



***EASTERSEALS EASTERN PENNSYLVANIA***

**FINANCIAL AND COMPLIANCE REPORT**

**Years Ended June 30, 2024 and 2023**

## TABLE OF CONTENTS

	Pages
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1 - 3</b>
 <b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	4
Statements of Activities .....	5 - 6
Statements of Functional Expenses .....	7 - 8
Statements of Cash Flows .....	9
Notes to Financial Statements .....	10 - 31
 <b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues and Expenses - Lehigh County MH/EI/DD .....	32
Schedule of Revenues and Expenses - Northampton County MH/EI/DD .....	33
Schedule of Revenues and Expenses - Carbon, Monroe, Pike Joinder MH/EI/DD .....	34
Schedule of Revenues and Expenses - Service Access Management (Berks County MH/EI/DD) .....	35
Schedule of Revenues and Expenses - Lebanon County MH/EI/DD .....	36
Schedule of Revenues and Expenses for Home and Community - Habilitation Programs .....	37
Schedule of Revenues and Expenses for FDFSS Program Fiscal Administration - Lehigh County MH/EI/DD and Northampton County MH/EI/DD .....	38
Schedule of Reimbursements and Consumer Costs for FDFSS Vouchers Processed on Behalf of Lehigh County MH/EI/DD and Northampton County MH/EI/DD .....	39
 <b>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 <i>GOVERNMENT AUDITING STANDARDS</i> .....</b>	 <b>40 - 41</b>
 <b>INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SPECIFIED REQUIREMENTS .....</b>	 <b>42</b>
Attachment A .....	43

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Easterseals Eastern Pennsylvania  
Allentown, Pennsylvania**

### Report on the Audit the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Easterseals Eastern Pennsylvania (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Easterseals Eastern Pennsylvania as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Easterseals Eastern Pennsylvania 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 opinions.

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Easterseals Eastern Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Easterseals Eastern Pennsylvania'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 financial statements as a whole. The accompanying schedules of revenue and expenses - Lehigh County MH/EI/DD, Northampton County MH/EI/DD, Carbon, Monroe, Pike Joinder MH/EI/DD, Service Access and Management (Berk County MH/EI/DD), Lebanon County MH/EI/DD, Home and Community Habilitation Programs, FDFSS program fiscal administration, and the schedule of reimbursements and consumer costs for FDFSS voucher program 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 schedules of revenue and expenses - Lehigh County MH/EI/DD, Northampton County MH/EI/DD, Carbon, Monroe, Pike Joinder MH/EI/DD, Service Access and Management (Berk County MH/EI/DD), Lebanon County MH/EI/DD, Home and Community Habilitation Programs, FDFSS program fiscal administration, and the schedule of reimbursements and consumer costs for FDFSS voucher program are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025, on our consideration of Easterseals Eastern Pennsylvania'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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of Easterseals Eastern Pennsylvania's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
February 5, 2025**

**EASTERSEALS EASTERN PENNSYLVANIA**

**STATEMENTS OF FINANCIAL POSITION**

June 30

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 512,305	\$ 519,151
Cash held - fiscal administration program	43,294	-
Receivable due - fiscal administration program	5,731	49,025
Accounts receivable - governments and other contracts	333,304	442,873
Accounts receivable - insurance and outpatient revenue	71,471	82,543
Allowance for credit losses	(41,081)	(50,919)
Total accounts receivable - insurance and outpatient revenue, net	<u>30,390</u>	<u>31,624</u>
Pledges receivable	4,540	41,193
Prepaid expenses	<u>33,909</u>	<u>33,332</u>
<b>TOTAL CURRENT ASSETS</b>	963,473	1,117,198
<b>NONCURRENT ASSETS</b>		
Investments	2,538,946	2,230,613
Beneficial interests in perpetual trusts held by others	494,980	466,394
Right-of-use assets - operating leases	235,524	309,570
Land, buildings, and equipment:		
Land	21,250	21,250
Buildings and improvements	821,604	768,335
Leasehold improvements	60,864	60,864
Equipment	377,664	348,434
Less: accumulated depreciation	(616,493)	(582,366)
Net land, buildings, and equipment	<u>664,889</u>	<u>616,517</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>3,934,339</u>	<u>3,623,094</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,897,812</u></u>	<u><u>\$ 4,740,292</u></u>

*See accompanying notes.*

June 30

	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of credit - fiscal administration program	\$ 74,025	\$ 74,025
Accounts payable and accrued expenses	99,896	105,584
Accrued payroll and payroll taxes	79,089	92,515
Funds held - CLIU and FSS	5,869	5,869
Deferred revenue	82,400	98,333
Operating lease liabilities	90,166	85,757
<b>TOTAL CURRENT LIABILITIES</b>	<b>431,445</b>	<b>462,083</b>
<b>NONCURRENT LIABILITIES</b>		
Operating lease liabilities, net	148,567	226,184
<b>TOTAL LIABILITIES</b>	<b>580,012</b>	<b>688,267</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	2,824,502	2,634,647
Board designated	673,097	594,029
Total without donor restrictions	3,497,599	3,228,676
With donor restrictions:		
Restricted for time or purpose	61,291	110,411
Restricted in perpetuity	758,910	712,938
Total with donor restrictions	820,201	823,349
<b>TOTAL NET ASSETS</b>	<b>4,317,800</b>	<b>4,052,025</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,897,812</b>	<b>\$ 4,740,292</b>

**EASTERSEALS EASTERN PENNSYLVANIA**

**STATEMENTS OF ACTIVITIES**

**Years Ended June 30, 2024 and 2023**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	Without Donor Restrictions	With Donor Restrictions	2023 Total
<b>REVENUE AND SUPPORT</b>						
Berks County MH/EI/DD revenue	\$ 791,197	\$ -	\$ 791,197	\$ 606,736	\$ -	\$ 606,736
Carbon, Monroe, Pike Counties MH/EI/DD revenue	226,377	-	226,377	262,039	-	262,039
Lebanon County MH/MR	3,539	-	3,539	25,074	-	25,074
Lehigh County MH/EI/DD revenue	449,505	-	449,505	422,589	-	422,589
Lehigh County fiscal administration fees	36,850	-	36,850	37,350	-	37,350
Northampton County MH/EI/DD revenue	349,257	-	349,257	271,917	-	271,917
Northampton County fiscal administration fees	25,375	-	25,375	24,425	-	24,425
Fee for services - outpatient therapy	103,990	-	103,990	151,526	-	151,526
Fee for services - Habilitation	672,346	-	672,346	723,792	-	723,792
Camp fees	304,367	-	304,367	202,808	-	202,808
School districts and IU's	10,855	-	10,855	16,393	-	16,393
PA Department of Health	370,000	-	370,000	319,819	-	319,819
United Way	388,916	-	388,916	380,243	-	380,243
Contributions	173,772	26,277	200,049	262,847	75,362	338,209
Contributed nonfinancial assets	2,348	-	2,348	6,354	-	6,354
Bequests	13,201	-	13,201	158,820	-	158,820
Special events, net of costs of \$12,114 - 2024 and \$24,661 - 2023	120,766	-	120,766	252,197	-	252,197
Trust income	23,073	-	23,073	20,594	-	20,594
Investment return	272,974	17,386	290,360	163,306	15,013	178,319
Gain on perpetual trusts	-	28,586	28,586	-	8,958	8,958
Other income	9,815	-	9,815	7,946	-	7,946
Net assets released from restriction	75,397	(75,397)	-	30,604	(30,604)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>4,423,920</b>	<b>(3,148)</b>	<b>4,420,772</b>	<b>4,347,379</b>	<b>68,729</b>	<b>4,416,108</b>

See accompanying notes.



**EASTERSEALS EASTERN PENNSYLVANIA**

**STATEMENTS OF ACTIVITIES - CONTINUED**

**Years Ended June 30, 2024 and 2023**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	Without Donor Restrictions	With Donor Restrictions	2023 Total
<b>EXPENSES</b>						
Program Services:						
Early childhood	1,582,128	-	1,582,128	1,475,932	-	1,475,932
Medical rehabilitation	308,430	-	308,430	424,112	-	424,112
Contracted services	13,126	-	13,126	12,512	-	12,512
Vocational rehab	7,378	-	7,378	19,097	-	19,097
Clinical services	430,595	-	430,595	386,438	-	386,438
Recreation	372,237	-	372,237	411,094	-	411,094
Fiscal administration	85,735	-	85,735	67,598	-	67,598
Community education	25,032	-	25,032	41,803	-	41,803
Home and community habilitation	632,824	-	632,824	694,847	-	694,847
Supporting Services:						
Management and general	404,028	-	404,028	367,684	-	367,684
Fundraising	248,484	-	248,484	282,895	-	282,895
Dues to national affiliate	45,000	-	45,000	45,000	-	45,000
<b>TOTAL EXPENSES</b>	<b>4,154,997</b>	<b>-</b>	<b>4,154,997</b>	<b>4,229,012</b>	<b>-</b>	<b>4,229,012</b>
<b>CHANGE IN NET ASSETS</b>	<b>268,923</b>	<b>(3,148)</b>	<b>265,775</b>	<b>118,367</b>	<b>68,729</b>	<b>187,096</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>3,228,676</b>	<b>823,349</b>	<b>4,052,025</b>	<b>3,110,309</b>	<b>754,620</b>	<b>3,864,929</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,497,599</b>	<b>\$ 820,201</b>	<b>\$ 4,317,800</b>	<b>\$ 3,228,676</b>	<b>\$ 823,349</b>	<b>\$ 4,052,025</b>

See accompanying notes.

