



FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

EASTER SEALS MASSACHUSETTS, INC.

Contents
August 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors of
Easter Seals Massachusetts, Inc.:

Opinion

We have audited the financial statements of Easter Seals Massachusetts, Inc. (a Massachusetts nonprofit corporation) (the Organization), which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, which raise substantial doubt about the Organization'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 GAAS 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Westborough, Massachusetts
November 25, 2024

EASTER SEALS MASSACHUSETTS, INC.Statements of Financial Position
August 31, 2024 and 2023

Assets	2024	2023
Current Assets:		
Cash	\$ 582,009	\$ 413,455
Program fees receivable, net	742,899	795,050
Grants and contributions receivable, net	1,179,146	1,266,167
Prepaid expenses and other	109,250	119,806
Total current assets	<u>2,613,304</u>	<u>2,594,478</u>
Restricted Cash	448,734	445,889
Investments	13,266,687	12,558,320
Assets Held for Others	1,588,007	1,395,779
Right-of-Use Assets - Operating	1,713,862	1,719,213
Property and Equipment, net	<u>7,900,801</u>	<u>8,027,025</u>
Total assets	<u><u>\$ 27,531,395</u></u>	<u><u>\$ 26,740,704</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of notes payable	\$ 16,770	\$ 113,932
Current portion of operating lease liability	318,969	257,615
Accounts payable and accrued expenses	951,234	969,757
Advances for AT loans	504,784	510,198
Deferred revenue	-	164,185
Total current liabilities	<u>1,791,757</u>	<u>2,015,687</u>
Operating Lease Liability, net of current portion	1,394,771	1,462,939
Notes Payable, net of current portion	368,016	-
Assets Held for Others	<u>1,588,007</u>	<u>1,395,779</u>
Total liabilities	<u>5,142,551</u>	<u>4,874,405</u>
Net Assets:		
Without donor restrictions:		
Operating	12,608,496	11,792,469
Property and equipment	<u>7,516,015</u>	<u>8,027,025</u>
Total without donor restrictions	<u>20,124,511</u>	<u>19,819,494</u>
With donor restrictions	<u>2,264,333</u>	<u>2,046,805</u>
Total net assets	<u>22,388,844</u>	<u>21,866,299</u>
Total liabilities and net assets	<u><u>\$ 27,531,395</u></u>	<u><u>\$ 26,740,704</u></u>

The accompanying notes are an integral part of these statements.

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EASTER SEALS MASSACHUSETTS, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended August 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support:						
Program fees	\$ 7,999,117	\$ -	\$ 7,999,117	\$ 7,639,535	\$ -	\$ 7,639,535
Government grants	6,605,807	-	6,605,807	5,945,852	-	5,945,852
Grants and contributions	804,573	9,300	813,873	1,265,399	108,340	1,373,739
Special events	350,310	-	350,310	95,932	-	95,932
Legacies and bequests	27,083	-	27,083	68,840	-	68,840
Net assets released from restrictions	100,000	(100,000)	-	-	-	-
Total operating revenue and other support	15,886,890	(90,700)	15,796,190	15,015,558	108,340	15,123,898
Operating Expenses:						
Program services	14,304,099	-	14,304,099	12,351,059	-	12,351,059
General and administrative	2,229,983	-	2,229,983	1,979,400	-	1,979,400
Fundraising	635,068	-	635,068	524,662	-	524,662
Total operating expenses	17,169,150	-	17,169,150	14,855,121	-	14,855,121
Changes in net assets from operations	(1,282,260)	(90,700)	(1,372,960)	160,437	108,340	268,777
Non-Operating Revenue:						
Net investment return	1,492,777	308,228	1,801,005	1,005,789	160,061	1,165,850
In-kind property and equipment	94,500	-	94,500	52,342	-	52,342
Total non-operating revenue	1,587,277	308,228	1,895,505	1,058,131	160,061	1,218,192
Changes in net assets	305,017	217,528	522,545	1,218,568	268,401	1,486,969
Net Assets:						
Beginning of year	19,819,494	2,046,805	21,866,299	18,600,926	1,778,404	20,379,330
End of year	\$ 20,124,511	\$ 2,264,333	\$ 22,388,844	\$ 19,819,494	\$ 2,046,805	\$ 21,866,299

The accompanying notes are an integral part of these statements.

