



Easter Seals of Massachusetts, Inc.

Financial Statements

August 31, 2025 and 2024

Easter Seals of Massachusetts, Inc.

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August 31, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors of
Easter Seals of 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, 2025 and 2024, 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 Easter Seals Massachusetts, Inc. as of August 31, 2025 and 2024, 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

AAFCPA, Inc.

Westborough, Massachusetts
November 25, 2025

Easter Seals of Massachusetts, Inc.
Statements of Financial Position
As of August 31, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Cash	\$ 3,042,662	\$ 582,009
Program fees receivable, net	696,089	742,899
Grants and contributions receivable, net	1,050,047	1,179,146
Prepaid expenses and other	203,865	109,250
Total current assets	4,992,663	2,613,304
Investments	14,733,765	13,266,687
Restricted Cash	442,136	448,734
Assets Held for Others	1,532,679	1,588,007
Right-of-Use Assets - Operating	1,447,305	1,713,862
Property and Equipment, net	7,443,262	7,900,801
Total assets	\$ 30,591,810	\$ 27,531,395
Liabilities and Net Assets		
Current Liabilities:		
Current portion of notes payable	\$ 29,743	\$ 16,770
Current portion of operating lease liability	321,407	318,969
Accounts payable and accrued expenses	937,665	951,234
Advances for AT loans	515,078	504,784
Conditional grant advance	100,000	-
Total current liabilities	1,903,893	1,791,757
Notes Payable, net of current portion	953,487	368,016
Operating Lease Liability, net of current portion	1,125,532	1,394,771
Assets Held for Others	1,532,679	1,588,007
Total liabilities	5,515,591	5,142,551
Net Assets:		
Without donor restrictions:		
Operating	15,917,576	12,608,496
Property and Equipment	6,460,032	7,516,015
Total without donor restrictions	22,377,608	20,124,511
With donor restrictions	2,698,611	2,264,333
Total net assets	25,076,219	22,388,844
Total liabilities and net assets	\$ 30,591,810	\$ 27,531,395

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

Easter Seals of Massachusetts, Inc.
Statements of Activities and Changes in Net Assets
For the years ended August 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support:						
Program fees	\$ 8,615,459	\$ -	\$ 8,615,459	\$ 7,999,117	\$ -	\$ 7,999,117
Government grants	7,414,476	-	7,414,476	6,605,807	-	6,605,807
Legacies and bequests	1,448,945	-	1,448,945	27,083	-	27,083
Grants and contributions	839,043	219,062	1,058,105	804,573	9,300	813,873
Special events	332,485	-	332,485	350,310	-	350,310
Net assets released from restrictions	-	-	-	100,000	(100,000)	-
Total operating revenue and other support	18,650,408	219,062	18,869,470	15,886,890	(90,700)	15,796,190
Operating Expenses:						
Program services	14,930,602	-	14,930,602	14,304,099	-	14,304,099
General and administrative	2,102,324	-	2,102,324	2,229,983	-	2,229,983
Fundraising	653,557	-	653,557	635,068	-	635,068
Total operating expenses	17,686,483	-	17,686,483	17,169,150	-	17,169,150
Changes in net assets from operations	963,925	219,062	1,182,987	(1,282,260)	(90,700)	(1,372,960)
Non-Operating Revenue:						
Net investment return	1,272,172	215,216	1,487,388	1,492,777	308,228	1,801,005
In-kind property and equipment	17,000	-	17,000	94,500	-	94,500
Total non-operating revenue	1,289,172	215,216	1,504,388	1,587,277	308,228	1,895,505
Changes in net assets	2,253,097	434,278	2,687,375	305,017	217,528	522,545
Net assets at beginning of year	20,124,511	2,264,333	22,388,844	19,819,494	2,046,805	21,866,299
Net assets at end of year	\$ 22,377,608	\$ 2,698,611	\$ 25,076,219	\$ 20,124,511	\$ 2,264,333	\$ 22,388,844