## EASTERSEALS EASTERN PENNSYLVANIA

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services										Supporting Services		Total Program and Supporting Services
	Early Childhood	Medical Rehabilitation	Contracted Services	Vocational Rehab	Clinical Services	Recreation	Fiscal Administration	Community Education	In Home and Community Supports	Total Programs	Management and General	Fundraising	
<b>EMPLOYMENT EXPENSES</b>													
Salaries and compensation	\$ 203,294	\$ 141,432	\$ 265	\$ 5,367	\$ 130,832	\$ 166,697	\$ 45,858	\$ 1,801	\$ 412,420	\$ 1,107,966	\$ 218,908	\$ 163,921	\$ 1,490,795
Benefits	15,800	7,876	58	1,719	1,688	2,514	2,209	801	51,284	83,949	25,453	10,226	119,628
Payroll taxes	18,406	12,547	23	(126)	12,408	24,129	4,321	153	43,555	115,416	20,416	13,259	149,091
Independent contractor/ staffing costs	1,165,016	99,013	8,693	-	82,960	9,021	62	18,117	6,371	1,389,253	29	3,015	1,392,297
<b>TOTAL EMPLOYMENT EXPENSES</b>	1,402,516	260,868	9,039	6,960	227,888	202,361	52,450	20,872	513,630	2,696,584	264,806	190,421	3,151,811
<b>OPERATING EXPENSES</b>													
Consultant and contracted services	81,532	19,084	472	-	166,278	14,403	11,185	2,092	30,346	325,392	40,705	7,863	373,960
Supplies	15,552	4,361	56	418	2,871	17,351	3,197	268	14,028	58,102	14,127	6,282	78,511
Postage and shipping	62	141	-	-	12	561	1,315	1	12	2,104	239	1,838	4,181
Printing and advertising	51	2	-	-	3	571	21	1	4	653	2,728	1,698	5,079
Conferences and meetings	861	1,060	1	-	407	460	-	8	327	3,124	7,672	1,754	12,550
Employee expense	1,224	57	1	-	67	2,215	337	7	51,595	55,503	1,600	1,950	59,053
Consumer transportation	46	8	-	-	6	2	-	1	3	66	-	-	66
Camperships	-	-	-	-	-	45,753	-	-	-	45,753	-	-	45,753
Miscellaneous operating expenses	1,488	158	4	-	8,661	5,706	670	19	560	17,266	10,251	4,381	31,898
Interest expense	-	-	-	-	-	-	6,396	-	-	6,396	-	-	6,396
Equipment rental and maintenance	6,443	2,127	33	-	7,651	1,550	303	175	1,857	20,139	11,080	6,665	37,884
Membership dues and fees	696	378	1	-	93	783	-	7	144	2,102	400	1,627	4,129
<b>TOTAL OPERATING EXPENSES</b>	107,955	27,376	568	418	186,049	89,355	23,424	2,579	98,876	536,600	88,802	34,058	659,460
<b>GENERAL EXPENSES</b>													
Telephone expense	5,211	1,869	26	-	1,707	598	428	143	1,398	11,380	1,453	611	13,444
Occupancy expense	37,803	6,861	224	-	8,732	73,073	6,694	957	14,770	149,114	31,099	15,097	195,310
Insurance expense	6,095	2,249	30	-	2,031	2,571	2,433	169	1,592	17,170	15,746	6,704	39,620
Depreciation expense	10,742	9,207	46	-	4,188	4,279	306	312	2,036	31,116	2,122	889	34,127
Bad debt	11,806	-	3,193	-	-	-	-	-	522	15,521	-	704	16,225
<b>TOTAL GENERAL EXPENSES</b>	71,657	20,186	3,519	-	16,658	80,521	9,861	1,581	20,318	224,301	50,420	24,005	298,726
<b>TOTAL EXPENSES</b>	<u>\$ 1,582,128</u>	<u>\$ 308,430</u>	<u>\$ 13,126</u>	<u>\$ 7,378</u>	<u>\$ 430,595</u>	<u>\$ 372,237</u>	<u>\$ 85,735</u>	<u>\$ 25,032</u>	<u>\$ 632,824</u>	<u>\$ 3,457,485</u>	<u>\$ 404,028</u>	<u>\$ 248,484</u>	<u>\$ 4,109,997</u>

See accompanying notes.

EASTERSEALS EASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services										Supporting Services		Total Program and Supporting Services
	Early Childhood	Medical Rehabilitation	Contracted Services	Vocational Rehab	Clinical Services	Recreation	Fiscal Administration	Community Education	In Home and Community Supports	Total Programs	Management and General	Fundraising	
<b>EMPLOYMENT EXPENSES</b>													
Salaries and compensation	\$ 208,335	\$ 224,751	\$ 1,625	\$ 11,957	\$ 107,740	\$ 207,350	\$ 30,795	\$ 6,199	\$ 448,359	\$ 1,247,111	\$ 189,886	\$ 190,616	\$ 1,627,613
Benefits	17,457	16,016	135	2,572	3,041	2,718	2,249	1,146	19,699	65,033	21,619	10,202	96,854
Payroll taxes	19,434	20,823	147	1,226	9,917	22,026	2,755	525	46,052	122,905	20,626	15,746	159,277
Independent contractor/ staffing costs	1,030,888	98,437	8,829	3,194	78,095	8,784	76	30,452	13,554	1,272,309	300	508	1,273,117
<b>TOTAL EMPLOYMENT EXPENSES</b>	<b>1,276,114</b>	<b>360,027</b>	<b>10,736</b>	<b>18,949</b>	<b>198,793</b>	<b>240,878</b>	<b>35,875</b>	<b>38,322</b>	<b>527,664</b>	<b>2,707,358</b>	<b>232,431</b>	<b>217,072</b>	<b>3,156,861</b>
<b>OPERATING EXPENSES</b>													
Consultant and contracted services	96,089	28,087	991	-	159,540	15,190	14,304	1,887	44,799	360,887	43,313	9,989	414,189
Supplies	10,502	4,250	70	117	1,752	10,210	1,716	139	11,995	40,751	9,719	6,575	57,045
Postage and shipping	28	177	-	-	13	53	1,394	-	122	1,787	290	2,106	4,183
Printing and advertising	7	2	-	-	2	829	12	37	37	926	2,012	2,090	5,028
Conferences and meetings	978	2,132	2	31	61	2,251	17	5	43	5,520	11,487	3,446	20,453
Employee expense	1,338	66	3	-	61	1,534	236	5	56,907	60,150	3,494	3,777	67,421
Camperships	-	-	-	-	-	49,880	-	-	-	49,880	-	-	49,880
Miscellaneous operating expenses	2,855	340	9	-	8,742	2,856	1,176	18	1,121	17,117	5,972	5,517	28,606
Interest expense	-	-	-	-	-	-	4,811	-	-	4,811	66	-	4,877
Equipment rental and maintenance	5,603	2,719	69	-	1,757	4,842	252	140	1,931	17,313	11,585	5,822	34,720
Membership dues and fees	665	859	3	-	76	1,011	-	6	150	2,770	-	1,461	4,231
<b>TOTAL OPERATING EXPENSES</b>	<b>118,065</b>	<b>38,632</b>	<b>1,147</b>	<b>148</b>	<b>172,004</b>	<b>88,656</b>	<b>23,918</b>	<b>2,237</b>	<b>117,105</b>	<b>561,912</b>	<b>87,938</b>	<b>40,783</b>	<b>690,633</b>
<b>GENERAL EXPENSES</b>													
Telephone expense	4,532	2,265	56	-	1,441	1,231	354	115	1,526	11,520	1,348	677	13,545
Occupancy expense	36,901	10,260	384	-	9,246	74,635	5,559	734	16,856	154,575	30,471	15,498	200,544
Insurance expense	5,675	2,817	70	-	1,798	2,478	1,892	143	1,922	16,795	15,496	7,878	40,169
Depreciation expense	8,512	10,111	119	-	3,156	3,216	-	252	2,068	27,434	-	-	27,434
Bad debt	26,133	-	-	-	-	-	-	-	27,706	53,839	-	987	54,826
<b>TOTAL GENERAL EXPENSES</b>	<b>81,753</b>	<b>25,453</b>	<b>629</b>	<b>-</b>	<b>15,641</b>	<b>81,560</b>	<b>7,805</b>	<b>1,244</b>	<b>50,078</b>	<b>264,163</b>	<b>47,315</b>	<b>25,040</b>	<b>336,518</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,475,932</b>	<b>\$ 424,112</b>	<b>\$ 12,512</b>	<b>\$ 19,097</b>	<b>\$ 386,438</b>	<b>\$ 411,094</b>	<b>\$ 67,598</b>	<b>\$ 41,803</b>	<b>\$ 694,847</b>	<b>\$ 3,533,433</b>	<b>\$ 367,684</b>	<b>\$ 282,895</b>	<b>\$ 4,184,012</b>

See accompanying notes.