EASTER SEALS MASSACHUSETTS, INC.
Statements of Cash Flows
For the Years Ended August 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Changes in net assets	\$ 522,545	\$ 1,486,969
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	409,582	204,456
Net investment return	(1,801,005)	(1,165,850)
In-kind property and equipment	(94,500)	(52,342)
Changes in operating assets and liabilities:		
Program fees receivable	52,151	503
Change in right-of-use assets and liabilities	(1,463)	1,341
Grants and contributions receivable	87,021	(534,743)
Prepaid expenses and other	10,556	(15,320)
Accounts payable and accrued expenses	(18,523)	123,564
Advances for AT loans	(5,414)	(6,244)
Deferred revenue	(164,185)	(167,002)
Net cash used in operating activities	<u>(1,003,235)</u>	<u>(124,668)</u>
Cash Flows from Investing Activities:		
Proceeds from sales of investments	3,158,006	1,178,844
Purchase of investments	(2,065,368)	(1,195,135)
Purchase of property and equipment	(188,858)	(444,062)
Net cash provided by (used in) investing activities	<u>903,780</u>	<u>(460,353)</u>
Cash Flows from Financing Activities:		
Proceeds from notes payable	384,786	-
Principal payments on notes payable	(113,932)	(230,931)
Net cash provided by (used in) financing activities	<u>270,854</u>	<u>(230,931)</u>
Net Change in Cash and Restricted Cash	171,399	(815,952)
Cash and Restricted Cash:		
Beginning of year	<u>859,344</u>	<u>1,675,296</u>
End of year	<u><u>\$ 1,030,743</u></u>	<u><u>\$ 859,344</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u><u>\$ 20,327</u></u>	<u><u>\$ 9,056</u></u>
Reconciliation of Cash and Restricted Cash Reported Within the Statements of Financial Position:		
Cash	\$ 582,009	\$ 413,455
Restricted cash	<u>448,734</u>	<u>445,889</u>
Total cash and restricted cash	<u><u>\$ 1,030,743</u></u>	<u><u>\$ 859,344</u></u>

EASTER SEALS MASSACHUSETTS, INC.

Statement of Functional Expenses

For the Year Ended August 31, 2024

(With Summarized Comparative Totals for the Year Ended August 31, 2023)

	2024								2023	
	Program Services					Support Services				
	Rehabilitation Services	Assistive Technology Services	Other Community Services	Bridge Center	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total	Total
Personnel and Related Costs:										
Salaries and contracted services	\$ 2,920,080	\$ 2,543,507	\$ 3,159,471	\$ 602,947	\$ 9,226,005	\$ 1,210,519	\$ 369,545	\$ 1,580,064	\$ 10,806,069	\$ 9,658,612
Benefits	372,819	371,012	412,525	66,629	1,222,985	174,639	55,862	230,501	1,453,486	1,129,219
Payroll taxes	218,671	180,838	234,145	44,036	677,690	90,854	27,138	117,992	795,682	704,400
Total personnel and related costs	3,511,570	3,095,357	3,806,141	713,612	11,126,680	1,476,012	452,545	1,928,557	13,055,237	11,492,231
Other Operating Costs:										
Assistance to individuals	-	1,528,095	32,692	20	1,560,807	-	-	-	1,560,807	1,090,054
Occupancy	6,630	98,838	48,748	102,280	256,496	163,235	11,057	174,292	430,788	495,437
Depreciation	2,107	53,361	38,630	259,630	353,728	54,051	1,803	55,854	409,582	204,456
Equipment, software and repairs	32,115	89,780	88,398	45,114	255,407	120,660	30,649	151,309	406,716	439,530
Professional fees	700	-	82,918	33,250	116,868	93,088	67,346	160,434	277,302	258,888
Insurance	-	-	-	41,182	41,182	100,587	-	100,587	141,769	147,641
Travel and transportation	36,926	66,068	20,778	6,143	129,915	7,987	240	8,227	138,142	149,748
Telecommunications	9,948	18,488	5,875	15,181	49,492	76,305	1,054	77,359	126,851	104,614
Bank and other service fees	-	1,083	103,330	11,784	116,197	2,257	4,006	6,263	122,460	100,261
Other	66	954	1,962	423	3,405	79,052	927	79,979	83,384	11,916
Recruitment	25,878	21,091	22,827	257	70,053	11,256	806	12,062	82,115	75,815
Membership fees	-	-	59,403	-	59,403	-	-	-	59,403	73,125
Special events	-	-	587	-	587	-	53,043	53,043	53,630	13,134
Books, dues, subscriptions and filing fees	15,450	10,634	11,675	833	38,592	8,824	2,346	11,170	49,762	51,899
Postage and printing	661	18,896	5,428	1,150	26,135	22,475	781	23,256	49,391	40,555
Office supplies	124	3,994	4,335	25,826	34,279	6,027	76	6,103	40,382	35,936
Meetings and conferences	3,832	3,516	24,568	1,240	33,156	5,016	1,387	6,403	39,559	30,963
Advertising and marketing materials	26	-	12,132	1,883	14,041	500	7,002	7,502	21,543	29,862
Interest	-	-	-	17,676	17,676	2,651	-	2,651	20,327	9,056
Total other operating costs	134,463	1,914,798	564,286	563,872	3,177,419	753,971	182,523	936,494	4,113,913	3,362,890
Total expenses	\$ 3,646,033	\$ 5,010,155	\$ 4,370,427	\$ 1,277,484	\$ 14,304,099	\$ 2,229,983	\$ 635,068	\$ 2,865,051	\$ 17,169,150	\$ 14,855,121

EASTER SEALS MASSACHUSETTS, INC.