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

Easter Seals of Massachusetts, Inc.
Statements of Cash Flows
For the years ended August 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Changes in net assets	\$ 2,687,375	\$ 522,545
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	422,703	409,582
Net investment return	(1,487,388)	(1,801,005)
In-kind property and equipment	(17,000)	(94,500)
Changes in operating assets and liabilities:		
Program fees receivable	46,810	52,151
Change in right-of-use assets and liabilities	(244)	(1,463)
Grants and contributions receivable	129,099	87,021
Prepaid expenses and other	(3,914)	10,556
Accounts payable and accrued expenses	(13,569)	(18,523)
Advances for AT loans	10,294	(5,414)
Conditional grant advance	100,000	(164,185)
Net cash provided by (used in) operating activities	1,874,166	(1,003,235)
Cash Flows from Investing Activities:		
Proceeds from sale of investments	1,796,885	3,158,006
Purchase of investments	(1,776,575)	(2,065,368)
Purchase of property and equipment	(38,865)	(188,858)
Net cash provided by (used in) investing activities	(18,555)	903,780
Cash Flows from Financing Activities:		
Proceeds from notes payable	615,214	384,786
Principal payment on notes payable	(16,770)	(113,932)
Net cash provided by financing activities	598,444	270,854
Net Change in Cash and Restricted Cash	2,454,055	171,399
Cash and restricted cash at beginning of year	1,030,743	859,344
Cash and restricted cash at end of year	\$ 3,484,798	\$ 1,030,743
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 48,495	\$ 20,327
Reconciliation of Cash and Restricted Cash Reported Within the Statements of Financial Position:		
Cash	\$ 3,042,662	\$ 582,009
Restricted cash	442,136	448,734
Total cash and restricted cash	\$ 3,484,798	\$ 1,030,743

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

Easter Seals of Massachusetts, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2025
(With Summarized Comparative Totals for the Year Ended August 31, 2024)

	2025							2024		
	Rehabilitation Services	Assistive Technology Services	Other Community Services	Bridge Center	Total Program Services	General and Administrative	Fundraising	Total Support Services	2025 Total	2024 Total
Personnel and Related Costs:										
Salaries and contracted services	\$ 3,249,305	\$ 2,457,564	\$ 3,312,400	\$ 713,897	\$ 9,733,166	\$ 1,256,649	\$ 373,740	\$ 1,630,389	\$ 11,363,555	\$ 10,806,069
Benefits	375,709	275,402	397,790	88,230	1,137,131	171,155	40,563	211,718	1,348,849	1,453,486
Payroll taxes	241,359	174,994	244,851	54,925	716,129	100,412	27,417	127,829	843,958	795,682
Total personnel and related costs	3,866,373	2,907,960	3,955,041	857,052	11,586,426	1,528,216	441,720	1,969,936	13,556,362	13,055,237
Other Operating Costs:										
Assistance to individuals	-	1,461,187	24,305	-	1,485,492	-	23	23	1,485,515	1,560,807
Occupancy	14,173	182,599	63,930	100,158	360,860	47,568	25,670	73,238	434,098	430,788
Depreciation	1,540	62,295	34,374	269,161	367,370	53,270	2,063	55,333	422,703	409,582
Equipment, software and repairs	9,621	137,279	111,852	15,188	273,940	102,341	35,314	137,655	411,595	406,716
Professional fees	-	9,589	94,720	6,878	111,187	110,095	67,172	177,267	288,454	277,302
Insurance	-	-	-	40,894	40,894	126,005	-	126,005	166,899	141,769
Travel and transportation	35,505	59,621	26,760	8,385	130,271	7,985	2,127	10,112	140,383	138,142
Telecommunications	7,335	16,353	7,486	10,901	42,075	76,705	1,218	77,923	119,998	126,851
Bank and other service fees	-	1,201	120,774	12,984	134,959	1,273	5,397	6,670	141,629	122,460
Other	5,194	6,877	21,616	70,299	103,986	10,932	13,538	24,470	128,456	83,384
Recruitment	28,884	24,000	31,006	252	84,142	7,424	936	8,360	92,502	82,115
Membership fees	-	-	63,219	-	63,219	-	-	-	63,219	59,403
Special events	-	362	844	411	1,617	9	49,380	49,389	51,006	53,630
Books, dues, subscriptions and filing fees	-	-	-	-	-	-	-	-	-	49,762
Postage and printing	674	9,964	6,630	14,290	31,558	25,726	7,229	32,955	64,513	49,391
Office supplies	-	-	-	-	-	-	-	-	-	40,382
Meeting and conferences	6,061	6,862	19,247	1,233	33,403	2,619	1,770	4,389	37,792	39,559
Advertising and marketing materials	1,968	454	19,784	8,658	30,864	2,000	-	2,000	32,864	21,543
Interest	-	-	-	48,339	48,339	156	-	156	48,495	20,327
Total other operating costs	110,955	1,978,643	646,547	608,031	3,344,176	574,108	211,837	785,945	4,130,121	4,113,913
Total expenses	\$ 3,977,328	\$ 4,886,603	\$ 4,601,588	\$ 1,465,083	\$ 14,930,602	\$ 2,102,324	\$ 653,557	\$ 2,755,881	\$ 17,686,483	\$ 17,169,150

