	895,884	4,827,497	44,275,035
OTHER EXPENSES							
Remittance of excess residual receipts to HUD	-	11,600	11,600	-	-	-	11,600
Excess of Revenue and Support over Direct Expenses/(Excess of Direct Expenses over Revenue and Support)	\$ 1,132,704	\$ 1,676,369	\$ 2,809,073	\$ (3,860,982)	\$ 802,150	\$ (3,058,832)	\$ (249,759)

See Independent Auditor's Report.

Easterseals Arkansas

Schedule of Support, Revenue and Direct Expenses

Children Services Division

Year Ended June 30, 2024

	OT, PT, ST, & ABA	LRDP	SAHCDC	Outreach	The Academy	CRC Education	Residential	Total
SUPPORT, REVENUE AND GAINS								
Fees and Grants from Government Agencies								
Medicaid	\$ 4,311,069	\$ 1,506,472	\$ 710,036	\$ -	\$ 113,164	\$ -	\$ 8,002,668	\$ 14,643,409
Federal awards	-	194,163	68,448	1,306,082	21,963	-	-	1,590,656
State assistance	-	12,481	32,623	53,000	22,096	140,113	446,993	707,306
Public Support								
Contributions	4,695	10,608	1,690	45,300	90,280	-	1,785	154,358
Other								
Private pay and insurance	1,126,433	173,777	25,941	50	931,438	-	84,340	2,341,979
Workshop fees	-	-	-	60,263	-	-	-	60,263
Contract service fees	-	-	-	-	-	459,405	-	459,405
Miscellaneous	-	(13,257)	74	-	78	-	-	(13,105)
Total Support, Revenue and Gains	5,442,197	1,884,244	838,812	1,464,695	1,179,019	599,518	8,535,786	19,944,271
DIRECT EXPENSES								
Salaries	3,408,529	1,264,096	622,337	996,557	907,229	450,177	4,047,213	11,696,138
Payroll taxes and benefits	571,008	207,990	101,703	197,039	164,555	72,301	602,108	1,916,704
Professional fees	248,735	46,629	42,824	4,904	38,379	27,534	2,115,461	2,524,466
Supplies	50,989	88,416	51,260	22,674	34,085	6,912	608,711	863,047
Taxes and licenses	-	-	-	-	3,660	-	311,943	315,603
Telephone	3,492	940	6,364	3,456	5,666	298	11,660	31,876
Postage and shipping	1,183	1	104	517	122	4	259	2,190
Occupancy	25,063	24,923	14,403	8,849	36,172	14,583	108,146	232,139
Insurance	16,632	10,623	5,280	3,771	29,583	5,544	53,648	125,081
Lease expense	7,259	10,904	12,153	356	8,001	2,154	34,388	75,215

(Continued)

See Independent Auditor's Report.

Easterseals Arkansas

Schedule of Support, Revenue and Direct Expenses (Continued) Children Services Division (Continued) Year Ended June 30, 2024

	OT, PT, ST, & ABA	LRDP	SAHCDC	Outreach	The Academy	CRC Education	Residential	Total
DIRECT EXPENSES (Continued)								
Transportation and travel	\$ 9,001	\$ -	\$ 3,344	\$ 55,007	\$ 4,896	\$ -	\$ 12,530	\$ 84,778
Employee recruitment/retention	11,151	6,312	3,367	1,150	3,654	3,382	34,089	63,105
Staff development	11,548	1,941	958	25,410	2,495	764	11,691	54,807
Other dues and subscriptions	7,878	329	150	3,782	240	-	2,081	14,460
Repairs and maintenance	24,579	24,766	14,250	8,491	78,440	766	124,384	275,676
Interest	2,975	-	-	-	-	-	-	2,975
Miscellaneous	1,275	-	-	(1,925)	(159,322)	-	650	(159,322)
Provision for uncollectible accounts	119,878	13,333	4,990	-	13,333	-	33,291	184,825
Depreciation and amortization	61,003	76,771	26,251	40,816	59,647	23,572	219,744	507,804
Total Direct Expenses	4,582,178	1,777,974	909,738	1,370,854	1,230,835	607,991	8,331,997	18,811,567
ALLOCATION OF ADMINISTRATIVE COST	471,961	216,423	85,594	146,424	115,805	57,203	783,927	1,877,337
Total Expenses and Allocation	5,054,139	1,994,397	995,332	1,517,278	1,346,640	665,194	9,115,924	20,688,904
	<u>\$ 388,058</u>	<u>\$ (110,153)</u>	<u>\$ (156,520)</u>	<u>\$ (52,583)</u>	<u>\$ (167,621)</u>	<u>\$ (65,676)</u>	<u>\$ (580,138)</u>	<u>\$ (744,633)</u>

See Independent Auditor's Report.