Statement of Functional Expenses
For the Year Ended August 31, 2023

	Program Services					Support Services			
	Rehabilitation Services	Assistive Technology Services	Other Community Services	Bridge Center	Total Program Services	General and Adminis- trative	Fundraising	Total Support Services	Total
Personnel and Related Costs:									
Salaries and contracted services	\$ 3,268,363	\$ 1,893,712	\$ 2,871,859	\$ 162,052	\$ 8,195,986	\$ 1,126,932	\$ 335,694	\$ 1,462,626	\$ 9,658,612
Benefits	347,948	234,292	323,658	32,595	938,493	147,440	43,286	190,726	1,129,219
Payroll taxes	240,741	134,634	214,183	12,621	602,179	77,366	24,855	102,221	704,400
Total personnel and related costs	3,857,052	2,262,638	3,409,700	207,268	9,736,658	1,351,738	403,835	1,755,573	11,492,231
Other Operating Costs:									
Assistance to individuals	613	1,062,351	27,090	-	1,090,054	-	-	-	1,090,054
Occupancy	6,630	96,236	47,707	171,792	322,365	160,530	12,542	173,072	495,437
Depreciation	1,057	13,657	31,215	126,801	172,730	30,821	905	31,726	204,456
Equipment, software and repairs	18,586	127,187	88,887	66,576	301,236	117,154	21,140	138,294	439,530
Professional fees	130	130	94,835	30,887	125,982	79,706	53,200	132,906	258,888
Insurance	-	-	-	58,325	58,325	89,316	-	89,316	147,641
Travel and transportation	50,349	62,187	20,710	8,181	141,427	8,008	313	8,321	149,748
Telecommunications	10,144	7,484	6,053	7,963	31,644	71,728	1,242	72,970	104,614
Bank and other service fees	-	-	81,342	11,382	92,724	3,242	4,295	7,537	100,261
Other	431	704	4,803	959	6,897	2,823	2,196	5,019	11,916
Recruitment	44,106	-	23,511	130	67,747	7,646	422	8,068	75,815
Membership fees	-	-	73,125	-	73,125	-	-	-	73,125
Special events	-	-	249	-	249	354	12,531	12,885	13,134
Books, dues, subscriptions and filing fees	7,835	11,716	10,090	10,197	39,838	8,476	3,585	12,061	51,899
Postage and printing	348	4,973	7,047	568	12,936	25,385	2,234	27,619	40,555
Office supplies	-	3,023	9,017	16,888	28,928	6,451	557	7,008	35,936
Meetings and conferences	6,540	4,606	13,284	344	24,774	3,966	2,223	6,189	30,963
Advertising and marketing materials	-	2,503	19,932	985	23,420	3,000	3,442	6,442	29,862
Interest	-	-	-	-	-	9,056	-	9,056	9,056
Total other operating costs	146,769	1,396,757	558,897	511,978	2,614,401	627,662	120,827	748,489	3,362,890
Total expenses	\$ 4,003,821	\$ 3,659,395	\$ 3,968,597	\$ 719,246	\$ 12,351,059	\$ 1,979,400	\$ 524,662	\$ 2,504,062	\$ 14,855,121

The accompanying notes are an integral part of these statements.

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

1. OPERATIONS AND NONPROFIT STATUS

Operations

Easter Seals Massachusetts, Inc. (the Organization) is a Massachusetts not-for-profit organization that provides services to ensure that children and adults with disabilities have equal opportunities to live, learn, work, and play. These services include rehabilitation services, recreational activities, employment and training services, technological assistance, advocacy, and public education programs that are provided in communities throughout Massachusetts. In addition, the Organization is the administrator of the Massachusetts Assistive Technology Loan Program (MATLP) (see Note 8). The Organization maintains its headquarters in Worcester, Massachusetts and has a technology and training center in Boston. The Organization also operates a 22-acre campus in Bridgewater, Massachusetts (The Bridge Center) providing camps, therapy services, equine programs, and other programs to individuals with physical and developmental disabilities.

Nonprofit Status

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors can deduct contributions made to the Organization within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Adoption of Accounting Standard

In June 2016, FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaces the "incurred loss" credit losses framework with a new accounting standard that requires management's measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. This amendment was adopted effective September 1, 2023, using the modified retrospective method.

Based on the composition of the Organization's program service fees receivable and expected future losses, the adoption of ASC Topic 326 did not have a material impact on the Organization's fiscal year 2024 financial statements and primarily resulted in new and enhanced disclosures.

Revenue Recognition

The Organization's primary sources of revenue include government grants and fees for services provided to schools, health care facilities and individuals. Amounts received under grants from various state and local agencies, grants and contributions, special events, and legacies and bequests have been recorded in accordance with ASC Subtopic 958-605 (see page 8). Program fees are recorded in accordance with ASC Topic 606.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barriers or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as refundable advance liabilities until such conditions are met. See Note 16 for disclosure of the Organization's conditional grants at August 31, 2024 and 2023.

