EASTER SEALS
SOUTHWEST FLORIDA, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2013 and 2012

EASTER SEALS SOUTHWEST FLORIDA, INC.
FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Easter Seals Southwest Florida, Inc.
Sarasota, Florida

We have audited the accompanying financial statements of Easter Seals Southwest Florida, Inc. (the Organization), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

BRADENTON
1001 3rd Avenue West, Suite 700 - Bradenton, FL 34205
ph 941.748.1040 - fx 941.749.7605

www.CSLcpa.com

SARASOTA
1515 Ringling Boulevard, Suite 900 - Sarasota, FL 34236
ph 941.954.4040 - fx 941.953.7670

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals Southwest Florida, Inc. as of August 31, 2013 and 2012, 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.

Christopher, Smith, Leonard, Bristow & Stanell, P.A.

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

January 6, 2014
Bradenton, Florida

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31,

ASSETS

	2013	2012
Cash and cash equivalents	$ 955	$ 25,003
Cash restricted	85,226	85,224
Investments	190,448	208,286
Interest in net assets of Foundation	7,060,931	7,566,843
Accounts receivable, net	101,248	108,497
Prepaid expenses	22,213	54,983
Deposits	4,692	17,055
Remainder trusts receivable	239,484	215,757
Property, plant and equipment, net	1,474,064	1,533,806
TOTAL ASSETS	$ 9,179,261	$ 9,815,454

LIABILITIES AND NET ASSETS

	2013	2012
Liabilities		
Accounts payable	$ 68,673	$ 53,485
Other accrued expenses	117,330	158,226
Deferred revenue	14,365	11,088
Deferred revenue-pooled income fund	10,169	19,554
Total Liabilities	210,537	242,353
Net Assets		
Unrestricted	1,402,409	1,516,168
Temporarily restricted	343,748	310,635
Permanently restricted	7,222,567	7,746,298
Total Net Assets	8,968,724	9,573,101
TOTAL LIABILITIES AND NET ASSETS	$ 9,179,261	$ 9,815,454

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

	UNRESTRICTED	TEMPORARILY UNRESTRICTED	PERMANENTLY RESTRICTED	Total
Public Support:				
Contributions	$ 438,622	$ –	$ –	$ 438,622
Bequests and trusts	–	–	–	–
Special events	87,441	–	–	87,441
Less: Special events direct (expenses)	(51,558)	–	–	(51,558)
Total Public Support	474,505	–	–	474,505
Program Revenue	1,491,266	–	–	1,491,266
Other Revenue:				
Contributions from Foundation	927,327	–	–	927,327
Investment income (loss)	5,738	–	–	5,738
Change in value of split interest agreement	–	33,113	–	33,113
Gain (Loss) on disposal of assets	1,000	–	–	1,000
Other income	95,505	–	–	95,505
Total Other Revenue	1,029,570	33,113	–	1,062,683
Total Public Support and Revenue	2,995,341	33,113	–	3,028,454
Reclassifications:				
Net assets released from restrictions	17,819	–	(17,819)	–
Total Public Support, Revenue and Reclassification	3,013,160	33,113	(17,819)	3,028,454
Expenses:				
Program services	2,730,418	–	–	2,730,418
Fundraising	231,993	–	–	231,993
Management and General	129,508	–	–	129,508
	3,091,919	–	–	3,091,919
Payments to Easter Seals National	35,000			35,000
Total Expenses	3,126,919	–	–	3,126,919
Change in net assets before adjustment for interest in Foundation	(113,759)	33,113	(17,819)	(98,465)
Adjustment for change in interest in net assets of Foundation	–	–	(505,912)	(505,912)
Increase (decrease) in net assets	(113,759)	33,113	(523,731)	(604,377)
Net assets at beginning of year	1,516,168	310,635	7,746,298	9,573,101
Net assets at end of year	$ 1,402,409	$ 343,748	$ 7,222,567	$ 8,968,724