**EASTERSEALS EASTERN PENNSYLVANIA**

**STATEMENTS OF CASH FLOWS**

	Year Ended June 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 265,775	\$ 187,096
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	34,127	27,434
Unrealized gain on investments	(173,646)	(171,257)
Gain on perpetual trusts held by others	(28,586)	(8,958)
Noncash lease expense	96,653	98,215
Changes in:		
Receivable due - FDFSS program	43,294	(35,466)
Accounts receivable - governments and other contracts	109,569	(65,100)
Accounts receivable - insurance and outpatient revenue	1,234	(12,527)
Pledges receivable	36,653	21,642
Prepaid expenses	(577)	435
Accounts payable and accrued expenses	(5,688)	(237)
Accrued payroll and payroll taxes	(13,426)	3,628
Deferred revenue	(15,933)	(48,782)
Operating lease liabilities	(95,815)	(95,844)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>253,634</b>	<b>(99,721)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,332,081	2,464,677
Purchase of investments	(1,466,768)	(2,289,739)
Purchase of land, buildings, and equipment	(82,499)	(62,232)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(217,186)</b>	<b>112,706</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdowns on FDFSS line of credit	-	25,000
<b>NET INCREASE IN CASH</b>	<b>36,448</b>	<b>37,985</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>519,151</b>	<b>481,166</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 555,599</b>	<b>\$ 519,151</b>
<b>RECONCILIATION OF CASH AT YEAR END</b>		
Cash	\$ 512,305	\$ 519,151
Cash held - FDFSS program	43,294	-
	<b>\$ 555,599</b>	<b>\$ 519,151</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 6,396	\$ 4,877
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 14,515	\$ 397,691

See accompanying notes.

## **EASTERSEALS EASTERN PENNSYLVANIA**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

##### **Nature of Activities**

Easterseals Eastern Pennsylvania (the “Organization”) is a nonprofit organization whose purpose is to provide quality, comprehensive programs and services to people with disabilities and other special needs in the communities served by creating solutions that promote dignity and change lives by maximizing each individual’s potential. The Organization is affiliated with Easterseals, Inc. (Easterseals national headquarters). Clients served by the Organization are primarily children who reside in counties located in eastern Pennsylvania and, because of a disability, require various habilitative and rehabilitative services. The Organization receives support from various funding sources. Continued funding is dependent upon the availability of federal, state, and local government funds and contributions from the public sector.

##### **Revenue Concentrations**

Revenue from the counties only pay for base services, while related medical assistance funds for the counties are paid through the Department of Human Services. For the year ended June 30, 2024, the Organization received approximately 40% of its total support and revenues from the Pennsylvania Department of Human Services. Accounts receivable due from this agency was \$110,305 at June 30, 2024. For the year ended June 30, 2023, the Organization received approximately 34% of its total support and revenues from the Pennsylvania Department of Human Services. Accounts receivable due from this agency was \$151,109 at June 30, 2023.

##### **Basis of Accounting**

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

##### **Cash**

For purposes of reporting cash flows, the Organization considers all unrestricted highly-liquid investments to be cash on the accompanying statements of financial position. At various times during the years, the Organization had cash balances in excess of the federally insured limit in deposit accounts at local banks. For the fiscal administration of the Family Driven Family Support Service (FDFSS) program, amounts are recorded for cash, receivables, and line of credit (see Note 7).

##### **Accounts Receivable**

Accounts receivable represent fees for services and is recognized based on the invoiced amounts at the time a contract is created. The Organization uses the allowance method to provide for any accounts receivable which may be unrecoverable and is based upon an analysis of the Organization’s prior collection experience, current economic trends, and supportable future forecasts.

## **EASTERSEALS EASTERN PENNSYLVANIA**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

##### **Allowance for Credit Losses**

The Organization maintains an allowance for credit losses for expected uncollectible accounts receivable - insurance and outpatient revenue, which is recorded as an offset to accounts receivable - insurance and outpatient revenue and provisions for credit losses are recorded in expenses in the statements of functional expenses. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for current expected credit losses is based on a review of customer accounts and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts regarding future events and any other factors deemed relevant by the Organization. The allowance for credit losses is reviewed on an annual basis to assess the adequacy of the allowance. The allowance was \$41,081 and \$50,919 as of June 30, 2024 and 2023, respectively.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery or if any invoice has aged greater than one year. If any recoveries are made from any accounts previously written off, they will be recognized in revenue or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. For the years ended June 30, 2024 and 2023, write-offs were \$16,225 and \$54,826, respectively.

##### **Pledges receivable**

Pledges receivable are recognized when the donor makes a promise to give that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible monies receivable. The allowance method is based on prior years' experience and management's analysis of specific promises made. All receivables are collectible within one year and no allowance for uncollectible pledges is recorded, as management deems all pledges as collectible.

##### **Investments**

Investments in equity securities, exchange-traded and closed-end funds, corporate bonds, and fixed income mutual funds with readily determinable fair values are measured at fair value in the statements of financial position. Investment return, including gains and losses of investments, interest and dividends, and investment fees are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

**EASTERSEALS EASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**Leases**

The Organization leases office space, copiers and a postage machine. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The office space and storage unit are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

The Organization elected the practical expedient to not recognize ROU assets and liabilities for operating leases with shorter than 12-month terms. These leases will be expensed on a straight-line basis, and no operating lease liability will be recorded.

The Organization elected the practical expedient to use the risk-free rate as the discount rate for all leases based on the information available at commencement date in determining the present value of lease payments.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Variable lease costs are not included within the measurement of the lease liability as they are entirely variable and the difference between the portion captured within the lease liability and the actual cost will be expensed as incurred.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

## EASTERSEALS EASTERN PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

---

##### **Land, Buildings, and Equipment**

Land, buildings, and equipment are stated at cost, if purchased, and at estimated fair market value at date of donation, if donated. The Organization's policy is to capitalize any assets in excess of \$5,000 with an estimated useful life of more than one year. Buildings and equipment are being depreciated over their estimated useful lives by the straight-line method as follows:

Buildings and improvements	3 - 50 years
Leasehold improvements	5 - 39 years
Equipment	3 - 10 years

Maintenance and repairs of buildings and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of buildings and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

##### **Net Assets**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Organization's charitable mission are included in this category.

*Net Assets With Donor Restrictions* - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.



## EASTERSEALS EASTERN PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

---

##### **Revenue Recognition**

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), which applies to exchange transactions with customers that are bound by contract or similar arrangement and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities:

##### Fee for Service Contracts

The Organization contracts with the Department of Human Services (DHS) and counties to provide early intervention service, the Office of Development Programs (ODP) for community habilitation services, and insurance companies for outpatient therapy services. The funding sources set the payment rate and determines the individuals who will receive services. Revenue is recognized as the services are provided. Accounts receivable - governments and other contracts at June 30, 2024 and 2023 was \$333,304 and \$442,873, respectively. Accounts receivable - governments and other contracts at July 1, 2022 was \$377,743. Accounts receivable - insurance and outpatient revenue, net, at June 30, 2024 and 2023 was \$30,390 and \$31,624, respectively. Accounts receivable - insurance and outpatient revenue, net, at July 1, 2022 was \$19,127.

##### Program Services Fees

The Organization provides program services to individuals for camp and recreation programs. Program fees must be paid in full at the time of registration. Funds provided in advance are recorded as deferred contract revenue until qualifying services were provided to the individual. Revenue is recognized as the programs are provided. Deferred revenue at June 30, 2024 and 2023 was \$82,400 and \$98,333, respectively. Deferred revenue at July 1, 2022 was \$60,415.

##### Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statements of activities. The performance obligation is delivery of the event. For special event fees received before year-end for an event to occur after year end, the Organization treats the inherent contribution as conditional on the event taking place and is therefore treated as deferred revenue along with the exchange component. Deferred revenue at June 30, 2024 and 2023 was \$0. Deferred revenue at July 1, 2022 was \$86,700.

## EASTERSEALS EASTERN PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

---

##### **Contribution Revenue**

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities* (Topic 958); *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.

The Organization recognizes unconditional contributions and conditional contributions in which the conditions have been met or waived by the donor as support with or without donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is recognized as revenues without donor restrictions.

##### **Contributed Nonfinancial Assets**

Contributed nonfinancial assets are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributed nonfinancial assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

Contributed nonfinancial assets are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of unpaid volunteers, which include the directors of the Organization, have made significant contributions of their time toward developing and achieving the Organization's goals and objectives. However, no amounts have been included in the financial statements for donated director or volunteer services, since they do not meet the criteria for recognition.

## **EASTERSEALS EASTERN PENNSYLVANIA**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

##### **Functional Expense Allocations**

As reported in the statements of functional expenses, expenses of the Organization have been allocated to the following functional expense reporting categories: programs services, management and general, and fundraising.

Expenses directly attributable to a specific functional area are reported as expenses of those functions. The Organization's method for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies, and other objective bases.

##### **Tax Exempt Status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization annually files federal and state information returns as required. There is no current year provision for federal or state income taxes. In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions, if any, as required.

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates.

##### **Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition through February 5, 2025, the date the financial statements were available to be issued.

##### **Change in Accounting Principle**

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the 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 FASB AS 326 are accounts receivable - insurance and outpatient revenue.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

## **EASTERSEALS EASTERN PENNSYLVANIA**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

#### **NOTE 2 - PROGRAM SERVICES**

---

Easterseals Eastern Pennsylvania creates life-changing solutions for individuals with disabilities and their families in their community by increasing independence, maximizing opportunities, minimizing barriers and enhancing quality of life.