Revenue from Federal, state and private grant agreements, which are generally considered non-exchange transactions, are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenues are recognized upon meeting the said conditions. Funding received in advance of recognition is recorded as refundable advances.

Grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as net assets with donor restrictions. Net assets with donor restrictions are released from restrictions as costs are incurred or time or program restrictions have been met. Donor restricted grants and contributions received and released in the same year are recorded as revenue without donor restrictions.

Legacies are recorded upon receipt. Bequests are recorded when there is an irrevocable right to the bequest and the proceeds are determinable.

Program Fees

The Organization generally measures revenue from exchange transactions based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue recognition based on the five-step model under ASC Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Program fees revenue represents fees for rehabilitation, therapy, transitional assistive technology, student services and other services provided to schools, health care facilities, and individuals. Program fees contain a single performance obligation (hours of service), and revenue is recognized over time as the services are rendered (output method), provided that no significant obligations remain, and collection of the receivable is considered probable. Program fees are invoiced monthly and are due within thirty days of invoice.

When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying the practical expedient in ASC paragraph 606-10-32-18, the Organization does not assess whether a significant financing component exists if the period between when it performs its obligations under the contract and when the customer pays is one year or less. None of the Organization's contracts contained a significant financing component as of August 31, 2024 and 2023.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Events

Special event revenues and contributions are recognized in the period the event takes place.

Deferred Revenue

Deferred revenue consists of program fees received in advance of being earned.

Advance for AT Loans

Advance for AT loans consists of advanced payments of approximately \$505,000 and \$510,000 related to the MATLP (see Note 8) as of August 31, 2024 and 2023, respectively.

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets, as well as the accompanying statements of functional expenses. Management has developed equitable methodologies for expense allocations that are carried out monthly. The Organization currently has five types of expenses that are allocated in this manner: depreciation, occupancy, benefits and payroll taxes, program service management, and general and administrative.

The expense allocation methodologies are based on the following:

- Depreciation - the department purchasing or using the asset.
- Occupancy - square footage utilized.
- Benefits and payroll taxes - each department's weighted average of payroll expense for the month.
- Assistance to individuals- allocated only to program service departments based on a weighted average of all direct expenses as established at the beginning of the budget year.
- General and administrative - each department's weighted average of all direct expenses for the month.

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3: Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Cash

Cash in the accompanying statements of financial position, and for purposes of the statements of cash flows, consists of cash on hand in the Organization's operating checking account and excludes brokerage cash in the investment portfolio (see Note 3).

Restricted Cash

Restricted cash consists of advanced payments from the Massachusetts Rehabilitation Commission for the Organization's MATLP (see Note 8). Restricted cash is presented as long-term based on the intended usage of the cash for the program.

Net Assets

Without Donor Restrictions

Net assets without donor restrictions include those net resources of the Organization that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

Operating net assets represent net assets which are available for operations.

Property and equipment net assets represent amounts expended and resources available for property and equipment.

With Donor Restrictions

Net assets with donor restrictions are those amounts received with donor restrictions that have not yet been expended for their designated purpose. Net assets with donor restrictions also include assets which are intended to be held in perpetuity, and the related accumulated unspent appreciation and earnings on such restricted funds. In accordance with Massachusetts law, all earnings and appreciation of a donor restricted endowment are restricted until appropriated by the Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and other support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue includes investment and capital activity.

Program Fees Receivable and Allowance For Credit Losses

Program fees receivable are stated at the amount of consideration the Organization expects to be entitled for performing services. Program fees receivable are presented net of the Organization's allowance for credit losses as of August 31, 2024, and allowance for doubtful accounts as of August 31, 2023. Beginning on September 1, 2023, the Organization accounts for credit losses under ASC Topic 326 using an expected credit loss impairment mode for financial instruments. The Organization's expected credit allowance methodology for program fees receivable is developed using historical experience, present economic conditions, and other relevant factors management considers relevant to estimate expected credit losses. Management performs ongoing evaluations of the Organization's existing and potential customer's creditworthiness. Prior to the adoption of Topic 326, an allowance for potentially uncollectible accounts was recorded based upon management's analysis of specific accounts and their estimate of accounts may be uncollectible. As of August 31, 2024 and 2023, the allowance for credit losses (doubtful accounts) was \$60,722 and \$90,775, respectively. Recoveries of program fees receivable previously written-off are recorded when received.

Program fees receivable as of September 1, 2022, were \$757,903.

Grants and Contributions Receivable and Allowance

Grants and contributions receivable consist of amounts committed by private donors and the Commonwealth of Massachusetts under government grant agreements. Grants and contributions are recorded at their net present value when unconditionally committed. An allowance for uncollectible grants and contributions receivable is recorded based on management's analysis of specific accounts and collection history. As of August 31, 2024 there was an allowance for potentially uncollectible grants and contributions receivable of \$96,160. As of August 31, 2023, there was no allowance for grants and contributions receivable was deemed necessary.