Easterseals Arkansas

Schedule of Support, Revenue and Direct Expenses Adult Services Division Year Ended June 30, 2024

	Adult Day Program	Employment and Transition Program	Residential	Community Services	Community Living - HUD	Total
SUPPORT, REVENUE AND GAINS						
Fees and Grants from Government Agencies						
Medicaid	\$ 2,099,891	\$ -	\$ 720,344	\$ 17,194,557	\$ -	\$ 20,014,792
Federal awards	70,505	874,005	-	209,759	369,178	1,523,447
State assistance	55,396	157,735	-	7,500	-	220,631
Public Support						
Contributions	4,450	47,000	-	180,000	-	231,450
Other						
Private pay and insurance	106	-	101,148	60	-	101,314
Rental income	10,400	-	-	-	215,947	226,347
Investment income	-	-	-	-	255	255
Miscellaneous	4,504	1,200	-	-	-	5,704
Total Support, Revenue and Gains	2,245,252	1,079,940	821,492	17,591,876	585,380	22,323,940
DIRECT EXPENSES						
Salaries	1,337,195	643,609	414,473	13,491,883	133,105	16,020,265
Payroll taxes and benefits	244,541	72,882	63,662	1,916,968	23,655	2,321,708
Professional fees	94,024	6,490	12,520	125,225	58,000	296,259
Supplies	128,013	10,327	58,148	38,011	8,359	242,858
Taxes and licenses	-	-	80,300	-	-	80,300
Telephone	6,274	2,396	7,065	9,703	10,401	35,839
Postage and shipping	374	-	47	131	371	923
Occupancy	72,863	-	15,329	257	38,179	126,628
Insurance	36,734	-	9,679	-	42,402	88,815
Printing	140	420	-	308	-	868
Transportation and travel	13,818	3,534	4,560	29,366	19,466	70,744
Employee recruitment/retention	7,237	1,174	1,322	76,761	562	87,056

(Continued)

See Independent Auditor's Report.

Easterseals Arkansas

Schedule of Support, Revenue and Direct Expenses (Continued) Adult Services Division (Continued) Year Ended June 30, 2024

	Adult Day Program	Employment and Transition Program	Residential	Community Services	Community Living - HUD	Total
DIRECT EXPENSES (Continued)						
Staff development	\$ 2,855	\$ 317	\$ 395	\$ 35,551	6,758	\$ 45,876
Specific assistance to individuals	1,406	-	-	392,098	-	393,504
Other dues and subscriptions	245	3,000	284	70	45	3,644
Repairs and maintenance	62,685	-	32,370	3,250	112,462	210,767
Interest	143,544	-	-	-	-	143,544
Lease expense	13,422	1,913	466	4,562	1,085	21,448
Miscellaneous	(133,472)	-	133,472	-	-	-
Provision for uncollectible accounts	6,667	-	1,677	49,899	-	58,243
Depreciation and amortization	205,642	2,251	23,672	5,524	149,593	386,682
Total Direct Expenses	2,244,207	748,313	859,441	16,179,567	604,443	20,635,971
OTHER EXPENSES						
Remittance of excess residual receipts to HUD	-	-	-	-	11,600	11,600
ALLOCATION OF ADMINISTRATIVE COST	211,149	70,406	80,862	1,522,275	56,870	1,941,562
Total Expenses and Allocation	2,455,356	818,719	940,303	17,701,842	672,913	22,589,133
	<u>\$ (210,104)</u>	<u>\$ 261,221</u>	<u>\$ (118,811)</u>	<u>\$ (109,966)</u>	<u>\$ (87,533)</u>	<u>\$ (265,193)</u>

See Independent Auditor's Report.

Easterseals Arkansas

Schedule of Program Units of Service Year Ended June 30, 2024

		Number of Program Units of Service Provided			
Unit of Service		Medicaid	Federal Awards	State Awards	Private Pay
40-bed residential:					
ICF/MR	Day	14,221	-	-	-
DCFS	Day	809	-	-	-
10-bed residential ICF/MR	Day	3,660	-	-	-
ADDT	Hour	174,148	-	5,323	-
EIDT	Hour	127,222	-	6,136	-
Transportation	Mile	40,171	-	-	-
Transportation	Day	-	-	-	17
Work activity	Hour	-	-	12,646	-

See Independent Auditor's Report.

**Other Reports
and
Supplemental Information**



**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***

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, 2024, and the related consolidated 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 November 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization'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 the 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 were not identified.