The accompanying notes are an integral part of these financial statements

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

	UNRESTRICTED	TEMPORARILY UNRESTRICTED	PERMANENTLY RESTRICTED	Total
Public Support:				
Contributions	$ 327,595	$ 53,577	$ -	$ 381,172
Bequests and trusts	86,552	-	-	86,552
Special events	74,789	-	-	74,789
Less: Special events direct (expenses)	(18,781)	-	-	(18,781)
Total Public Support	470,155	53,577	-	523,732
Program Revenue	1,541,839	-	-	1,541,839
Other Revenue:				
Contributions from Foundation	644,796	-	-	644,796
Investment income (loss)	13,423	-	-	13,423
Change in value of split interest agreement	-	5,885	-	5,885
Other income	118,592	-	-	118,592
Total Other Revenue	776,811	5,885	-	782,696
Total Public Support and Revenue	2,788,805	59,462	-	2,848,267
Reclassifications:				
Net assets released from restrictions	393,447	(381,481)	(11,966)	-
Total Public Support, Revenue and Reclassification	3,182,252	(322,019)	(11,966)	2,848,267
Expenses:				
Program services	2,864,166	-	-	2,864,166
Fundraising	273,222	-	-	273,222
Management and General	144,313	-	-	144,313
	3,281,701	-	-	3,281,701
Payments to Easter Seals National	32,083	-	-	32,083
Loss on abandonment of lease	176,627	-	-	176,627
Total Expenses	3,490,411	-	-	3,490,411
Change in net assets before adjustment for interest in Foundation	(308,159)	(322,019)	(11,966)	(642,144)
Adjustment for change in interest in net assets of Foundation	-	-	(392,253)	(392,253)
Increase (decrease) in net assets	(308,159)	(322,019)	(404,219)	(1,034,397)
Net assets at beginning of year	1,824,327	632,654	8,150,517	10,607,498
Net assets at end of year	$ 1,516,168	$ 310,635	$ 7,746,298	$ 9,573,101

The accompanying notes are an integral part of these financial statements

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2013

	PROGRAM SERVICES			
	DAY PROGRAM AND EMPLOYMENT SERVICES	REHABILITATION CHIRLDREN'S THERAPY SERVICES	COMMUNITY SERVICES	CHILDREN'S EDUCTIONAL PROGRAM
Salaries	$ 728,324	$ 316,751	$ 119,941	$ 214,242
Benefits	147,121	60,447	15,394	35,324
Payroll taxes	68,850	26,214	12,428	22,377
Total personnel expenses	944,295	403,412	147,763	271,943
Advertising	-	-	-	-
Bad Debts	26,693	11,635	4,107	7,529
Contract labor	-	-	-	-
Dues and subscriptions	3,185	1,983	919	1,001
Equipment expense	-	-	335	3,725
Inkind expense	69,366	-	21,700	2,787
Insurance	35,705	651	230	421
License, fees and taxes	2,549	1,601	389	875
Office expense	105	741	27	153
Other expenses	19,700	2,838	1,407	1,615
Professional fees	33,039	20,457	1,666	3,928
Properties	290,467	32,819	16,767	27,515
Rent	-	-	-	15,750
Repairs and maintenance	20,255	-	-	-
Supplies	28,214	3,848	14,171	16,120
Telephone	1,306	2,248	299	936
Transportation	38,450	204	10	18
Travel and Training	2,473	15,986	1,047	875
Total non-personnel expenses	571,507	95,011	63,074	83,248
Total expenses before depreciation	1,515,802	498,423	210,837	355,191
Depreciation expense	100,698	31,800	5,300	12,367
TOTAL EXPENSES	$ 1,616,500	$ 530,223	$ 216,137	$ 367,558