We strive to provide innovative, inclusive and individualized support with warmth, respect and expertise. We recognize that individuals with disabilities and their families have choices. For each of our key services, there are others who provide the same or similar service. Easterseals strongly supports having choice in the community, so that individuals are able to select services that best meet their needs. It is our ability to deliver on our promise of innovation, inclusion and excellence that differentiates Easterseals as a provider of choice.

##### **Early Childhood:**

Early Intervention (EI) physical, occupational and speech therapists and developmental specialists work directly with children under age 3 to identify delays and disabilities, and coach their parents on strategies they can implement to promote development throughout their child's normal day. Since brain development is at its peak during the first five years, intervention occurs when it does the most good. EI is delivered wherever the child spends his or her day and is provided at no cost to families.

##### **Outpatient Therapy:**

Outpatient therapy is available at our center in Reading, Berks County. Children and teens receive occupational therapy and speech therapy to develop skills in communication, coordination, handwriting, sensory integration, and social skills. Physical therapy helps children learn how to walk, improve balance, use a walker or wheelchair, and even ride a bike.

##### **Specialty Clinics:**

Orthopedic, neurology and orthotic (specialty brace) clinics are offered to children at our center in Reading by specialists from Philadelphia and Berks County to help families manage their child's care right here in our community. There is no cost for families and Spanish translation is available.

Autism Diagnostic Clinics are offered to children 18 months to 3-years old in collaboration with Children's Hospital of Philadelphia and St. Christopher's Hospital for Children using a telehealth model. Provided at no cost to families.

Applied Behavioral Analysis (ABA) Parent Coaching is available for families with a child recently diagnosed with autism. Parents learn how ABA therapy can benefit their child, basic techniques for common behaviors, and more. Provided at no cost to families.

##### **Recreation:**

Camp Lily-Lehigh Valley and Camp Lily-Berks are summer day camps offered in a series of one-week sessions, Monday-Friday, for six weeks in July and August. Children age 8 through 21 enjoy a full schedule of arts and crafts activities, outdoor sports, swimming, music, games, science exploration and guests teaching special topics.

## **EASTERSEALS EASTERN PENNSYLVANIA**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

#### **NOTE 2 - PROGRAM SERVICES - CONTINUED**

---

Easterseals Camp Growing Green is an overnight summer camp for children and adults with disabilities held at the Pocono Environmental Education Center. Campers participate in environmentally focused activities as well as typical camp activities such as hiking, canoeing, sports and arts & crafts. An optional career experience track is available for campers who want to explore career opportunities. Camp is offered in a series of one-week sessions, Sunday-Friday, for six weeks in July and August.

Weekend Respite Camp provides two days and two nights of overnight fun at the Pocono Environmental Education Center. Modeled after our successful overnight summer camp, activities include arts & crafts, birdwatching, hiking, animal studies, recreation and more. Offered in the spring and fall for ages 10 to adult.

Hang Time is an evening recreation program that allows teens and young adults to meet up weekly to socialize, make new friends and enjoy fun activities. Hang Time is offered in 8-week sessions from October through May, and serves the residents of Berks County.

#### **Career Pathways:**

LEAP (Learn, Earn, Achieve and Practice) is a comprehensive employment preparation experience for youth with disabilities, ages 16-21, who attend school and are eager to work and earn a paycheck. It combines workplace and independent living skills instruction with paid work experience to provide participants with the skills they need to transition more successfully into adulthood.

#### **Fiscal Administration:**

Easterseals provides fiscal administration for family directed support services for Northampton and Lehigh Counties. These are pass-through programs where pre-approved funds are paid to the consumer on behalf of the county.

#### **Community Programs:**

Make the First Five Count is a grant-funded program that offers the tools needed to evaluate and track a child's progress, celebrate their development, act early if there is a concern and support parents. Developmental screenings, workshops for parents, and individualized learning sessions are available at no cost. Screenings are conducted in partnership with community organizations and parents and caregivers everywhere can access them on our website.

#### **Community Support Services:**

Community Supports/Habilitation offers community-based activities and supports for adults with intellectual and developmental disabilities with the goal of fostering independence and enrichment. Each participant receives individual assistance to engage in a variety of activities, from performing the functions of daily living to volunteering and pursuing educational, social and recreation opportunities.

# EASTERSEALS EASTERN PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

### NOTE 3 - INVESTMENTS AND FAIR VALUE

Investments at June 30 are summarized below:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 402,132	\$ 402,132	\$ 790,662	\$ 790,662
Certificates of deposit	119,000	119,088	-	-
Equity securities - US	630,810	1,113,835	570,490	932,762
Equity securities - international	3,028	8,486	3,028	8,237
Exchange-traded and closed-end funds	531,930	591,628	486,755	496,567
Corporate bonds	73,513	72,679	2,775	2,385
Fixed income mutual funds	231,098	231,098	-	-
	<u>\$ 1,991,511</u>	<u>\$ 2,538,946</u>	<u>\$ 1,853,710</u>	<u>\$ 2,230,613</u>

Investment return is as follows at June 30:

	2024	2023
Without donor restrictions:		
Interest and dividend income	\$ 54,525	\$ 43,068
Realized gain (loss) on investments	74,137	(25,038)
Unrealized gain on investments	161,690	159,883
Investment fees	(17,378)	(14,607)
With donor restrictions:		
Interest income	5,430	3,639
Unrealized gain on investments	11,956	11,374
	<u>\$ 290,360</u>	<u>\$ 178,319</u>

## EASTERSEALS EASTERN PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### NOTE 3 - INVESTMENTS AND FAIR VALUE - CONTINUED

---

Generally accepted accounting principles require the use of fair value measurements. That framework 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 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). 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 that the Organization has the ability to access.
- Level 2:* Inputs to the valuation methodology include:
- Quoted prices for similar assets and liabilities in active markets;
  - Quoted prices for identical or similar assets and 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.
- Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

#### **Investments**

Morgan Stanley holds the investments of Easterseals Eastern Pennsylvania in accordance with the investment policy of Easterseals Eastern Pennsylvania. The policy restricts the investments to cash, fixed income mutual funds, equity securities, and exchange-traded and closed-end funds which are publicly traded. The investments are valued at the quoted market price for shares held at year end.

#### **Beneficial Interests in Perpetual Trusts**

Easterseals Eastern Pennsylvania is the beneficiary of several trusts which are managed by three banks. The banks hold the investments in diversified and balanced portfolios consisting of cash and money market funds, corporate debt securities, equity securities, mutual funds and fixed income mutual funds. These investments are valued by the trust managers based on the quoted market prices for shares held or current bid price of funds held at year end.

# EASTERSEALS EASTERN PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

### NOTE 3 - INVESTMENTS AND FAIR VALUE - CONTINUED

The methods described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its reliance on the valuation methods of the banks 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 following tables set forth by level, within the fair value hierarchy, Easterseals Eastern Pennsylvania's assets at fair value as of June 30:

	2024			
	Level 1	Level 2	Level 3	Total
Equity securities - US	\$ 1,113,835	\$ -	\$ -	\$ 1,113,835
Equity securities - International	8,486	-	-	8,486
Exchange-traded and closed-end funds	591,628	-	-	591,628
Corporate bonds	72,679	-	-	72,679
Fixed income mutual funds	231,098	-	-	231,098
Total investments, at market	2,017,726	-	-	2,017,726
Beneficial interests in perpetual trusts	-	-	494,980	494,980
Total	\$ 2,017,726	\$ -	\$ 494,980	\$ 2,512,706

  

	2023			
	Level 1	Level 2	Level 3	Total
Equity securities - US	\$ 932,762	\$ -	\$ -	\$ 932,762
Equity securities - International	8,237	-	-	8,237
Exchange-traded and closed-end funds	496,567	-	-	496,567
Corporate bonds	2,385	-	-	2,385
Total investments, at market	1,439,951	-	-	1,439,951
Beneficial interests in perpetual trusts	-	-	466,394	466,394
Total	\$ 1,439,951	\$ -	\$ 466,394	\$ 1,906,345



**EASTERSEALS EASTERN PENNSYLVANIA****NOTES TO FINANCIAL STATEMENTS****June 30, 2024 and 2023****NOTE 3 - INVESTMENTS AND FAIR VALUE - CONTINUED**

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 466,394	\$ 457,436
Realized and unrealized gains	<u>28,586</u>	<u>8,958</u>
Balance, end of year	<u>\$ 494,980</u>	<u>\$ 466,394</u>

**NOTE 4 - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS HELD BY OTHERS**

Easterseals Eastern Pennsylvania is a beneficiary of six irrevocable trusts held by various trust departments of financial institutions. The Organization recorded its proportionate share of the fair market value of the principal of each trust when received. Agreement terms provide that Easterseals Eastern Pennsylvania receives its proportionate share of the net income earned by the funds held in trust. Distributions from the trusts are recorded as trust income in net assets without donor restrictions and amounted to \$23,073 and \$20,594 for the years ended June 30, 2024 and 2023, respectively. The value of the trusts recorded is \$494,980 and \$466,394 at June 30, 2024 and 2023, respectively.

**NOTE 5 - LEASES**

The Organization leases office space, copiers and a postage machine. The leases have remaining lease terms of 4 to 51 months.