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

Easter Seals of Massachusetts, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2024

	Rehabilitation Services	Assistive Technology Services	Other Community Services	Bridge Center	Total Program Services	General and Administrative	Fundraising	Total Support Services	2024 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
Benefits	372,819	371,012	412,525	66,629	1,222,985	174,639	55,862	230,501	1,453,486
Payroll taxes	218,671	180,838	234,145	44,036	677,690	90,854	27,138	117,992	795,682
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
Other Operating Costs:									
Assistance to individuals	-	1,528,095	32,692	20	1,560,807	-	-	-	1,560,807
Occupancy	6,630	98,838	48,748	102,280	256,496	163,235	11,057	174,292	430,788
Depreciation	2,107	53,361	38,630	259,630	353,728	54,051	1,803	55,854	409,582
Equipment, software and repairs	32,115	89,780	88,398	45,114	255,407	120,660	30,649	151,309	406,716
Professional fees	700	-	82,918	33,250	116,868	93,088	67,346	160,434	277,302
Insurance	-	-	-	41,182	41,182	100,587	-	100,587	141,769
Travel and transportation	36,926	66,068	20,778	6,143	129,915	7,987	240	8,227	138,142
Telecommunications	9,948	18,488	5,875	15,181	49,492	76,305	1,054	77,359	126,851
Bank and other service fees	-	1,083	103,330	11,784	116,197	2,257	4,006	6,263	122,460
Other	66	954	1,962	423	3,405	79,052	927	79,979	83,384
Recruitment	25,878	21,091	22,827	257	70,053	11,256	806	12,062	82,115
Membership fees	-	-	59,403	-	59,403	-	-	-	59,403
Special events	-	-	587	-	587	-	53,043	53,043	53,630
Books, dues, subscriptions and filing fees	15,450	10,634	11,675	833	38,592	8,824	2,346	11,170	49,762
Postage and printing	661	18,896	5,428	1,150	26,135	22,475	781	23,256	49,391
Office supplies	124	3,994	4,335	25,826	34,279	6,027	76	6,103	40,382
Meeting and conferences	3,832	3,516	24,568	1,240	33,156	5,016	1,387	6,403	39,559
Advertising and marketing materials	26	-	12,132	1,883	14,041	500	7,002	7,502	21,543
Interest	-	-	-	17,676	17,676	2,651	-	2,651	20,327
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
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

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

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

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

Basis of Accounting

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).

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. Program fees are recorded in accordance with ASC Topic 606.

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, 2025 and 2024.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Government Grants

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 conditional grant advances.

Grants and Contributions

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 and Bequests

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.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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, 2025 and 2024.

Special Events

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

Advance for AT loans

Advance for AT loans consists of advanced payments of approximately \$515,000 and \$505,000 related to the MATLP (see Note 8) as of August 31, 2025 and 2024, 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.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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.

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.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, less related debt.

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.

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 revenues 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, 2025 and August 31, 2024. 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. As of August 31, 2025 and 2024, the allowance for credit losses was \$44,870 and \$60,722, respectively. Recoveries of program fees receivable previously written-off are recorded when received.

Program fees receivable as of September 1, 2023, were \$795,050.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025 and 2024, there was an allowance for potentially uncollectible grants and contributions receivable of \$54,435 and \$96,160, respectively.

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.

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.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment (Continued)

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, 2025 and 2024.

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 of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

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, 2025 and 2024.

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, 2025 and 2024.

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:

	<u>Useful Lives</u>
Building and improvements	10 - 25 years
Furniture and fixtures	3 - 10 years
Livestock	30 years

Land is not depreciated.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2025 and 2024.

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.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025 and 2024. 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, 2025 and 2024, the Organization incurred advertising expenses of \$32,864 and \$21,543, respectively, which are reflected as advertising and marketing materials in the accompanying statements of functional expenses.

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, 2025 and 2024.

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, 2025 and 2024, 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, 2025, which is the date the financial statements were available to be issued. There were no events that met the criteria for disclosure.

