



**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

AND

SINGLE AUDIT REPORTS

**YEAR ENDED AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

**EASTERSEALS OREGON
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(WITH COMPARATIVE TOTALS FOR 2023)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Easterseals Oregon
Portland, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Easterseals Oregon (the Organization), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easterseals Oregon as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Easterseals Oregon and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, that raise substantial doubt about Easterseals Oregon's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Easterseals Oregon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Easterseals Oregon'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.

Report on Summarized Comparative Information

We have previously audited Easterseals Oregon's 2023 financial statements, and our report dated February 27, 2024 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of Easterseals Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Easterseals Oregon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Easterseals Oregon's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Portland, Oregon
February 26, 2025

EASTERSEALS OREGON
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 423,809	\$ 90,989
Accounts Receivable - Net of Allowance for Credit Losses of \$4,350 in 2024, and \$7,587 in 2023	31,126	49,740
Program Grants and Contracts Receivable	1,381,052	1,256,681
Prepaid Expenses and Deposits	69,551	245,248
Beneficial Interest in Perpetual Trusts	19,838	110,144
Beneficial Interest in Charitable Remainder Unitrust	849	99,727
Operating Right-of-Use Asset, Net	2,166,589	280,357
Investments In Land	10,000	10,000
Property and Equipment - Net of Accumulated Depreciation of \$103,996 in 2024, and \$100,376 in 2023	<u>60,115</u>	<u>1,754</u>
Total Assets	<u><u>\$ 4,162,929</u></u>	<u><u>\$ 2,144,640</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 184,669	\$ 144,688
Accrued Payroll and Related Expenses	581,961	497,025
Lease Liabilities - Operating	<u>2,266,540</u>	<u>281,867</u>
Total Liabilities	3,033,170	923,580
NET ASSETS		
Net Assets Without Donor Restrictions - Undesignated	1,014,535	890,362
Net Assets With Donor Restrictions:		
Net Assets With Donor Restrictions - Use and Time	95,386	220,554
Net Assets With Donor Restrictions - Held in Perpetuity	<u>19,838</u>	<u>110,144</u>
Total Net Assets With Donor Restrictions	<u>115,224</u>	<u>330,698</u>
Total Net Assets	<u>1,129,759</u>	<u>1,221,060</u>
Total Liabilities and Net Assets	<u><u>\$ 4,162,929</u></u>	<u><u>\$ 2,144,640</u></u>

See accompanying Notes to Financial Statements.

EASTERSEALS OREGON
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	
			2024	2023
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions and Grants	\$ 370,114	\$ -	\$ 370,114	\$ 139,202
Contributed Non-Financial Assets	388,486	-	388,486	286,828
Special Event Revenues	129,216	-	129,216	153,898
Less: Cost of Direct Benefits to Donors	(97,158)	-	(97,158)	(93,484)
Net Proceeds from Special Events	32,058	-	32,058	60,414
 Program Service Fees and Contracts	15,424,752	-	15,424,752	13,002,377
Investment Income	2,302	-	2,302	7,034
Royalties	2,333	-	2,333	5,760
Change in the Carrying Value of Interest in Charitable Trusts	-	(90,306)	(90,306)	(10,936)
Other Revenue	43,005	-	43,005	10,593
Net Assets Released from Restrictions	125,168	(125,168)	-	-
Total Revenues, Gains, and Other Support	16,388,218	(215,474)	16,172,744	13,501,272
 EXPENSES				
Program Services	14,574,638	-	14,574,638	12,258,954
Management and General	1,438,520	-	1,438,520	1,377,868
Fundraising	250,887	-	250,887	210,907
Total Expenses	16,264,045	-	16,264,045	13,847,729
 CHANGE IN NET ASSETS	124,173	(215,474)	(91,301)	(346,457)
 Net Assets - Beginning of Year	890,362	330,698	1,221,060	1,567,517
 NET ASSETS - END OF YEAR	<u>\$ 1,014,535</u>	<u>\$ 115,224</u>	<u>\$ 1,129,759</u>	<u>\$ 1,221,060</u>

See accompanying Notes to Financial Statements.