Investments and Investment Income

The Organization's investments in equity and debt securities are reported at fair value. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Alternative investments are also reported at fair value. In accordance with the ASC Subtopic, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, the Organization used the alternative investment fund's net asset value per share to calculate and report the fair value of the alternative investment.

Realized and unrealized gains and losses are reflected in the accompanying statements of activities and changes in net assets and are included in net investment return. Investment income and realized and unrealized gains and losses on investments are included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Interest income is recorded as earned and dividend income is recorded on the ex-dividend date.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment

The Organization allocates investment income in accordance with donor restrictions and Massachusetts law, including the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Organization.

The endowments include those net assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. The Organization's endowment consists of the General Endowment Fund, the Richard A. LaPierre Pioneer Fund (the Pioneer Fund), and the Easter Seals Assistive Technology Endowment Fund, which supports the Organization's Assistive Technology program (see Note 9). Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments.

Interpretation of Relevant Law

Management of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift, as of the gift date, of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effects of inflation and deflation
- Expected total return from income and the appreciation of investments
- Organization's other resources
- Organization's investment policies

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires in order to maintain the perpetual duration of the fund. Deficiencies of this nature are reported in net assets with donor restrictions and generally result from unfavorable market fluctuations. There were no deficiencies of this type as of August 31, 2024 and 2023.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for its endowment investments that attempts to provide a predictable stream of funding to programs supported by its endowment. This investment policy is continuously monitored by the Organization's Investment Committee. To satisfy its long-term rate-of-return objectives, the investment policy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains and losses) and current yield (interest and dividends). The investment policy targets a diversified asset allocation that places a greater emphasis on equity-based investments, including mutual funds, to achieve its long-term return objectives within prudent risk constraints.

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment (Continued)

Spending Policy

The donors have specified that income and appreciation on the Pioneer Fund may be spent to the extent that the Organization preserves the value of the original donations in constant dollars. Management estimates the constant dollar value based on changes in the United States Department of Labor Bureau of Statistics Consumer Price Index-All Urban Consumers (CPI-U). The entire constant dollar value of the Pioneer Fund has been classified as net assets with donor restrictions (see Note 9).

The donors have specified that up to fifty percent of the income and appreciation on the Easter Seals Assistive Technology Endowment Fund may be used for operations during the year. The Organization did not use any investment income to fund operations during the years ended August 31, 2024 and 2023.

In accordance with management's goal of building the value of the General Endowment Fund (see Note 9), none of the General Endowment Fund's accumulated appreciation or earnings have been appropriated for expenditure during the years ended August 31, 2024 and 2023.

Property and Equipment and Depreciation

Property and equipment acquisitions are recorded at cost, if purchased, or at fair value at the time of donation, if donated. The Organization's capitalization threshold is \$5,000 with a useful life of greater than one year. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and improvements	10 - 25 years
Furniture and fixtures	3 - 10 years
Livestock	30 years

Land is not depreciated.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines such assets are leased because the Organization has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Leases result in the recognition of ROU lease assets - operating and operating lease liabilities on the statement of financial position. ROU lease assets - operating represent the right to use an underlying asset for the lease term, and operating lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. There are no finance leases as of August 31, 2024 and 2023.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the U.S. Department of the Treasury risk free rate on the commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of twelve months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at August 31, 2024 and 2023. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Advertising and Promotional Costs

The Organization expenses advertising and promotional costs as incurred. During the years ended August 31, 2024 and 2023, the Organization incurred advertising expenses of \$21,543 and \$29,862, respectively, which are reflected as advertising and marketing materials in the accompanying statements of functional expenses.

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Nonfinancial Assets

Donated goods and services are reflected as contributions at their fair value at date of donation and are reported as revenue without donor restrictions unless explicit donor stipulations specify how donated assets must be used. These amounts have been reported as in-kind property and equipment in the accompanying statements of activities and changes in net assets (see Note 5). The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. There were no contributed services received during the years ended August 31, 2024 and 2023.

The Organization's policy related to donated goods and services is to utilize the donated goods and services to carry out the mission of the Organization.

All in-kind gifts received by the Organization for the years ended August 31, 2024 and 2023, were considered without donor restriction and able to be used by the Organization as determined by management.

Subsequent Events

Subsequent events have been evaluated through November 25, 2024, which is the date the financial statements were available to be issued. There were no events that met the criteria for disclosure.