Easter Seals of Massachusetts, Inc.
Notes to Financial Statements
August 31, 2025 and 2024

3. INVESTMENTS

Investments are stated at fair value as of August 31, 2025 and 2024, and consist of the following:

Investment Type	2025				Total
	Level 1	Level 2	Level 3	Alternative Investments	
Brokerage Cash	\$ 298,350	\$ -	\$ -	\$ -	\$ 298,350
Equity Securities:					
Consumer Sector	3,682,739	-	-	-	3,682,739
Information Technology Sector	2,292,963	-	-	-	2,292,963
Health Care Sector	825,447	-	-	-	825,447
Financial Sector	1,123,548	-	-	-	1,123,548
Total Equity Securities	7,924,697	-	-	-	7,924,697
Fixed Income:					
Domestic Corporate Bonds	-	2,736,571	-	-	2,736,571
U.S. Government Bonds	-	1,416,016	-	-	1,416,016
Total Fixed Income	-	4,152,587	-	-	4,152,587
Mutual Funds:					
Equity	1,287,674	-	-	-	1,287,674
Fixed Income	588,684	-	-	-	588,684
Total Mutual Funds	1,876,358	-	-	-	1,876,358
	10,099,405	4,152,587	-	-	14,251,992
Net Asset Value*	-	-	-	481,773	481,773
Total investments	\$10,099,405	\$ 4,152,587	\$ -	\$ 481,773	\$14,733,765

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

3. INVESTMENTS (Continued)

2024

Investment Type	2024				Total
	Level 1	Level 2	Level 3	Alternative Investments	
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	7,295,820	-	-	-	7,295,820
Fixed Income:					
Domestic Corporate Bonds	-	2,460,541	-	-	2,460,541
U.S. Government Bonds	-	1,202,073	-	-	1,202,073
Total Fixed Income	-	3,662,614	-	-	3,662,614
Mutual Funds:					
Equity	1,156,991	-	-	-	1,156,991
Fixed Income	535,491	-	-	-	535,491
Total Mutual Funds	1,692,482	-	-	-	1,692,482
	9,251,187	3,662,614	-	-	12,913,801
Net Asset Value*	-	-	-	352,886	352,886
Total investments	\$ 9,251,187	\$ 3,662,614	\$ -	\$ 352,886	\$13,266,687

* 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.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

3. INVESTMENTS (Continued)

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.

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, 2025 and 2024.

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 alternative 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.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

4. ENDOWMENT

The change in the endowment balance by net asset classification for the years ended August 31, 2025 and 2024, consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </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	-	247,644	247,644
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>
Net investment return:			
Interest and dividend income, net of fees	9,622	23,971	33,593
Net realized and unrealized gains	-	169,653	169,653
Total investment returns	<u>9,622</u>	<u>193,624</u>	<u>203,246</u>
Endowment net assets, August 31, 2025	<u>\$ 140,715</u>	<u>\$ 2,193,990</u>	<u>\$ 2,334,705</u>

5. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2025 and 2024, consist of the following:

	2025	2024
	<u> </u>	<u> </u>
Land	\$ 1,150,000	\$ 1,150,000
Building and improvements	5,850,000	5,850,000
Furniture and fixtures	1,585,761	1,637,597
Livestock	85,000	68,000
	<u>8,670,761</u>	<u>8,705,597</u>
Less - accumulated depreciation	1,227,499	804,796
	<u>\$ 7,443,262</u>	<u>\$ 7,900,801</u>

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

5. PROPERTY AND EQUIPMENT (Continued)

Depreciation expense related to property, plant, and equipment was \$422,703 and \$409,582 for the years ended August 31, 2025 and 2024, respectively.

During fiscal years 2025 and 2024, the Organization received in-kind livestock and other assets of \$17,000 and \$94,500, respectively.

6. LINE OF CREDIT

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 (7.5% and 8.5% at August 31, 2025 and 2024, respectively). Principal is due on demand and the line of credit is secured by certain investments without donor restrictions. As of August 31, 2025 and 2024, 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, 2025 or 2024. 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 were due monthly through December 2024. Equal monthly principal and interest installments were due beginning in January 2025 through maturity. The note is secured by the Bridge Center land and buildings. As of August 31, 2025 and 2024, \$983,230 and \$384,786, respectively, were outstanding under this agreement. The loan has \$29,743 due in fiscal year 2026 and is presented as the current portion of notes payable in the accompanying 2025 statement of financial position.