EASTERSEALS OREGON
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Program Services			Supporting Services			Total	
	Employment, Job Training, and Veteran Services	Camping, Recreation, and Respite	Total	Management and General	Fundraising	Total	2024	2023
SALARIES AND RELATED EXPENSES	\$ 4,315,949	\$ 80,781	\$ 4,396,730	\$ 1,084,977	\$ 151,641	\$ 1,236,618	\$ 5,633,348	\$ 4,924,212
OTHER EXPENSES								
Scholarship Awards	-	16,165	16,165	-	-	-	16,165	16,185
Professional Fees	333,784	29,417	363,201	56,406	8,642	65,048	428,249	504,604
Supplies	120,811	4,073	124,884	33,165	112,747	145,912	270,796	210,154
Telecommunications	42,749	475	43,224	4,131	1,421	5,552	48,776	48,777
Occupancy	589,994	3,363	593,357	80,963	14,792	95,755	689,112	475,677
Equipment Rental and Maintenance	18,850	18	18,868	25,325	2,959	28,284	47,152	44,035
Interest	-	-	-	-	-	-	-	1,952
Printing and Publications	4,119	31	4,150	1,335	4,514	5,849	9,999	10,743
Travel and Transportation	105,854	222	106,076	16,909	8,172	25,081	131,157	127,282
Conferences, Conventions and Meetings	26,808	6,587	33,395	23,034	7,890	30,924	64,319	102,233
Awards and Grants	17,549	-	17,549	164	-	164	17,713	1,356
Specific Assistance to Individuals	8,799,727	-	8,799,727	-	-	-	8,799,727	7,261,934
Advertising	1,689	1,038	2,727	5,267	10,172	15,439	18,166	27,483
Membership Dues	3,508	466	3,974	20,273	21,715	41,988	45,962	37,197
Insurance	47,377	-	47,377	31,541	755	32,296	79,673	66,199
Depreciation	-	-	-	3,619	-	3,619	3,619	1,169
Credit Loss Expense (recovery)	-	-	-	(3,238)	-	(3,238)	(3,238)	90
Postage, Shipping, and Other	3,234	-	3,234	250	2,625	2,875	6,109	18,552
Total Other Expenses Before Payments to National Organization	14,432,002	142,636	14,574,638	1,384,121	348,045	1,732,166	16,306,804	13,879,834
Payments to National Organization			-	54,399		54,399	54,399	61,379
Total Other Expenses After Payments Payments to National Organization	14,432,002	142,636	14,574,638	1,438,520	348,045	1,786,565	16,361,203	13,941,213
Less: Cost of Direct Benefits to Donors	-	-	-	-	(97,158)	(97,158)	(97,158)	(93,484)
Total Expenses	<u>\$ 14,432,002</u>	<u>\$ 142,636</u>	<u>\$ 14,574,638</u>	<u>\$ 1,438,520</u>	<u>\$ 250,887</u>	<u>\$ 1,689,407</u>	<u>\$ 16,264,045</u>	<u>\$ 13,847,729</u>

See accompanying Notes to Financial Statements.

EASTERSEALS OREGON
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (91,301)	\$ (346,457)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,619	1,169
Credit Loss Expense (Recovery)	(3,238)	90
Change in Value of Interest in Charitable Trusts	90,306	10,936
(Increase) Decrease in:		
Accounts Receivables, Net of Allowance	21,852	7,219
Program Grants and Contracts Receivables	(124,371)	(432,934)
Prepaid Expenses and Deposits	175,697	(119,092)
Operating Right-of-Use Assets	(385,589)	(280,357)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	39,981	(45,925)
Accrued Payroll and Related Expenses	84,936	47,254
Refundable Advances	-	(85,279)
Lease Liabilities - Operating	484,030	281,867
Net Cash Provided (Used) by Operating Activities	<u>295,922</u>	<u>(961,509)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Property and Equipment	(61,980)	-
Distribution from Beneficial Interest in Charitable Remainder Unitrust	98,878	-
Net Cash Provided by Investing Activities	<u>36,898</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	332,820	(961,509)
Cash and Cash Equivalents - Beginning of Year	<u>90,989</u>	<u>1,052,498</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 423,809</u></u>	<u><u>\$ 90,989</u></u>

See accompanying Notes to Financial Statements.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 1 NATURE OF THE ORGANIZATION

Easterseals Oregon is a private, nonprofit organization founded in 1947 to provide and coordinate direct services and education to help people with disabilities achieve maximum independence. Easterseals Oregon is affiliated with Easter Seals, Inc., the national organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Easterseals Oregon and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions –

Time and Purpose – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Easterseals Oregon or the passage of time.