TOTAL PROGRAM SERVICES	SUPPORTING SERVICES FUND RAISING	MANAGEMENT AND GENERAL	TOTAL SUPPORT SERVICES	2013 TOTALS
$ 1,379,258	$ 91,937	$ 38,824	$ 130,761	$ 1,510,019
258,286	28,225	9,157	37,382	295,668
129,869	11,674	6,315	17,989	147,858
1,767,413	131,836	54,296	186,132	1,953,545
-	33,755	-	33,755	33,755
49,964	-	18,480	18,480	68,444
-	-	-	-	-
7,088	18,859	2,095	20,954	28,042
4,060	-	-	-	4,060
93,853	14,970	-	14,970	108,823
37,007	-	1,034	1,034	38,041
5,414	25	1,749	1,774	7,188
1,026	-	-	-	1,026
25,560	3,891	3,967	7,858	33,418
59,090	7,919	7,495	15,414	74,504
367,568	13,550	18,394	31,944	399,512
15,750	-	-	-	15,750
20,255	-	-	-	20,255
62,353	-	-	-	62,353
4,789	-	399	399	5,188
38,682	-	43	43	38,725
20,381	1,888	356	2,244	22,625
812,840	94,857	54,012	148,869	961,709
2,580,253	226,693	108,308	335,001	2,915,254
150,165	5,300	21,200	26,500	176,665
$ 2,730,418	$ 231,993	$ 129,508	$ 361,501	$ 3,091,919

The accompanying notes are an integral part of these financial statements.

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2012

	PROGRAM SERVICES			
	DAY PROGRAM AND EMPLOYMENT SERVICES	REHABILITATION CHIRLDREN'S THERAPY SERVICES	COMMUNITY SERVICES	TOTAL PROGRAM SERVICES
Salaries	$ 847,226	$ 409,500	$ 151,843	$ 1,408,569
Benefits	245,299	109,279	23,233	377,811
Payroll taxes	82,594	37,759	16,173	136,526
Total personnel expenses	1,175,119	556,538	191,249	1,922,906
Advertising	120	60	20	200
Bad Debts	40,222	19,153	5,746	65,121
Contract labor	-	-	-	-
Dues and subscriptions	2,539	2,400	595	5,534
Equipment expense	147	340	756	1,243
Inkind expense	1,850	-	24,000	25,850
Insurance	16,477	706	212	17,395
License, fees and taxes	3,604	1,274	745	5,623
Office expense	-	357	-	357
Other expenses	15,903	2,747	2,127	20,777
Professional fees	45,154	18,284	3,765	67,203
Properties	315,578	70,443	14,978	400,999
Rent	-	-	-	-
Repairs and maintenance	19,606	70	1,589	21,265
Supplies	38,751	5,697	20,998	65,446
Telephone	5,054	2,543	991	8,588
Transportation	29,661	1,301	-	30,962
Travel and Training	9,241	23,299	4,144	36,684
Total non-personnel expenses	543,907	148,674	80,666	773,247
Total expenses before depreciation	1,719,026	705,212	271,915	2,696,153
Depreciation expense	126,504	35,579	5,930	168,013
TOTAL EXPENSES	$ 1,845,530	$ 740,791	$ 277,845	$ 2,864,166

SUPPORTING SERVICES			
FUND RAISING	MANAGEMENT AND GENERAL	TOTAL SUPPORT SERVICES	2012 TOTALS
$ 122,062	$ 38,181	$ 160,243	$ 1,568,812
42,933	12,347	55,280	433,091
14,056	6,245	20,301	156,827
179,051	56,773	235,824	2,158,730
4,897	-	4,897	5,097
-	30,645	30,645	95,766
-	-	-	-
18,460	1,863	20,323	25,857
-	112	112	1,355
33,982	-	33,982	59,832
-	1,130	1,130	18,525
25	2,039	2,064	7,687
43	-	43	400
8,781	2,745	11,526	32,303
450	14,211	14,661	81,864
16,651	6,063	22,714	423,713
-	-	-	-
64	112	176	21,441
-	-	-	65,446
150	439	589	9,177
-	-	-	30,962
4,738	4,461	9,199	45,883
88,241	63,820	152,061	925,308
267,292	120,593	387,885	3,084,038
5,930	23,720	29,650	197,663
$ 273,222	$ 144,313	$ 417,535	$ 3,281,701

The accompanying notes are an integral part of these financial statements.