Future minimum payments on the note payable are as follows for the years ended August 31, 2025:

2026	\$	29,743
2027	\$	31,366
2028	\$	32,942
2029	\$	34,874
2030	\$	36,775
Thereafter	\$	817,530

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

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 \$1,532,679 and \$1,588,007 in the accompanying statements of financial position as of August 31, 2025 and 2024, 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 \$180,522 and \$139,617 for the years ended August 31, 2025 and 2024, respectively, and is included in program fees in the accompanying statements of activities and changes in net assets.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

9. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Subject to the Organization's endowment spending policy and appropriation:		
Investment in perpetuity (including unspent appreciation of \$1,136,970 and \$943,346 as of August 31, 2025 and 2024, respectively):		
Richard A. LaPierre Pioneer Fund	\$ 1,087,412	\$ 1,008,189
Assistive Technology Endowment Fund	668,651	600,773
General Endowment Fund	437,927	391,404
	<u>2,193,990</u>	<u>2,000,366</u>
Subject to expenditure for specified purposes:		
Matthew V. Joslin Fund for Unmet Needs	193,255	180,604
Elmer C. Bartels/Camp Scholarship Fund	92,304	83,363
College Navigator Program	150,000	-
Other Programs	69,062	-
	<u>504,621</u>	<u>263,967</u>
Total net assets with donor restrictions	<u>\$ 2,698,611</u>	<u>\$ 2,264,333</u>

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 and the Matthew V. Joslin Fund for Unmet Needs during fiscal years 2025 and 2024.

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, 2025 and 2024, was \$319,951 and \$324,672, respectively, and is included in occupancy and postage and printing in the accompanying statements of functional expenses.

Easter Seals of Massachusetts, Inc.
Notes to Financial Statements
August 31, 2025 and 2024

10. LEASES (Continued)

Supplemental Statement of Activities Information

	Year Ended August 31, 2025	Year Ended August 31, 2024
	<u>2025</u>	<u>2024</u>
Lease costs:		
Operating lease cost	\$ 318,726	\$ 317,320
Short-term lease cost	1,225	7,352
	<u>1,225</u>	<u>7,352</u>
Total lease costs	<u>\$ 319,951</u>	<u>\$ 324,672</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

	2025	2024
	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term (years)	5.66	6.54
Weighted-average discount rate	3.40	3.43

Maturities of Lease Liabilities

The maturities of lease liabilities as of August 31, 2025, were as follows:

Year Ending	
2026	\$ 321,407
2027	315,718
2028	228,560
2029	228,560
2030	228,560
Thereafter	262,113
Total future undiscounted lease payments	<u>1,584,918</u>
Less - present value discount	137,979
Present value of operating lease liabilities	<u>1,446,939</u>
Less - current portion	321,407
	<u>321,407</u>
Operating lease liabilities, net of current portion	<u>\$ 1,125,532</u>

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

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, 2025 and 2024, the Organization made discretionary matching contributions to this plan in the amounts of \$39,848 and \$40,262, respectively, which are included in 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 \$63,219 and \$59,403 for the years ended August 31, 2025 and 2024, 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, 2025 and 2024.

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.

Funding

The Organization derives significant revenue from the Commonwealth of Massachusetts (the Commonwealth). Revenue from the Commonwealth represents 41% and 52% of the Organization's total operating revenue and other support for the years ended August 31, 2025 and 2024, respectively. As of August 31, 2025 and 2024, 80% and 78%, 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, 2025 and 2024, no amounts have been accrued related to such indemnification provisions.

Easter Seals of Massachusetts, Inc.

Notes to Financial Statements

August 31, 2025 and 2024

15. LIQUIDITY

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

	<u>2025</u>	<u>2024</u>
Cash	\$ 3,042,662	\$ 582,009
Program fees receivable	696,089	742,899
Grants and contributions receivable	1,050,047	1,179,146
	<u>4,788,798</u>	<u>2,504,054</u>
Less - net assets with purpose restrictions	(219,062)	
Total	<u>\$ 4,569,736</u>	<u>\$ 2,504,054</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, 2025 and 2024, the Organization has financial assets equal to approximately three and two 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:

Condition	<u>2025</u>	<u>2024</u>
Performance barriers	\$ 1,240,074	\$ 1,284,277
Incurring qualifying costs	402,220	514,505
	<u>\$ 1,642,294</u>	<u>\$ 1,798,782</u>

17. RECLASSIFICATIONS

Certain amounts in the 2024 financial statements have been reclassified to conform with the 2025 presentation.