Endowment – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Easterseals Oregon.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose were fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 these estimates.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Long-Lived Assets

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of net asset class without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues of the net asset class with donor restrictions – use and time. The restrictions are considered to be released at the time of acquisition of long-lived assets.

Contributed Non-Financial Assets

In accordance with ASU 2020-07, Easterseals Oregon reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. During the years ended August 31, 2024 and 2023, Easterseals Oregon recorded \$388,486 and \$286,828, respectively, in contributed services, consisting primarily of program supervision services for the Senior Community Service Employment Program. The value of the supervision services are recorded at fair value based on current rates for similar services.

Easterseals Oregon regularly receives contributed services from a large number of volunteers who assist in program activities, fundraising, and other efforts through their participation in a range of events and by working with members of Easterseals Oregon's staff in a variety of capacities. Easterseals Oregon considers it not practical to estimate the value of such services, and no amount was recognized in the accompanying financial statements.

Donated contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an integral part of Easterseals Oregon's activities. During the years ended August 31, 2024 and 2023, Easterseals Oregon received no donated operating supplies.

Cash Equivalents

For purposes of the financial statements, Easterseals Oregon considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Investments

Investments in common stock are carried at fair value. Net appreciation in the fair value of these investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned. Easterseals Oregon also holds two tax lots in Clackamas County, Oregon. These investments are reported at estimated fair value on the dates of donation. Management analyzes the property on an annual basis for impairment and determined there were no impairments at August 31, 2024 and 2023.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Allowance for Credit Losses

Program grants and contracts receivable consist primarily of government contracts receivable. Typically, no allowance is recorded for receivables associated with government contracts. Accounts receivable represent amounts from other parties. Easterseals Oregon reviews the collectability of receivables on a periodic basis and determines the appropriate amount of any allowance based on its assessment of individual accounts. This assessment includes current and expected credit losses based on historical charge-off rates and anticipated future conditions that impact the collectability of receivables at August 31. An allowance of \$4,350 and \$7,587, was recorded at August 31, 2024 and 2023, respectively.

Fixed Assets and Depreciation

Property and equipment are carried at cost, and at market value as of the date of donation when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 30 years for buildings, 10 years or the length of the lease term, if less, for leasehold improvements, and 3 to 5 years for furniture, equipment and vehicles. Easterseals Oregon applies a \$5,000 general capitalization limit.

Benefits Provided to Donors at Special Events

Easterseals Oregon conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to Easterseals Oregon.

Revenue and Revenue Recognition

Revenue is recognized when earned. Easterseals Oregon recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

A portion of Easterseals Oregon's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as a refundable advance in the statement of financial position. Easterseals Oregon did not receive any advances for the years ended August 31, 2024 and 2023, for which qualifying expenditures have not yet been incurred.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Easterseals Oregon is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. Accordingly, no provision for income taxes is included in the accompanying financial statements. U.S. GAAP prescribes a recognition threshold and a measurement process for accounting for uncertain tax positions and provides guidance on various related matters such as interest, penalties, and required disclosures. Management believes Easterseals Oregon does not have any uncertain tax positions. Any interest or penalties associated with Easterseals Oregon's tax positions would be recorded as a component of management and general expense. Easterseals Oregon annually files an informational return with the Internal Revenue Service and the state of Oregon. Generally, the returns are subject to examination by income tax authorities for three years from the filing of the return. There are currently no tax examinations in progress for any periods.

Concentration of Credit Risk

Easterseals Oregon's financial instruments consist primarily of cash equivalents and equity securities. These financial instruments may subject Easterseals Oregon to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC); and investments are subject to changes in market values.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of Easterseals Oregon have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses by natural classification are presented in the statement of functional expense.

Summarized Financial Information for 2023

The accompanying financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Easterseals Oregon's financial statements for the year ended August 31, 2023, from which the summarized information was derived.

Leases

The Organization leases equipment and office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Adoption of New Accounting Standards

The Organization has adopted FASB Accounting Standards Update (ASU 2016-13), *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements.

Subsequent Events

Management has evaluated subsequent events through February 26, 2025, the date the financial statements were available for issue.