EASTER SEALS SOUTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31,

	2013	2012
Cash flows from operating activities:		
Collections from consumers	$ 1,430,071	$ 1,571,889
Operating expenses paid	(2,762,947)	(3,046,039)
Interest received	5,073	13,423
Other income received	1,393,456	1,235,908
Net cash provided by (used in) operating activities	65,653	(224,819)
Cash flow from investing activities		
(Purchases) of buildings and equipment	(116,923)	(148,299)
Receipt of remainder trust	9,386	365,319
(Purchases) sales of investments, net	17,838	11,483
Net cash (used in) provided by investing activities	(89,699)	228,503
Net (Decrease) Increase in cash and cash equivalents	(24,046)	3,684
Cash and cash equivalents, Beginning of year	110,227	106,543
Cash and cash equivalents, End of year	$ 86,181	$ 110,227

	2013	2012
Reconciliation of Net Assets to net cash from Operating Activities:		
(Decrease) Increase in Net Assets	$ (604,377)	$ (1,034,397)
Adjustments to reconcile (decrease) increase in net assets to cash provided by (used in) operating activities:		
Depreciation	176,665	197,663
Bad debts	68,444	95,766
Change in Value of Split Interest Agreements	(33,113)	(5,885)
Change in Net Assets of Foundation	505,912	392,253
Loss on lease abandonment	-	176,627
(Increase) Decrease in assets:		
Accounts receivable	(61,195)	(32,250)
Prepaid expenses	32,770	(6,629)
Deposits	12,363	-
Increase (Decrease) in liabilities:		
Accounts payable	15,188	7,108
Other accrued expenses	(40,896)	(26,139)
Deferred revenue	3,277	11,088
Deferred revenue - pooled income	(9,385)	(24)
Net cash provided by (used in) operating activities	$ 65,653	$ (224,819)

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Easter Seals Southwest Florida, Inc., (the Organization) is a not-for-profit Organization located in Manatee and Sarasota counties. The Organization creates solutions that change lives for children, adults and families through high quality therapeutic, educational and support services. The Organization offers various programs in achieving its mission, including: day and employment services, community living, early child development, rehabilitation, and Community Services. The Organization is primarily supported through program revenue and contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Financial Accounting Standards Board in the Accounting Standards Codification (ASC).

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity date of three months or less at the date of acquisition to be cash and cash equivalents. Cash and money market funds held with investment accounts are not considered a cash equivalent. The Organization had restricted cash in the amount of $85,226 at August 31, 2013. Cash is restricted based on purpose or time restrictions from donors

Estimates

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

Investments

The Organization reports its investments at fair market value in accordance with generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Activities, and reported as unrestricted, temporarily restricted or permanently restricted depending on the nature of specified restrictions or lack there of.

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts receivable includes both accounts and contracts receivable. Accounts receivable consists of billings to individuals, state agencies, insurance companies, and other third parties. Contracts receivable consists of billings based on contracts with various agencies and organizations to provide rehabilitative, development and child care services. Accounts receivable are recorded at the net realizable value at year end. The Organization uses the allowance method to account for uncollectible receivables. The allowance is estimated based on historical experience and currently known facts and circumstances of specific accounts. An allowance for doubtful accounts has been established for accounts receivable at August 31, 2013 and 2012 in the amount of $40,000.

Bequests Receivable

Bequests are recorded at the date the Organization receives irrevocable notice of its interest in an estate and after the probate court declares a will to be valid. Bequests are recognized as a contribution and a receivable at the fair value interest in the estate.