3. INVESTMENTS

Investments are stated at fair value as of August 31, 2024 and 2023, and consist of the following:

Investment Type	2024			
	Level 1	Level 2	Level 3	Total
Brokerage Cash	\$ 262,885	\$ -	\$ -	\$ 262,885
Equity Securities:				
Consumer Sector	3,488,734	-	-	3,488,734
Information Technology Sector	2,035,963	-	-	2,035,963
Health Care Sector	828,340	-	-	828,340
Financial Sector	942,783	-	-	942,783
Total Equity Securities	<u>7,295,820</u>	<u>-</u>	<u>-</u>	<u>7,295,820</u>
Fixed Income:				
Domestic Corporate Bonds	-	2,460,541	-	2,460,541
U.S. Government Bonds	-	<u>1,202,073</u>	-	<u>1,202,073</u>
Total Fixed Income	<u>-</u>	<u>3,662,614</u>	<u>-</u>	<u>3,662,614</u>
Mutual Funds:				
Equity	1,156,991	-	-	1,156,991
Fixed Income	<u>535,491</u>	<u>-</u>	<u>-</u>	<u>535,491</u>
Total Mutual Funds	<u>1,692,482</u>	<u>-</u>	<u>-</u>	<u>1,692,482</u>
	<u>\$ 9,251,187</u>	<u>\$ 3,662,614</u>	<u>\$ -</u>	12,913,801
Alternative Investments*				<u>352,886</u>
Total Investments				<u>\$ 13,266,687</u>

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

3. INVESTMENTS (Continued)

<u>Investment Type</u>	2023			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Brokerage Cash	\$ 316,036	\$ -	\$ -	\$ 316,036
Equity Securities:				
Consumer Sector	3,432,686	-	-	3,432,686
Information Technology Sector	1,937,408	-	-	1,937,408
Health Care Sector	915,963	-	-	915,963
Financial Sector	645,810	-	-	645,810
Total Equity Securities	<u>6,931,867</u>	<u>-</u>	<u>-</u>	<u>6,931,867</u>
Fixed Income:				
Domestic Corporate Bonds	-	2,231,527	-	2,231,527
U.S. Government Bonds	-	<u>1,222,871</u>	-	<u>1,222,871</u>
Total Fixed Income	<u>-</u>	<u>3,454,398</u>	<u>-</u>	<u>3,454,398</u>
Mutual Funds:				
Equity	1,016,268	-	-	1,016,268
Fixed Income	<u>539,272</u>	<u>-</u>	<u>-</u>	<u>539,272</u>
Total Mutual Funds	<u>1,555,540</u>	<u>-</u>	<u>-</u>	<u>1,555,540</u>
	<u>\$ 8,803,444</u>	<u>\$ 3,454,398</u>	<u>\$ -</u>	12,257,842
Alternative Investments*				<u>300,478</u>
Total Investments				<u>\$ 12,558,320</u>

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

The following is a description of the valuation methodologies used for assets measured at fair value:

Equity securities are valued at the daily closing price as reported by the exchange on which the applicable security is traded (active market).

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Corporate and government bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available. Corporate and government bonds seek to preserve capital while also providing a competitive level of income over time.

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

3. INVESTMENTS (Continued)

Alternative investments are valued at the fair value of those financial assets based on the NAV of those assets. Absent the development of quantitative unobservable inputs by the Organization, the pricing for these assets is based on third-party pricing information, without adjustment by the Organization.

There have been no changes in the fair value measurement methodologies used for the years ended August 31, 2024 and 2023.

Investments are not insured and are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term. These changes could materially affect the amounts reported in the accompanying statements of financial position and the statements of activities and changes in net assets.

Investments are classified as long-term based on management's intent.

The alternative investment strategy relating to the Organization's investment in the Advantage Advisers Xanthus Fund, LLC (the Fund) is to achieve maximum capital appreciation. To do this, the Fund invests in a portfolio consisting generally of U.S. and foreign companies that its investment advisors believe are well positioned to benefit from demand for their products or services, particularly companies that can innovate or grow rapidly relative to their peers in the market.

4. ENDOWMENT

The change in the endowment balance by net asset classification for the years ended August 31, 2024 and 2023, consists of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, August 31, 2022	\$ 115,253	\$ 1,592,059	\$ 1,707,312
Net investment return:			
Interest and dividend income, net of fees	6,518	-	6,518
Net realized and unrealized losses	<u>-</u>	<u>133,713</u>	<u>133,713</u>
Total investment returns	<u>6,518</u>	<u>133,713</u>	<u>140,231</u>
Endowment net assets, August 31, 2023	121,771	1,725,772	1,847,543
Net investment return:			
Interest and dividend income, net of fees	9,322	26,950	36,272
Net realized and unrealized gains	<u>-</u>	<u>247,644</u>	<u>247,644</u>
Total investment returns	<u>9,322</u>	<u>274,594</u>	<u>283,916</u>
Endowment net assets, August 31, 2024	<u>\$ 131,093</u>	<u>\$ 2,000,366</u>	<u>\$ 2,131,459</u>

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

5. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,150,000	\$ 1,150,000
Buildings and improvements	5,850,000	5,850,000
Furniture and fixtures	1,627,097	1,098,896
Livestock	68,000	20,000
Projects in process	<u>10,500</u>	<u>303,343</u>
	8,705,597	8,422,239
Less - accumulated depreciation	<u>804,796</u>	<u>395,214</u>
	<u>\$ 7,900,801</u>	<u>\$ 8,027,025</u>

Projects in process consists mainly of additions to the Bridge Center and are expected to be placed into service in fiscal year 2025.