The Organization included the following amounts related to operating lease assets and liabilities within the statements of financial position as of June 30:

		<u>2024</u>	<u>2023</u>
<u>Assets:</u>	Classification		
Right-of-use assets	Operating leases	\$ 235,524	\$ 309,570
<u>Liabilities:</u>			
Current operating lease	Operating lease liabilities	\$ 90,166	\$ 85,757
Noncurrent operating lease	Operating lease liabilities	<u>148,567</u>	<u>226,184</u>
	Total lease liabilities	<u>\$ 238,733</u>	<u>\$ 311,941</u>

**EASTERSEALS EASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 5 - LEASES - CONTINUED**

The components of lease expense were as follows for the years ended June 30:

	2024	2023
Operating lease expense	\$ 96,653	\$ 98,215

Supplemental cash flow information related to leases was as follows for the years ended June 30:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	\$ 95,815	\$ 95,844
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 14,515	\$ 397,691

Supplemental balance sheet information related to leases was as follows:

	2024	2023
Weighted Average Remaining Lease Term		
Operating leases	2.68 years	3.55 years
Weighted Average Discount Rate		
Operating leases	2.98%	2.88%

Maturities of operating lease liabilities are as follows for the years ending June 30:

2025	\$ 95,828
2026	88,378
2027	60,052
2028	3,252
2029	813
	<hr/>
Total lease payments	248,323
Less: present value discount	<hr/> (9,590) <hr/>
Total	<hr/> <u>\$ 238,733</u> <hr/>

**EASTERSEALS EASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 6 - LINE OF CREDIT - FDFSS FUNDS**

---

The Organization processes payments on behalf of Lehigh and Northampton Counties for individuals eligible for family support services.

Effective June 2011, the Organization entered into a line of credit in the amount of \$75,000. The outstanding balance was \$74,025 for both the years ended June 30, 2024 and 2023. Interest is charged at 0.75% above the prime rate (9.25% - 2024 and 8.75% - 2023). The note is secured by a first priority security interest in the personal property of the Organization. The line is utilized only to pay the obligations of the FDFSS voucher program for Lehigh and Northampton Counties. Available cash held by the bank in the name of the Organization as of June 30, 2024 and 2023 was \$43,294 and \$0, respectively. Receivable due for the program as of June 30, 2024 and 2023 was \$5,731 and \$49,025, respectively.

Interest expense for the years ended June 30, 2024 and 2023 was \$6,396 and \$4,877, respectively.

**NOTE 7 - NET ASSETS**

---

Net assets without donor restrictions is comprised of undesignated and board designated amounts for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 2,824,502	\$ 2,634,647
Designated for endowment	<u>673,097</u>	<u>594,029</u>
Total net assets without donor restrictions	<u>\$ 3,497,599</u>	<u>\$ 3,228,676</u>

# EASTERSEALS EASTERN PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

### NOTE 7 - NET ASSETS - CONTINUED

Net assets with donor restrictions are comprised of the following as of June 30:

	2024	2023
Time or purpose:		
Clinic funds	\$ 9,040	\$ 9,040
Camp funds	16,985	15,670
Make the first five count	31,406	24,251
Habilitation programs	3,860	9,450
George Street capital improvements	-	52,000
Subtotal time or purpose	61,291	110,411
Perpetuity:		
Endowment funds	263,930	246,544
Beneficial interests in perpetual trusts	494,980	466,394
Subtotal perpetuity	758,910	712,938
Total net assets with donor restrictions	\$ 820,201	\$ 823,349

Net assets were released from donor restrictions by incurring expenses satisfying the related purposes specified by the donor as follows at June 30:

	2024	2023
Camp funds	\$ 1,500	\$ 1,200
Make the first five count	12,448	8,728
Habilitation programs	9,449	2,740
Camp Lily Berks improvements	-	17,936
George Street capital improvements	52,000	-
	\$ 75,397	\$ 30,604

## **EASTERSEALS EASTERN PENNSYLVANIA**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

#### **NOTE 8 - ENDOWMENT FUNDS**

---

The Organization's endowment consists of four restricted endowments, of which portions are to be held indefinitely, with the income expendable for the programs of the Organization as specified in the endowment restrictions, and one board-restricted endowment fund available for spending in accordance with the Organization's policy. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

##### **Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the laws of the Commonwealth of Pennsylvania as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, in perpetuity (a) the original value of gift donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. In accordance with the laws of the Commonwealth of Pennsylvania, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

##### **Investment Objectives**

The purpose of establishing an investment policy asset mix is to construct a target or "normal" set of investments, well diversified among suitable asset classes that will generate, on average, the level of expected return necessary to meet endowment objectives at the lowest volatility consistent with achieving that return.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested at a maximum of 60% in equities with no minimum investment required. Investment mix will be adjusted based on recommendations from the investment manager based upon market conditions. The Organization expects its endowment funds, over time, to provide an average rate of return that exceeds the price and yield results of the S&P 500 for core domestic equity holdings, and Barclays Capital Government/Corporate Intermediate Index for fixed income. The endowment earnings will be used to preserve and enhance the inflation-adjusted purchasing power of the fund. The Organization's actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total investment strategy in which investments' returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

**EASTERSEALS EASTERN PENNSYLVANIA****NOTES TO FINANCIAL STATEMENTS****June 30, 2024 and 2023****NOTE 8 - ENDOWMENT FUNDS - CONTINUED****Spending Policy**

The Organization's spending policy allows 2% to 7% of the market value of invested restricted assets averaged over the last 3 years. The finance committee is authorized to increase the spending rate as necessary on a temporary basis and with a justifiable cause. The Vice President of Finance and Administration, has the authority to withdraw funds in excess of the 5% spending rule for short-term cash flow needs with approval of the CEO.

**Underwater Endowment Funds**

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the director of the applicable donor gift instrument. The Organization has no underwater endowment funds at June 30, 2024 and 2023.

The changes in endowment net assets are as follows:

**Endowment Net Asset Composition by Type of Funds as of June 30, 2024:**

	Without Donor Restrictions	With Donor Restrictions	Total
Board-restricted endowment funds	\$ 673,097	\$ -	\$ 673,097
Donor-restricted endowment funds	-	263,930	263,930
Total funds	<u>\$ 673,097</u>	<u>\$ 263,930</u>	<u>\$ 937,027</u>

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024:**

Endowment net assets, beginning of year	\$ 594,029	\$ 246,544	\$ 840,573
Investment return:			
Investment income	15,125	5,430	20,555
Net appreciation	68,766	11,956	80,722
Total investment return	<u>83,891</u>	<u>17,386</u>	<u>101,277</u>
Administrative fees	<u>(4,823)</u>	<u>-</u>	<u>(4,823)</u>
Endowment net assets, end of year	<u>\$ 673,097</u>	<u>\$ 263,930</u>	<u>\$ 937,027</u>

**EASTERSEALS EASTERN PENNSYLVANIA****NOTES TO FINANCIAL STATEMENTS****June 30, 2024 and 2023****NOTE 8 - ENDOWMENT FUNDS - CONTINUED****Endowment Net Asset Composition by Type of Funds as of June 30, 2023:**

	Without Donor Restrictions	With Donor Restrictions	Total
Board-restricted endowment funds	\$ 594,029	\$ -	\$ 594,029
Donor-restricted endowment funds	-	246,544	246,544
Total funds	<u>\$ 594,029</u>	<u>\$ 246,544</u>	<u>\$ 840,573</u>

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023:**

Endowment net assets, beginning of year	\$ 547,339	\$ 231,531	\$ 778,870
Investment return:			
Investment income	11,511	3,639	15,150
Net appreciation	39,083	11,374	50,457
Total investment return	<u>50,594</u>	<u>15,013</u>	<u>65,607</u>
Administrative fees	<u>(3,904)</u>	<u>-</u>	<u>(3,904)</u>
Endowment net assets, end of year	<u>\$ 594,029</u>	<u>\$ 246,544</u>	<u>\$ 840,573</u>

**NOTE 9 - RELATED PARTY TRANSACTIONS**

Easterseals Eastern Pennsylvania is an autonomous, community-based, nonprofit organization, which is an intermediary affiliate of National Easterseals Society, Inc. (Easterseals national headquarters). Membership fees paid to the national organization are calculated in accordance with a fee formula established by the national board of directors. Easterseals, Inc. provides maintenance of a nationwide recognition of Easterseals, consultation services for programs and facilities, training, and various other services for affiliated organizations. Dues incurred and paid during both the years ended June 30, 2024 and 2023 were \$45,000.

## EASTERSEALS EASTERN PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### NOTE 10 - EDUCATIONAL IMPROVEMENT ORGANIZATION

---

The Organization was approved as an Educational Improvement Organization under the Pennsylvania Educational Improvement Tax Credit program for the fiscal years ended June 30, 2024 and 2023. Total contributions received under this program for the years June 30, 2024 and 2023 were \$40,000 and \$42,500, respectively. The contributions were spent on the qualifying programs, Growing Green Summer Residential Camp and LEAP (Learning Enrichment and Partnerships), during each of the years ended June 30, 2024 and 2023. The Organization was approved as a qualifying Educational Improvement Organization for the 2023 and 2024 calendar years.