Remainder Trust Receivable

The Organization has been named the remainderman in various irrevocable charitable remainder trusts. The Organization records a receivable in the amount of the expected benefit upon receiving notification of a legally enforceable benefit. The Organization's beneficial interest in the trust's assets is measured at the present value of the estimated distributions that are expected to be received in the future, which may also be estimated using the fair value of the Organization's interest in the remainder trust's assets at year end. The discount rate utilized to measure the present value of future distributions is based upon the stated rate of return to be received by the designated life income beneficiaries included in the trust's terms.

Property, Plant and Equipment

Property, plant, and equipment are recorded at cost if purchased, and estimated fair value if donated. The Organization's capitalization policy is to capitalize all items of $500 or more with an estimated useful life of more than one year. Buildings and equipment are depreciated using the straight-line method based on the estimated useful lives of the assets ranging from 4 to 40 years. Depreciation expense for the years ended August 31, 2013 and 2012 was $176,665 and $197,663, respectively. Repair and maintenance costs are expensed as incurred and the Organization is not currently planning any major maintenance activities.

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was $35,422 in 2013 and $7,011 in 2012.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as temporarily restricted or permanently restricted support that increases that classification of net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction. All contributions received with donor imposed restrictions, which expire within the same fiscal year, are classified as increases in unrestricted net assets.

Program Revenue

Program revenue includes those revenue items earned from providing services to clients in the ordinary course of business by the Organization. Those revenues are recognized at the time of service and recorded at the amount the Organization expects to collect.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation. Accordingly, no provision has been made for income taxes in the accompanying financial statements. The Organization adopted guidance issued by the FASB on accounting for uncertainty in tax positions. The adoption of this guidance had no effect on the Organization's financial position. Management believes the Organization has no material unrecognized income tax liabilities, including any potential loss of its tax exempt status. The Organization has no ongoing federal, state, or local tax audits; however, the Organization's tax returns for fiscal year end 2010 and subsequent years remain open to examination.

Concentrations Of Credit Risk

The Organization maintains numerous bank accounts at one institution. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. From time to time throughout the year, amounts may exceed FDIC limits. No amounts were in excess of the FDIC limit at August 31, 2013.

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Assets and Services

Donated assets are recorded at their estimated fair market value at the date of donation. Donated assets and services in the amount of $108,823 and $59,832 have been recognized as a revenue and an expense during the years ended August 31, 2013 and 2012, respectively. The donated services were performed by teachers, which were provided by Sarasota and Manatee Counties at no cost to the Organization. The donated assets include goods, such as food, and services received in conjunction with programs and special events.

In addition, a substantial number of volunteers have donated their time to assist the Organization with its program services and fundraising campaigns. These services have not been recorded in the financial statements since an objective basis is not available to measure the value of such services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Fair Value Measurements

The Organization has implemented the requirements of the ASC 820, which establishes a hierarchy framework for measuring fair value of financial instruments, and 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement.)

The three levels of the fair value hierarchy used to measure fair value are described as follows:

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 or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable;
- 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.

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The asset 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.

NOTE B – INVESTMENTS

Investments were as follows:

AUGUST 31, 2013	COST	MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Temporarily restricted funds	$ 28,187	$ 28,812	$ 625
Permanently restricted funds	158,424	161,636	3,212
Total	$ 186,611	$ 190,448	$ 3,837

AUGUST 31, 2012	COST	MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Temporarily restricted funds	$ 28,549	$ 28,831	$ 282
Permanently restricted funds	171,558	179,455	7,897
Total	$ 200,107	$ 208,286	$ 8,179

Investments consist of the following at August 31,:

	2013 FAIR MARKET VALUE	2012 FAIR MARKET VALUE
Money market funds	$ 5,659	$ 7,350
Mutual funds:		
Corporate bond funds	107,906	115,946
Stock funds	66,176	68,123
Commodities	4,679	10,674
Real estate	6,028	6,193
Total	$ 190,448	$ 208,286

Investment income (loss) is comprised of the following amounts at August 31,:

	2013	2012
Interest and dividend income	$ 4,949	$ 5,165
Realized gains (losses) on investments	128	-0-
Unrealized gains (losses) on investments	661	8,258
Total	$ 5,738	$ 13,423

NOTE B - INVESTMENTS - CONTINUED

Fair Value Measurements

The following table sets forth the level, within the fair value hierarchy, of the Organization's assets at fair value at: (see Note A for definitions).