The Board of Directors
Easterseals Arkansas

Report on Compliance and Other Matters

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

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas
November 12, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Directors
Easterseals Arkansas
Little Rock, Arkansas

Report on Compliance for Each Major Federal Program

We have audited **Easterseals Arkansas** and affiliates' (collectively "**the Organization**"), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. 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.

In our opinion, the Organization complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

The Board of Directors
Easterseals Arkansas

Report on Internal Control over Compliance (Continued)

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on 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.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas
November 12, 2024

Easterseals Arkansas

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

	Federal Assistance Listing Number	Expenditures
EXPENDITURES		
U.S. Department of Housing and Urban Development		
Supportive Housing for Persons with Disabilities (Section 811) – Rental Assistance (Armistead Apartments, Inc.)	14.181	\$ 127,540
Supportive Housing for Persons with Disabilities (Section 811) – Rental Assistance (Charlotte Gardens, Inc.)	14.181	80,676
Supportive Housing for Persons with Disabilities (Section 811) – Rental Assistance (Wilson Court II)	14.181	92,562
Supportive Housing for Persons with Disabilities (Section 811) – Rental Assistance (Harold Court)	14.181	68,400
Total U.S. Department of Housing and Urban Development		369,178
U.S. Department of Education		
Passed through Arkansas Department of Education:		
Special Education Cluster:		
Special Education – Grants to States (IDEA, Part B):		
Outreach	84.027	1,306,082
Child Care and Development Block Grant	93.575	118,876
Child Care Mandatory and Matching Fund	93.596	83,255
Education Stabilization Fund	84.425	650
		1,508,863
Passed through Arkansas Rehabilitation Services:		
Rehabilitation Services – Vocational Rehabilitation Grants to States:		
Academics, Community, Career Development and		
Employment program	84.126	69,256
High School Transition	84.126	693,929
Supportive Employment	84.126	62,000
SET for Success	84.126	16,363
		841,548
Total U.S. Department of Education		2,350,411

(Continued)

See Independent Auditor's Report.

Easterseals Arkansas

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2024

	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services		
Passed through Arkansas Department of Human Services:		
Child Care and Development Block Grant	93.575	\$ 9,085
DAAS - Money Follows the Person Enhanced FMAP - Match Rate	93.791	1,061
American Rescue Plan Act - Child Care Supplemental	93.575	1,425
Foster Care – Title IV-E	93.658	2,459
Social Services Block Grant - Service Operational Contract	93.667	170,725
Passed through the Arkansas Department of Insurance:		
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations:		
Medical Assistance Program - COVID-19 Expenses	93.778	209,759
Total U.S. Department of Health and Human Services		394,514
Total Expenditures		\$ 3,114,103
CAPITAL ADVANCES		
U.S. Department of Housing and Urban Development		
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	1,391,500
Supportive Housing for Persons with Disabilities (Section 811) – Capital Advance (Harold Court)	14.181	1,491,099
Total Capital Advances		\$ 4,713,899

See Independent Auditor's Report.

Easterseals Arkansas

Schedule of Expenditures of Federal Awards *(Continued)* Year Ended June 30, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the expenditures of grant proceeds under programs of the federal government during the year ended June 30, 2024. 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. All federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, are included in the Schedule.

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: MEDICAID

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, 2024 was \$34,658,201.

NOTE 4: 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, 2024

	<u>Revenues</u>	<u>Expenditures</u>
STATE ASSISTANCE		
Arkansas Department of Human Services		
Division of Developmental Disabilities Services – Service Operational Contract	\$ 51,681	\$ 51,681
Foster Care - State	445,239	445,239
Foster Care - State	694	694
DCCECE - CCDF Match	1,060	1,060
Planning for the Future - Enabling Technology	7,500	7,500
Total Arkansas Department of Human Services	<u>506,174</u>	<u>506,174</u>
Arkansas Department of Education		
Arkansas Department of Education	193,113	193,113
Philanthropic Investment in Arkansas Kids	17,668	17,668
Total Arkansas Department of Education	<u>210,781</u>	<u>210,781</u>
Arkansas Department of Career Education		
Passed through Arkansas Rehabilitation Services		
Vocational Rehabilitation Grants		
Academics, Community, Career Development and Employment program	21,098	21,098
High School Transition	189,884	189,884
Total Arkansas Department of Career Education	<u>210,982</u>	<u>210,982</u>
Total State Assistance	<u>\$ 927,937</u>	<u>\$ 927,937</u>

See Independent Auditor's Report.

Easterseals Arkansas

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

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), Assistance Listing #14.181
- **Threshold for Distinguishing between Type A and Type B Programs**
\$750,000
- **Type of Auditee**
Low-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.