#### NOTE 11 - CONTRIBUTED NONFINANCIAL ASSETS

---

The value of contributed nonfinancial assets provided by local businesses and individuals to benefit the Organization included with revenue in the financial statements and the corresponding expenses are as follows for the years ended June 30:

	2024	2023
Fundraising event supplies	\$ -	\$ 5,195
Program supplies	2,348	1,159
	<u>\$ 2,348</u>	<u>\$ 6,354</u>

##### Valuation Techniques:

Contributed services and materials are recognized as contributed nonfinancial assets at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Donated materials and supplies valued at current prices for similar items.

##### Donor Restrictions:

There are no restrictions on contributed nonfinancial assets at year end. The Organization does not sell contributed materials and the services were provided for the Organization's programs.



## **EASTERSEALS EASTERN PENNSYLVANIA**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

#### **NOTE 12 - RETIREMENT PLAN**

---

The Organization has a retirement plan under which employees may defer a portion of their annual compensation, pursuant to Section 401(k) of the Internal Revenue Code. At its discretion, the Organization may contribute up to 2% of eligible employee wages to the plan and may also match employee contributions up to a maximum of 4% of compensation deposited as elective contributions.

Employees eligible for contributions from the Organization must have attained age 21, completed a minimum of two years of service, and worked at least 1,000 hours during the plan year. Contributions to the plan by the Organization for the years ended June 30, 2024 and 2023 were \$4,755 and \$5,440, respectively.

#### **NOTE 13 - CONTINGENT LIABILITIES**

---

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

During the years, the Organization also received a number of grants, which were used to purchase equipment and make building renovations. Under terms of the agreement, the equipment and building renovations must be used to meet program objectives and there also exists a reversionary interest in this equipment and building renovations.

In the normal course of business, the Organization is sometimes subject to contingent liabilities arising from litigation. The Organization does not anticipate losses resulting from a current claim to be material to the financial statements.

# EASTERSEALS EASTERN PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

### NOTE 14 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2024 and 2023 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. The Organization's financial assets include cash, contract and other accounts receivable, pledges receivable, investments, and beneficial interests in perpetual trusts. The Organization has restricted funds and board designated funds.

	2024	2023
Cash	\$ 512,305	\$ 519,151
Accounts receivable - governments and other contracts	333,304	442,873
Accounts receivable - insurance and outpatient revenue	71,471	82,543
Allowance for credit losses	(41,081)	(50,919)
Pledges receivable	4,540	41,193
Investments	2,538,946	2,230,613
Beneficial interests in perpetual trusts	494,980	466,394
Total financial assets available	3,914,465	3,731,848
Less amounts not available due to contractual, board designated, or donor-imposed restrictions:		
Board designated funds	(673,097)	(594,029)
Donor time or purpose restrictions	(61,291)	(110,411)
Donor restricted in perpetuity	(758,910)	(712,938)
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 2,421,167</u>	<u>\$ 2,314,470</u>

As part of the Organization's liquidity management, it invests cash in excess of monthly requirements in short-term investments through their investment account.

## **SUPPLEMENTARY INFORMATION**

**EASTERSEALS EASTERN PENNSYLVANIA**

**SCHEDULE OF REVENUES AND EXPENSES  
LEHIGH COUNTY MH/EI/DD**

**For the Year Ended June 30, 2024**

	Physical Therapy	Occupational Therapy	Speech Therapy	Education	Total
<b>REVENUES</b>					
Lehigh County Base	\$ 6,593	\$ 22,312	\$ 13,498	\$ 128,162	\$ 170,565
Lehigh County Waiver	-	-	-	36,665	36,665
Lehigh County MA	20,924	155,178	66,173	-	242,275
<b>TOTAL REVENUES</b>	<b>27,517</b>	<b>177,490</b>	<b>79,671</b>	<b>164,827</b>	<b>449,505</b>
<b>EXPENSES</b>					
<b>EMPLOYMENT AND SERVICE PROVIDER COSTS:</b>					
Salaries and compensation	3,691	23,807	10,686	25,088	63,272
Benefits	242	1,561	701	1,645	4,149
Payroll taxes	332	2,140	961	2,255	5,688
Independent contractor/staffing costs	18,676	121,390	51,298	91,122	282,486
Total Employment and Service Provider Costs	22,941	148,898	63,646	120,110	355,595
<b>OPERATING EXPENSES:</b>					
Consultant and contracted services	1,183	7,629	3,424	8,039	20,275
Supplies	190	1,226	550	1,292	3,258
Postage and shipping	-	2	1	3	6
Printing and advertising	1	8	4	8	21
Conferences and meetings	8	48	21	50	127
Employee expense reimbursements	11	73	33	77	194
Miscellaneous operating expenses	23	144	65	153	385
Equipment rental and maintenance	51	330	148	347	876
Membership dues and fees	-	-	-	-	-
Total Operating Expenses	1,467	9,460	4,246	9,969	25,142
<b>GENERAL EXPENSES:</b>					
Telephone	33	215	96	226	570
Occupancy	603	3,890	1,746	4,100	10,339
Insurance	36	229	103	241	609
Depreciation	2	16	7	16	41
Bad debt	-	-	-	61	61
Total General Expenses	674	4,350	1,952	4,644	11,620
<b>DIRECT PROGRAM EXPENSES</b>	<b>25,082</b>	<b>162,708</b>	<b>69,844</b>	<b>134,723</b>	<b>392,357</b>
<b>ALLOCATED MANAGEMENT AND GENERAL</b>	<b>3,149</b>	<b>20,312</b>	<b>9,118</b>	<b>21,404</b>	<b>53,983</b>
<b>TOTAL EXPENSES</b>	<b>28,231</b>	<b>183,020</b>	<b>78,962</b>	<b>156,127</b>	<b>446,340</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (714)</b>	<b>\$ (5,530)</b>	<b>\$ 709</b>	<b>\$ 8,700</b>	<b>\$ 3,165</b>
<b>UNITS OF SERVICE</b>					
Lehigh County Base	190	643	389	4,191	5,413
Lehigh County Waiver	-	-	-	1,199	1,199
Lehigh County MA	603	4,472	1,907	-	6,982
Total Units of Service	793	5,115	2,296	5,390	13,594
<b>UNIT COST</b>	<b>\$ 35.60</b>	<b>\$ 35.78</b>	<b>\$ 34.39</b>	<b>\$ 28.97</b>	

**EASTERSEALS EASTERN PENNSYLVANIA**

**SCHEDULE OF REVENUES AND EXPENSES  
NORTHAMPTON COUNTY MH/EI/DD**

**For the Year Ended June 30, 2024**

	Physical Therapy	Occupational Therapy	Speech Therapy	Education	Total
<b>REVENUES</b>					
Northampton County Base	\$ 1,388	\$ 33,451	\$ 91,157	\$ 69,019	\$ 195,015
Northampton County Waiver	-	-	-	12,354	12,354
Northampton County MA	14,262	73,425	54,201	-	141,888
<b>TOTAL REVENUES</b>	15,650	106,876	145,358	81,373	349,257
<b>EXPENSES</b>					
<b>EMPLOYMENT AND SERVICE PROVIDER COSTS:</b>					
Salaries and compensation	2,099	14,335	19,497	12,386	48,317
Benefits	138	940	1,279	812	3,169
Payroll taxes	189	1,289	1,753	1,112	4,343
Independent contractor/staffing costs	10,621	73,095	93,592	44,987	222,295
Total Employment and Service Provider Costs	13,047	89,659	116,121	59,297	278,124
<b>OPERATING EXPENSES:</b>					
Consultant and contracted services	673	4,594	6,248	3,968	15,483
Supplies	108	738	1,004	638	2,488
Postage and shipping	-	1	2	1	4
Printing and advertising	1	5	6	4	16
Conferences and meetings	4	28	39	25	96
Employee expense reimbursements	6	44	60	38	148
Miscellaneous operating expenses	13	87	118	76	294
Equipment rental and maintenance	29	199	270	171	669
Total Operating Expenses	834	5,696	7,747	4,921	19,198
<b>GENERAL EXPENSES:</b>					
Telephone	19	129	176	112	436
Occupancy	344	2,342	3,185	2,024	7,895
Insurance	20	138	188	119	465
Depreciation	1	10	13	8	32
Bad debt	-	-	139	-	139
Total General Expenses	384	2,619	3,701	2,263	8,967
<b>DIRECT PROGRAM EXPENSES</b>	14,265	97,974	127,569	66,481	306,289
<b>ALLOCATED MANAGEMENT AND GENERAL</b>	1,791	12,231	16,635	10,567	41,224
<b>TOTAL EXPENSES</b>	16,056	110,205	144,204	77,048	347,513
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ (406)	\$ (3,329)	\$ 1,154	\$ 4,325	\$ 1,744
<b>UNITS OF SERVICE</b>					
Northampton County Base	40	964	2,627	2,257	5,888
Northampton County Waiver	-	-	-	404	404
Northampton County MA	411	2,116	1,562	-	4,089
Total Units of Service	451	3,080	4,189	2,661	10,381
<b>UNIT COST</b>	\$ 35.60	\$ 35.78	\$ 34.42	\$ 28.95	