	Assets at Fair Value as of August 31, 2013			
	Level 1	Level 2	Level 3	Totals
Short-term Money Market	$ -0-	$ 5,660	$ -0-	$ 5,660
Equities				
Large Cap	-0-	29,561	-0-	29,561
Mid Cap	2,981	-0-	-0-	2,981
Small Cap	864	-0-	-0-	864
International	-0-	32,769	-0-	32,769
Commodities	4,679	-0-	-0-	4,679
Real Estate Funds	-0-	6,028	-0-	6,028
Fixed Income				
Corporate/Government	-0-	107,906	-0-	107,906
Interest in net assets of Foundation	-0-	-0-	7,060,931	7,060,931
Interest in Remainder Trusts	-0-	-0-	239,484	239,484
Totals	$ 8,524	$ 181,924	$ 7,300,415	$ 7,490,863

	Assets at Fair Value as of August 31, 2012			
	Level 1	Level 2	Level 3	Totals
Short-term Money Market	$ -0-	$ 7,350	$ -0-	$ 7,350
Equities				
Large Cap	-0-	42,605	-0-	42,605
Mid Cap	5,067	-0-	-0-	5,067
Small Cap	687	-0-	-0-	687
International	-0-	19,764	-0-	19,764
Commodities	10,674	-0-	-0-	10,674
Real Estate Funds	-0-	6,193	-0-	6,193
Fixed Income				
Corporate/Government	-0-	115,946	-0-	115,946
Interest in net assets of Foundation	-0-	-0-	7,566,843	7,566,843
Interest in Remainder Trusts	-0-	-0-	215,757	215,757
Totals	$ 16,428	$ 191,858	$ 7,782,600	$ 7,990,886

The following methods and assumptions were used to estimate the fair values of the Organization's financial instruments at August 31, 2013 and 2012:

Short-term money market funds:

The Money market funds are valued at amortized cost, which approximates fair market value. Money market funds seek to preserve net asset value (NAV) of $1.00 per share. Under the amortized cost method, the portfolio instrument is initially valued at cost, and thereafter assumes the constant accretion/amortization to maturity date, or next reset date of any discount or premium.

NOTE B - INVESTMENTS - CONTINUED

Equities:
Equities are valued at the closing price reported in the active market on which the individual securities are traded.

Fixed Income:
Fixed income funds are valued at the closing price reported in the active market in which the bonds are traded. Other fixed income/bond funds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds:
Mutual funds are valued at net asset value (NAV) of shares held at year end. The mutual funds may also be valued as determined by an independent pricing service, based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity, and type; indications as to values from dealers; and general market conditions.

Interest in net assets of the Foundation:
Interest in net assets of the Foundation is measured at the fair value of the Organization's interest in the net assets of the Foundation at year end. The Foundation holds short-term money market funds, equity securities, and equity and fixed income traded funds. The Foundation also has beneficial interests in perpetual trusts, which are recorded at the fair value of the underlying investments of the trusts multiplied by the Foundation's interest in the trusts.

Interest in the remainder trusts:
The interest in the remainder trusts are measured at the fair value of the Organization's beneficial interest in the trust's assets as determined by the present value of the estimated distributions that are expected to be received in the future, which also estimates the fair value of the Organization's interest in the remainder trust's assets at year end. The Organization calculates its interest by considering the age of the remainder-man and using a discount rate for expected future distributions multiplied by fair value of the assets.