During fiscal years 2024 and 2023, the Organization received in-kind livestock and other assets of \$94,500 and \$52,342, respectively.

6. LINE OF CREDIT

The Organization maintains a \$1,750,000 secured revolving line of credit with a bank, which is in effect until terminated by the bank or the Organization. Interest on borrowings is payable monthly at the bank's corporate base lending rate (8.5% at August 31, 2024 and 2023). Principal is due on demand and the line of credit is secured by certain investments without donor restrictions. As of August 31, 2024 and 2023, the line of credit secures a letter of credit issued for the Commonwealth of Massachusetts Division of Professional Licensure in the amount of \$5,000. There were no outstanding balances on the line of credit as of August 31, 2024 or 2023. The letter of credit is renewed automatically in August unless the Organization notifies the Commonwealth of Massachusetts in writing (60) sixty days before the renewal.

7. NOTES PAYABLE

The Organization is party to a note payable agreement, with available borrowings up to \$1,000,000, maturing in January 2033. The note bears interest at a fixed rate of 5.25%. Interest only payments are due monthly through December 2024. Equal monthly principal and interest installments are due beginning in January 2025 through maturity. The note is secured by the Bridge Center land and buildings. As of August 31, 2024, \$384,786 was outstanding under this agreement. The loan has \$16,770 due in fiscal year 2025 and is presented as the current portion of notes payable in the accompanying 2024 statement of financial position.

The Organization was party to a note payable agreement, with an original principal amount of \$1,000,000, which matured in April 2024. The note bore interest at a fixed rate of 5.25%. The note payable was due in monthly principal and interest installments ranging from \$2,259 to \$3,598 through maturity. The note was secured by the investments without donor restrictions of the Organization. As of August 31, 2023, there was \$113,932 outstanding under this agreement which was repaid at maturity in April 2024.

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

8. ASSETS HELD FOR OTHERS

The MATLP (see Note 1) helps people with disabilities apply for and obtain low-interest bank loans for assistive technology devices and services. The MATLP was established in 2004 with a combination of Federal and state funding and is governed by the Massachusetts Assistive Technology Loan Program Committee (the Committee), a group comprised of fifteen (15) members who were initially appointed jointly by the Organization and the Massachusetts Rehabilitation Commission. Remaining members of the Committee now appoint individuals to fill any vacancies on the Committee.

The Committee has contracted with the Organization to provide daily program management and operation under the guidance of the Committee and to serve as custodian of the assets that support the MATLP. The Organization's responsibilities under the contract include staffing, budget preparation and maintenance as directed by the Committee, direct services to clients and bank liaisons, preparation of monthly and annual reports for the Committee and various other agencies and committees, and oversight of the assets which support the MATLP. The contract remains in effect until otherwise modified and may be terminated by either the Organization or the Committee upon ninety (90) days' written notice.

The MATLP assets are maintained in an investment portfolio that is separate from the Organization's investments. Since these assets are not the property of the Organization, they do not serve as collateral for the Organization's debt (see Notes 6 and 7). These assets are shown as assets held for others with a corresponding liability of an equal amount in the amounts of \$1,588,007 and \$1,395,779 in the accompanying statements of financial position as of August 31, 2024 and 2023, respectively.

The Organization is reimbursed for expenses incurred on behalf of the MATLP and receives a management fee based on a percentage of actual operating expenses incurred in the administration of the MATLP as compensation. The management fee earned by the Organization was \$139,617 and \$248,026 for the years ended August 31, 2024 and 2023, respectively, and is included in program fees in the accompanying statements of activities and changes in net assets.

9. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Subject to the Organization's endowment spending policy and appropriation:		
Investment in perpetuity (including amounts appreciation on the original gifts of \$943,346 and \$668,752 as of August 31, 2024 and 2023, respectively):		
Richard A. LaPierre Pioneer Fund	\$ 1,008,189	\$ 912,916
Assistive Technology Endowment Fund	600,773	505,647
General Endowment Fund	391,404	307,209
	<u>2,000,366</u>	<u>1,725,772</u>
Subject to expenditure for specified purposes:		
Matthew V. Joslin Fund for Unmet Needs	180,604	152,561
Elmer C. Bartels/Camp Scholarship Fund	83,363	68,472
College Navigator Program	-	100,000
	<u>263,967</u>	<u>321,033</u>
Total net assets with donor restrictions	<u>\$ 2,264,333</u>	<u>\$ 2,046,805</u>

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

9. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The donors have specified that five percent of the monthly average value of both the Elmer C. Bartels/Camp Scholarship Fund and the Matthew V. Joslin Fund for Unmet Needs over the preceding fiscal year shall be made available for distribution. There were no releases from the Elmer C. Bartels/Camp Scholarship Fund or the Matthew V. Joslin Fund for Unmet Needs during fiscal years 2024 and 2023.