**EASTERSEALS EASTERN PENNSYLVANIA**

**SCHEDULE OF REVENUES AND EXPENSES  
CARBON, MONROE, PIKE JOINDER MH/EI/DD**

**For the Year Ended June 30, 2024**

	Physical Therapy	Occupational Therapy	Speech Therapy	Education	Total
<b>REVENUES</b>					
Carbon, Monroe, Pike Joinder Base	\$ 23,492	\$ 8,953	\$ 21,722	\$ 66,725	\$ 120,892
Carbon, Monroe, Pike Joinder Waiver	-	-	-	9,296	9,296
Carbon, Monroe, Pike Joinder MA	36,470	41,154	18,565	-	96,189
<b>TOTAL REVENUES</b>	<b>59,962</b>	<b>50,107</b>	<b>40,287</b>	<b>76,021</b>	<b>226,377</b>
<b>EXPENSES</b>					
<b>EMPLOYMENT AND SERVICE PROVIDER COSTS:</b>					
Salaries and compensation	8,043	6,721	5,403	11,571	31,738
Benefits	527	441	354	759	2,081
Payroll taxes	723	604	486	1,040	2,853
Independent contractor/staffing costs	40,696	34,269	25,940	42,028	142,933
Total Employment and Service Provider Costs	49,989	42,035	32,183	55,398	179,605
<b>OPERATING EXPENSES:</b>					
Consultant and contracted services	2,577	2,154	1,731	3,708	10,170
Supplies	414	346	278	596	1,634
Postage and shipping	1	1	-	1	3
Printing and advertising	3	2	2	4	11
Conferences and meetings	16	13	12	23	64
Employee expense reimbursements	25	21	16	36	98
Miscellaneous operating expenses	50	41	33	69	193
Equipment rental and maintenance	111	93	75	160	439
Total Operating Expenses	3,197	2,671	2,147	4,597	12,612
<b>GENERAL EXPENSES:</b>					
Telephone	73	61	48	104	286
Occupancy	1,314	1,098	883	1,891	5,186
Insurance	77	65	52	111	305
Depreciation	5	4	4	8	21
Bad debt	-	139	-	-	139
Total General Expenses	1,469	1,367	987	2,114	5,937
<b>DIRECT PROGRAM EXPENSES</b>	<b>54,655</b>	<b>46,073</b>	<b>35,317</b>	<b>62,109</b>	<b>198,154</b>
<b>ALLOCATED MANAGEMENT AND GENERAL</b>	<b>6,862</b>	<b>5,734</b>	<b>4,611</b>	<b>9,872</b>	<b>27,079</b>
<b>TOTAL EXPENSES</b>	<b>61,517</b>	<b>51,807</b>	<b>39,928</b>	<b>71,981</b>	<b>225,233</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (1,555)</b>	<b>\$ (1,700)</b>	<b>\$ 359</b>	<b>\$ 4,040</b>	<b>\$ 1,144</b>
<b>UNITS OF SERVICE</b>					
Carbon, Monroe, Pike Joinder Base	677	258	626	2,182	3,743
Carbon, Monroe, Pike Joinder Waiver	-	-	-	304	304
Carbon, Monroe, Pike Joinder MA	1,051	1,186	535	-	2,772
Total Units of Service	1,728	1,444	1,161	2,486	6,819
<b>UNIT COST</b>	<b>\$ 35.60</b>	<b>\$ 35.88</b>	<b>\$ 34.39</b>	<b>\$ 28.95</b>	

**EASTERSEALS EASTERN PENNSYLVANIA**

**SCHEDULE OF REVENUES AND EXPENSES  
SERVICE ACCESS MANAGEMENT (BERKS COUNTY MH/EI/DD)**

**For the Year Ended June 30, 2024**

	Physical Therapy	Occupational Therapy	Speech Therapy	Education	Total
<b>REVENUES</b>					
Service Access Management Base	\$ 45,977	\$ 46,533	\$ 35,116	\$ 154,338	\$ 281,964
Service Access Management Waiver	-	-	-	58,133	58,133
Service Access Management MA	139,876	204,695	106,529	-	451,100
<b>TOTAL REVENUES</b>	<b>185,853</b>	<b>251,228</b>	<b>141,645</b>	<b>212,471</b>	<b>791,197</b>
<b>EXPENSES</b>					
<b>EMPLOYMENT AND SERVICE PROVIDER COSTS:</b>					
Salaries and compensation	13,430	19,465	9,925	16,891	59,711
Benefits	985	3,406	737	1,254	6,382
Payroll taxes	1,238	1,781	917	1,563	5,499
Independent contractor/staffing costs	124,431	165,934	93,723	130,844	514,932
Total Employment and Service Provider Costs	140,084	190,586	105,302	150,552	586,524
<b>OPERATING EXPENSES:</b>					
Consultant and contracted services	8,037	10,864	6,125	10,425	35,451
Supplies	1,786	2,672	1,362	2,318	8,138
Postage and shipping	11	15	8	15	49
Printing and advertising	1	1	1	-	3
Conferences and meetings	76	340	58	99	573
Consumer transportation	11	14	8	13	46
Employee expense reimbursements	27	701	20	35	783
Miscellaneous operating expenses	139	189	106	179	613
Equipment rental and maintenance	1,006	1,360	767	1,307	4,440
Membership dues and fees	157	212	120	204	693
Total Operating Expenses	11,251	16,368	8,575	14,595	50,789
<b>GENERAL EXPENSES:</b>					
Telephone	885	1,195	674	1,148	3,902
Occupancy	3,247	4,389	2,475	4,210	14,321
Insurance	1,064	1,439	811	1,382	4,696
Depreciation	2,403	3,249	1,832	3,118	10,602
Bad debt	-	7,840	-	183	8,023
Total General Expenses	7,599	18,112	5,792	10,041	41,544
<b>DIRECT PROGRAM EXPENSES</b>	<b>158,934</b>	<b>225,066</b>	<b>119,669</b>	<b>175,188</b>	<b>678,857</b>
<b>ALLOCATED MANAGEMENT AND GENERAL</b>	<b>21,399</b>	<b>28,926</b>	<b>16,309</b>	<b>27,760</b>	<b>94,394</b>
<b>TOTAL EXPENSES</b>	<b>180,333</b>	<b>253,992</b>	<b>135,978</b>	<b>202,948</b>	<b>773,251</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 5,520</b>	<b>\$ (2,764)</b>	<b>\$ 5,667</b>	<b>\$ 9,523</b>	<b>\$ 17,946</b>
<b>UNITS OF SERVICE</b>					
Service Access Management Base	1,325	1,341	1,012	5,047	8,725
Service Access Management Waiver	-	-	-	1,901	1,901
Service Access Management MA	4,031	5,899	3,070	-	13,000
Total Units of Service	5,356	7,240	4,082	6,948	23,626
<b>UNIT COST</b>	<b>\$ 33.67</b>	<b>\$ 35.08</b>	<b>\$ 33.31</b>	<b>\$ 29.21</b>	

**EASTERSEALS EASTERN PENNSYLVANIA**

**SCHEDULE OF REVENUES AND EXPENSES  
LEBANON COUNTY MH/EI/DD**

**For the Year Ended June 30, 2024**

	Physical Therapy
<b>REVENUES</b>	
Lebanon Base	\$ 972
Lebanon MA	2,567
	<hr/>
<b>TOTAL REVENUES</b>	3,539
<b>EXPENSES</b>	
<b>EMPLOYMENT AND SERVICE PROVIDER COSTS:</b>	
Salaries and compensation	256
Benefits	19
Payroll taxes	23
Independent contractor/staffing costs	2,370
Total Employment and Service Provider Costs	<hr/> 2,668
<b>OPERATING EXPENSES:</b>	
Consultant and contracted services	153
Supplies	34
Conferences and meetings	1
Employee expense reimbursements	1
Miscellaneous operating expenses	3
Equipment rental and maintenance	19
Membership dues and fees	3
Total Operating Expenses	<hr/> 214
<b>GENERAL EXPENSES:</b>	
Telephone	17
Occupancy	62
Insurance	20
Depreciation	46
Bad debt	3,444
Total General Expenses	<hr/> 3,589
	<hr/>
<b>DIRECT PROGRAM EXPENSES</b>	6,471
	<hr/>
<b>ALLOCATED MANAGEMENT AND GENERAL</b>	407
	<hr/>
<b>TOTAL EXPENSES</b>	6,878
	<hr/>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<hr/> \$ (3,339) <hr/>
<b>UNITS OF SERVICE</b>	
Lebanon County Base	28
Lebanon County MA	74
	<hr/>
Total Units of Service	102
	<hr/>
<b>UNIT COST</b>	\$ 67.43
	<hr/>