The following tables set forth a summary of the changes in fair value of the assets classified as Level 3 on a recurring basis:

Interest in Net Assets of Foundation	8/31/13	8/31/12
Beginning Balance	$ 7,566,843	$ 7,959,096
Change in value of interest in net assets of Foundation	(505,912)	(392,253)
Ending Balance	$ 7,060,931	$ 7,566,843

NOTE B - INVESTMENTS - CONTINUED

Interest in Remainder Trusts	8/31/13	8/31/12
Beginning Balance	$ 215,757	$ 575,191
Distributions received	-0-	(365,286)
Change in value of interest in remainder Trusts	23,727	5,852
Ending Balance	$ 239,484	$ 215,757

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE C - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at August 31, 2013 and 2012:

	2013		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Land	$ 438,671	$ -0-	$ 438,671
Land improvements	248,794	173,002	75,792
Buildings and improvements	2,707,154	1,919,943	787,211
Vehicles	409,677	298,962	110,715
Furniture, fixtures and Equipment	383,751	322,076	61,675
Total	$ 4,188,047	$ 2,713,983	$ 1,474,064

	2012		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Land	$ 438,671	$ -0-	$ 438,671
Land improvements	248,794	162,042	86,752
Buildings and improvements	2,677,689	1,797,658	880,031
Vehicles	436,789	334,077	102,712
Furniture, fixtures and Equipment	322,236	296,596	25,640
Total	$ 4,124,179	$ 2,590,373	$ 1,533,806

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available consist of the following at August 31,:

	2013	2012
Charitable Remainder Trusts	$ 239,485	$ 215,757
Grants Restricted by donors	85,226	85,224
Pooled Income fund	19,037	9,654
Total	$ 343,748	$ 310,635

Temporarily restricted net assets in the amount of $381,481 were released from restrictions during fiscal year 2012 for the purpose of providing assistance to individuals with disabilities.

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of an endowment fund held by Northern Trust, in the amount of $161,636 from which the income is available for use to support the Organization, at the discretion of the trustees. Permanently restricted net assets in the amount of $17,819, which amounted to distributions in excess of earnings, were released from restrictions during fiscal year 2013. In addition, the Organization's interest in the net assets of Easter Seals Southwest Florida Foundation, Inc., (Foundation) in the amount of $7,060,931 has been recorded as permanently restricted net assets at August 31, 2013.

NOTE F - ENDOWMENT

The Organization has one donor restricted endowment fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment is considered permanently restricted based on donor imposed restrictions on the principal balance. Income from the endowment is distributed and used in accordance with the endowment document. Investment income is appropriated for distribution pursuant to the document and as such, is included as part of the change in unrestricted net assets, unless required to be retained as part of the permanently restricted net assets.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the presentation 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. Distributions of principal in excess of earnings are allowed pursuant to the document. As a result of this interpretation, the Organization classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction

NOTE F - ENDOWMENT - CONTINUED

of the applicable donor gift instrument at the time the accumulation is added to the fund, net of any distributions in excess of earnings. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulated donor restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Organization and 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
7) The investment policies of the Organization

Investment Policies

The Organization's overall investment policy covers the endowment fund. The Organization manages contributions in a manner that will maximize the benefit intended by the donor, produce income to support the work of the Organization, and achieve growth of principal value sufficient to increase the purchasing power of the assets over time. Secondarily, the objective is to maintain a sufficient degree of flexibility to meet the changing environment.

Assets are diversified to insure that adverse results from any one security or securities will not have a detrimental impact on the entire portfolio. Asset allocation is an important tool to achieve desired results. The decision on how to allocate assets is based on the needs and circumstances during any period of time.

The following risk parameters are in place:

	Percent of Total Fund		
	Minimum	Target	Maximum
Cash and cash equivalents	5%	5%	10%
Equities	30%	55%	75%
Fixed Income	25%	30%	70%
Alternatives (e.g. hedging, managed futures, private equity)	5%	10%	15%

In addition, no more than 10% may be concentrated in equities or a fixed income strategy of a single company or 15% in the same industry. Investments in any one company may not exceed 5% of its common shares outstanding. All fixed income issues shall be investment grade or better as rated by S&P or Moodys.