10. LEASES

The Organization leases two facilities under non-cancelable leases for its programs and administrative office. The Technology and Training Center in Boston was extended during fiscal year 2024, and is now leased under an agreement through July 2027 with monthly payments ranging between \$7,517 and \$7,924. The lease requires the Organization to maintain certain insurance, which the Organization is in compliance with. The Organization also leases space in Worcester for its administrative office. The initial term of the lease is for ten years with an option to extend for an additional five years. Monthly lease payments under the agreement are \$19,047.

The total lease expense for the years ended August 31, 2024 and 2023, was \$324,672 and \$335,922, respectively, and is included in occupancy and postage and printing in the accompanying statements of functional expenses.

Supplemental Statement of Activities Information

	<u>Year Ended August 31, 2024</u>	<u>Year Ended August 31, 2023</u>
Lease costs:		
Operating lease cost	\$ 317,320	\$ 314,407
Short-term lease cost	<u>7,352</u>	<u>21,515</u>
Total lease costs	<u>\$ 324,672</u>	<u>\$ 335,922</u>

Supplemental Cash Flow Information

ROU lease assets – operating and operating lease liabilities obtained in exchange for new or modified leases during the year ended August 31, 2024 were \$254,482.

Weighted Average Information

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term (years)	6.54	7.73
Weighted-average discount rate	3.43%	3.27%

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

10. LEASES (Continued)

Maturities of Lease Liabilities

The maturities of lease liabilities as of August 31, 2024, were as follows:

<u>Year Ending</u>	
2025	\$ 318,969
2026	321,407
2027	315,718
2028	228,560
2029	228,560
Thereafter	<u>491,704</u>
Total future undiscounted lease payments	1,904,918
Less - present value discount	<u>191,178</u>
Present value of operating lease liabilities	1,713,740
Less - current portion	<u>318,969</u>
Operating lease liabilities, net of current portion	<u>\$ 1,394,771</u>

11. RETIREMENT PLANS

Defined Contribution Plan

The Organization sponsors a defined contribution plan covering substantially all of its employees who meet certain eligibility requirements. The Organization may make discretionary matching contributions to the plan as periodically determined. During the years ended August 31, 2024 and 2023, the Organization made discretionary matching contributions to this plan in the amounts of \$40,262 and \$61,131, respectively, which are included as benefits in the accompanying statements of functional expenses.

12. RELATED PARTY TRANSACTIONS

The Organization is an affiliate of and pays membership fees to Easter Seals, Inc. (National) in return for the exclusive right to the Easter Seals name in Massachusetts. These fees totaled \$59,403 and \$73,125 for the years ended August 31, 2024 and 2023, respectively, which are reflected as membership fees in the accompanying statements of functional expenses. The Organization had no amounts due to National as of August 31, 2024 and 2023.

13. CONCENTRATIONS

Credit Risk

The Organization maintains its cash balances in Massachusetts banks. The Federal Deposit Insurance Corporation insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash.

EASTER SEALS MASSACHUSETTS, INC.

Notes to Financial Statements
August 31, 2024 and 2023

13. CONCENTRATIONS (Continued)

Funding

The Organization derives significant revenue from the Commonwealth of Massachusetts (the Commonwealth). Revenue from the Commonwealth represents 52% and 47% of the Organization's total operating revenue and other support for the years ended August 31, 2024 and 2023, respectively. As of August 31, 2024 and 2023, 78% and 66%, respectively, of the Organization's grants and contributions receivable were due from the Commonwealth.

14. INDEMNIFICATIONS

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of August 31, 2024 and 2023, no amounts have been accrued related to such indemnification provisions.

15. LIQUIDITY

Financial assets available for use by the Organization within one year from the statements of financial position date are as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 582,009	\$ 413,455
Program fees receivable	742,899	795,050
Grants and contributions receivable	<u>1,179,146</u>	<u>1,266,167</u>
	2,504,054	2,474,672
Less - net assets with purpose restrictions	<u>-</u>	<u>100,000</u>
Total	<u>\$ 2,504,054</u>	<u>\$ 2,374,672</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of August 31, 2024 and 2023, the Organization has financial assets equal to approximately two and three months, respectively, of operating expenses. In addition, the Organization has a line of credit agreement (see Note 6) which allows for additional available borrowings up to \$1,750,000.

16. CONDITIONAL GRANTS

The Organization has received the following conditional commitments of Federal and state grants, which have not been recognized in the accompanying financial statements since the related conditions have not yet been met:

<u>Condition</u>	<u>2024</u>	<u>2023</u>
Performance barriers	\$ 1,284,277	\$ 622,405
Incurring qualifying costs	<u>514,505</u>	<u>200,000</u>
	<u>\$ 1,798,782</u>	<u>\$ 822,405</u>

17. RECLASSIFICATIONS

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