**EASTERSEALS EASTERN PENNSYLVANIA**

**SCHEDULE OF REVENUES AND EXPENSES  
FOR HOME AND COMMUNITY - HABILITATION PROGRAMS**

**For the Year Ended June 30, 2024**

	Lehigh County	Northampton County	Berks County	Total
<b>REVENUES</b>				
Lehigh County - HAB	\$ 242,359	\$ -	\$ -	\$ 242,359
Northampton County - HAB	-	281,674	-	281,674
Berks County - HAB	-	-	148,313	148,313
<b>TOTAL REVENUES</b>	<b>242,359</b>	<b>281,674</b>	<b>148,313</b>	<b>672,346</b>
<b>EXPENSES</b>				
<b>EMPLOYMENT AND SERVICE PROVIDER COSTS:</b>				
Salaries and compensation	148,328	172,389	91,703	412,420
Benefits	15,032	17,470	18,781	51,283
Payroll taxes	15,910	18,490	9,155	43,555
Independent contractor/staffing costs	2,643	3,072	656	6,371
Total Employment and Service Provider Costs	181,913	211,421	120,295	513,629
<b>OPERATING EXPENSES:</b>				
Consultant and contracted services	10,962	12,740	6,645	30,347
Supplies	5,169	6,007	2,852	14,028
Postage and shipping	3	4	5	12
Printing and advertising	1	2	1	4
Conferences and meetings	128	148	51	327
Employee expense reimbursements	18,127	21,067	12,401	51,595
Consumer transportation	-	-	3	3
Miscellaneous operating expenses	184	215	162	561
Equipment rental and maintenance	473	551	832	1,856
Membership dues and fees	35	40	69	144
Total Operating Expenses	35,082	40,774	23,021	98,877
<b>GENERAL EXPENSES:</b>				
Telephone	308	359	731	1,398
Occupancy	5,590	6,496	2,684	14,770
Insurance	329	383	880	1,592
Depreciation	22	26	1,988	2,036
Bad debt	-	-	522	522
Total General Expenses	6,249	7,264	6,805	20,318
<b>DIRECT PROGRAM EXPENSES</b>	<b>223,244</b>	<b>259,459</b>	<b>150,121</b>	<b>632,824</b>
<b>ALLOCATED MANAGEMENT AND GENERAL</b>	<b>22,823</b>	<b>26,525</b>	<b>3,879</b>	<b>53,227</b>
<b>TOTAL EXPENSES</b>	<b>246,067</b>	<b>285,984</b>	<b>154,000</b>	<b>686,051</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (3,708)</b>	<b>\$ (4,310)</b>	<b>\$ (5,687)</b>	<b>\$ (13,705)</b>

**EASTERSEALS EASTERN PENNSYLVANIA**

**SCHEDULE OF REVENUES AND EXPENSES FOR FDFSS PROGRAM  
FISCAL ADMINISTRATION  
LEHIGH COUNTY MH/EI/DD AND NORTHAMPTON COUNTY MH/EI/DD**

**For the Year Ended June 30, 2024**

	<u>Lehigh County</u>	<u>Northampton County</u>	<u>Total</u>
<b>REVENUES</b>			
Fees for service:			
Lehigh County MH/EI/DD	\$ 36,850	\$ -	\$ 36,850
Northampton County MH/EI/DD	-	25,100	25,100
Total Fees for Service	<u>36,850</u>	<u>25,100</u>	<u>61,950</u>
<b>EXPENSES</b>			
<b>PERSONNEL:</b>			
Salaries and compensation	28,335	17,523	45,858
Benefits	1,365	844	2,209
Payroll taxes	2,670	1,651	4,321
Other employment expenses	38	24	62
Total Personnel	<u>32,408</u>	<u>20,042</u>	<u>52,450</u>
<b>OPERATING EXPENSES:</b>			
Consultant and contracted services	6,911	4,274	11,185
Supplies	1,975	1,222	3,197
Postage and shipping	813	502	1,315
Printing and advertising	13	8	21
Employee expense reimbursements	208	129	337
Miscellaneous operating expenses	4,366	2,700	7,066
Equipment rental and maintenance	187	116	303
Total Operating Expenses	<u>14,473</u>	<u>8,951</u>	<u>23,424</u>
<b>GENERAL EXPENSES:</b>			
Telephone	265	163	428
Occupancy	4,136	2,558	6,694
Insurance	1,503	930	2,433
Depreciation	189	117	306
Total General Expenses	<u>6,093</u>	<u>3,768</u>	<u>9,861</u>
Dues to national affiliate	495	306	801
Allocated management and general	<u>944</u>	<u>584</u>	<u>1,528</u>
<b>TOTAL EXPENSES</b>	<u>54,413</u>	<u>33,651</u>	<u>88,064</u>
<b>DEFICIT</b>	<u><u>\$ (17,563)</u></u>	<u><u>\$ (8,551)</u></u>	<u><u>\$ (26,114)</u></u>

**COST ALLOCATION BASED ON % OF REVENUE APPLIED  
TO TOTAL EXPENSES**

59.48%                      40.52%

**EASTERSEALS EASTERN PENNSYLVANIA**

**SCHEDULE OF REIMBURSEMENTS AND CONSUMER COSTS FOR FDFSS VOUCHERS  
PROCESSED ON BEHALF OF  
LEHIGH COUNTY MH/EI/DD AND NORTHAMPTON COUNTY MH/EI/DD**

**For the Year Ended June 30, 2024**

	<u>Lehigh County</u>	<u>Northampton County</u>	<u>Total</u>
<b>REVENUES</b>			
Fees for service:			
Lehigh County MH/EI/DD	\$ 157,780	\$ -	\$ 157,780
Northampton County MH/EI/DD	-	228,111	228,111
Total Fees for Service	<u>157,780</u>	<u>228,111</u>	<u>385,891</u>
<b>EXPENSES</b>			
FDFSS Reimbursements:			
Adaptive equipment/appliances	2,155	-	2,155
Camp	30,413	28,111	58,524
Family aide	53,286	48,429	101,715
Family education	20	80	100
Other FDFSS therapies	12,534	7,234	19,768
Recreation	36,842	81,782	118,624
Respite	21,628	61,440	83,068
Speech therapy	<u>902</u>	<u>1,035</u>	<u>1,937</u>
<b>TOTAL EXPENSES</b>	<u>157,780</u>	<u>228,111</u>	<u>385,891</u>
<b>SURPLUS (DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This schedule provides the revenues and expenses for the FDFSS pass-through program. The revenues and expenses are not included in the operating revenues and expenses of Easterseals Eastern Pennsylvania. All revenues and expenses are reported on behalf of Lehigh and Northampton Counties.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**To the Board of Directors  
Easterseals Eastern Pennsylvania  
Allentown, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Easterseals Eastern Pennsylvania (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Easterseals Eastern Pennsylvania's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Easterseals Eastern Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of Easterseals Eastern Pennsylvania'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 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, or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Easterseals Eastern Pennsylvania'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.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
February 5, 2025**

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH SPECIFIED REQUIREMENTS**

**Easterseals Eastern Pennsylvania  
Allentown, Pennsylvania**

We have examined Easterseals Eastern Pennsylvania's compliance with the requirements listed in Attachment A during the year ended June 30, 2024. Management of Easterseals Eastern Pennsylvania is responsible for Easterseals Eastern Pennsylvania's compliance with the specified requirements. Our responsibility is to express an opinion on Easterseals Eastern Pennsylvania's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Easterseals Eastern Pennsylvania complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Easterseals Eastern Pennsylvania complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on Easterseals Eastern Pennsylvania's compliance with specified requirements.

In our opinion, Easterseals Eastern Pennsylvania complied, in all material respects, with the requirements listed in Attachment A during the year ended June 30, 2024.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
February 5, 2025**

## **EASTERSEALS EASTERN PENNSYLVANIA**

### **ATTACHMENT A**

**For the Year Ended June 30, 2024**

---

#### **Evaluation of Accounting and Administrative Controls**

We have reviewed the accounting and administrative controls of the Organization to determine if controls are in place and operating effectively as required by DHS 51.46 (4300.161b) regulations. We have disclosed no conditions that we believe to be noncompliant by Easterseals Eastern Pennsylvania with regards to the DHS 51.46 (4300.161b) regulations other than items disclosed in the schedule of findings and questioned costs.

#### **Indirect Cost Allocation Plan**

Indirect administrative costs of the Organization are allocated according to program and supporting services based on employee time estimates, square footage, or other appropriate usage factors.

In our opinion, based on the audit procedures performed, the methodology for allocation of indirect administrative costs used by the Organization resulted in a fair and equitable distribution of costs, meeting the requirements of DHS 51.99 (4300.94) for the fiscal year ended June 30, 2024.

#### **Contract Conditions and Compliance**

1. Revenue and expenditures under a contract consist both of direct costs and allocation of administrative costs. We examined revenues and expenditures under both program-funded and fee-for-service contracts to render our opinion on invoicing based upon terms and conditions of the contract.

In our opinion, based on audit procedures performed, invoicing done by Easterseals Eastern Pennsylvania is based upon terms and conditions negotiated in developing the contract budget or unit costs as required by Title 5S PA Code 4300.26 regulations.

2. As part of our engagement, we have been requested to review compliance with provisions of the contracts, including compliance with allowable cost standards in sections DHS 51.81 through 51.103 (4300.82 through 4300.108) of the Mental Health/Early Intervention/Developmental Disabilities Fiscal Regulations.

Our review of the Organization's compliance with contractual regulations, policies and procedures, which was made for the purpose set forth above, disclosed no matters that we believe to be noncompliant.

3. Fee-for-Service Contracts - We have reviewed the Organization's billing of units of service. We have determined that units of service were actually provided and were billed at the proper rates.
4. We have reviewed the Organization's collection of third-party revenues for medical assistance and other reimbursements to determine if the Organization is collecting such third-party revenues in compliance with the terms of their contracts.

Easterseals Eastern Pennsylvania bills medical assistance and other reimbursement providers, where applicable, on a monthly basis in conjunction with the invoices prepared for each county.

5. By performing the above audit procedures, we have determined that third-party revenues are being properly billed and collected by Easterseals Eastern Pennsylvania.