Strategies, Objectives and Spending Policies

All of the investment objectives and strategies are in place to achieve the Organization's mission. Distributions are in accordance with the endowment document and considers

NOTE F - ENDOWMENT - CONTINUED

both the short and long-term expected returns of the endowment fund. Overall, the Board's policy is to protect and preserve the assets and appropriate amounts necessary and allowable in accordance with the terms of the endowment document. The Board appropriates spending through the budget process. The investment policy contemplates a distribution of approximately 10% of the average asset market values for the most recent three fiscal years.

For the years ended August 31, 2013 and 2012, the Organization had the following endowment-related activities, (all of which are permanently restricted):

	2013	2012
Beginning Balance	$ 179,455	$ 191,421
Investment return		
Investment income	4,265	4,445
Net appreciation (depreciation) of value	756	7,810
Appropriated for expenditure	(22,840)	(24,221)
Ending Balance	$ 161,636	$ 179,455

NOTE G - RETIREMENT PLAN

Effective January 1, 2003, the Organization instituted a deferred variable annuity plan under Section 403(b) of the Internal Revenue Code. Under provisions of the plan, employees may defer a portion of their salaries up to a maximum amount as allowed under the Internal Revenue Code. The Organization may make a discretionary matching contribution as determined by the Board of Directors. During 2012, the Organization matched 100% of participant contributions up to 3% of the participant's gross wages. On January 1, 2013 the discretionary matching contribution was suspended. Matching contributions totaled $10,895 and $32,913 for 2013 and 2012, respectively.

NOTE H - RELATED PARTY TRANSACTIONS

The Easter Seals Southwest Florida Foundation, Inc. (Foundation) was organized in 1995 for the purpose of supporting the Organization. An independent Board of Trustees directs the Foundation.

During the fiscal year ended August 31, 2013 the Organization received support from the Foundation in the amount of $1,097,341. This amount represented contributions of $547,591 for operations, development, and capital, as well as $29,868 for marketing, $115,669 for wages, $20,977 for benefits, and $1,958 for supplies, $1,542 for board expenses, and $379,736 as a distribution of a beneficial interest in a perpetual trust which was dissolved by the trustee.

The offices of the Foundation are located in the building, which is owned and occupied by the Organization. The value of the office space is immaterial to these financial statements.

NOTE H - RELATED PARTY TRANSACTIONS - CONTINUED

The Organization, a beneficiary of permanent transfers made to the Foundation, has reported an asset for its interest in the net assets of the Foundation in accordance with generally accepted accounting principles.

Basically, if the specified beneficiary is financially interrelated to the recipient organization, the beneficiary must recognize its interest in the net assets of the recipient organization. The Organization is financially interrelated to the Foundation and therefore, is required to report its beneficial interest in the net assets of the Foundation.

The interest in the net assets of the Foundation is considered a part of permanently restricted net assets. At August 31, 2013 and 2012, the Organization's interest in the net assets of the Foundation was $7,060,931 and $7,566,843, respectively.

The Organization's change in interest in the net assets of the Foundation has been recorded as a change to permanently restricted net assets in the Statement of Activities for the years ended August 31:

	2013	2012
Adjustment for change in interest In net assets of Foundation	$ (505,912)	$ (392,253)

The Foundation has approved a $500,000 line-of-credit to the Organization to cover operating costs. The line does not contemplate interest and must be paid to a $-0- balance at least once during each year. At August 31, 2013 and 2012, there was no outstanding balance on the line-of-credit.

NOTE I - RENT

The Organization has signed an agreement to rent a portion of its facility to the Manatee County School Board under an operating lease agreement. The lease expired on July 1, 2013 and was not renewed.

Current year rental income under this agreement was $89,233.

NOTE J - CONTINGENCIES

The Organization is currently involved in litigation with various parties. The outcome of these matters and potential losses to the Organization cannot be determined. As a result, no liability has been recorded in these financial statements. It is at least reasonably possible that additional liabilities could result in the near term.

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 6, 2014 the date on which the financial statements were available to be issued.