NOTE 3 PROGRAM SERVICES

Children and adults with disabilities, veterans, and mature job seekers who come to Easterseals Oregon find high quality services designed to meet their individual needs. Teams of human services professionals help each person overcome obstacles to independence and reach their personal goals. The services provided by Easterseals Oregon also include families as active members of the programs and offer the support families need.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 3 PROGRAM SERVICES (CONTINUED)

Employment, Job Training, and Veteran Services

Easterseals Oregon provides employment services to Oregonians with disabilities and other barriers to learn skills to successfully enter or return to the working force. Services include job placement and development, training, and language assistance to people seeking employment.

The Senior Community Service Employment Program is a job training and placement program that matches quality mature workers with employers who value what they have to offer. Seniors who are 55 and older are placed in a wide variety of community service activities at nonprofit and public facilities, including day care centers, senior centers, schools, and hospitals. This program serves people living in all Oregon counties. Funding for this program is received through a grant awarded to the State of Oregon and Easter Seals National by the U.S. Department of Labor.

The Connecting Communities Program (formally known as Latino Connection), funded through the state of Oregon's Department of Vocational Rehabilitation, is dedicated to creating employment opportunities for individuals with disabilities who use English as a second language and individuals with physical, psychological, or ongoing medical conditions that interfere with their ability to work. Referrals come through partnerships with vocational rehabilitation counselors and local employers through Portland, Salem, Eugene, Woodburn, Hillsboro, Gresham, and the surrounding areas.

The Homeless Veterans Reintegration Program grants, awarded by the U.S. Department of Labor, provide services to assist homeless veterans reintegrate into the community and into meaningful employment. This service stimulates the service delivery systems that address the complex problems facing homeless veterans in Multnomah, Clackamas, Washington, Lane, Douglas, Jackson, Josephine, Yamhill, Klamath and Lake counties as well as Marion and Polk counties.

The Supportive Services for Veteran Families (SSVF) grant, awarded by the U.S. Department of Veterans Affairs, is administered by Easterseals Oregon. The program provides supportive services for low or very low-income veteran families residing in or transitioning to permanent housing. These services are designed to increase the housing stability of veteran families that are at-risk of or are experiencing homelessness in Multnomah, Marion and Polk counties.

Camping, Recreation, and Respite

Easterseals Oregon hosts residential camps for children and adults with disabilities and day camp for youth with disabilities. Easterseals Oregon camping programs provide a safe, barrier-free environment for children and adults to experience all aspects of residential camp without the usual limitations. Participants make friends, learn about and explore nature, sing songs around the campfire, gain confidence, and create memories that linger long after the camp fires have died down. This experience, coupled with dedicated staff and specially trained volunteers who help meet the unique needs of our campers, makes for a memorable time for our campers and a respite for their caregivers.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 4 PROGRAM GRANTS AND CONTRACTS RECEIVABLE

Program grants and contracts receivable are due within one year and summarized as follows as of August 31:

	2024	2023
Senior Community Service Employment Program	\$ 645,969	\$ 474,743
Homeless Veterans' Reintegration Program	140,600	99,699
Supportive Services for Veteran Families	491,028	475,677
East Cascades	830	-
Washington County	102,625	206,562
Total	<u>\$ 1,381,052</u>	<u>\$ 1,256,681</u>

NOTE 5 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Easterseals Oregon is the beneficiary of a perpetual trust for the year ended August 31, 2024, and two perpetual trusts for the year ended August 31, 2023.

The trust(s) have a carrying value of \$19,838 and \$110,144 at August 31, 2024 and 2023, respectively. During the years ended August 31, 2024 and 2023, Easterseals Oregon received \$2,302 and \$7,034, respectively, in distributions from these trusts. Distributions are classified in the accompanying financial statements as investment income.

The carrying value of these investments represents the fair value of assets held in the trusts multiplied by Easterseals Oregon's percentage interest.

Easterseals Oregon had a 100% interest in the first trust, inuring to Easterseals Oregon and paid at the rate of approximately \$6,000 annually; This trust was terminated in April 2024.

During the years ended August 31, 2024 and 2023, Easterseals Oregon has a 2.1053% interest in the second trust, inuring to Easterseals Oregon.

NOTE 6 BENEFICIAL INTEREST IN CHARITABLE REMAINDER UNITRUST

Easterseals Oregon was named beneficiary of an irrevocable charitable remainder unitrust. The income beneficiary of the trust receives a percentage each year of the net fair market value of the assets of the trust, valued annually. Upon the death of the beneficiary, Easterseals Oregon will receive all the remaining assets of the trust. During the year ended August 31, 2024, Easterseals Oregon received a large amount the remaining assets in the trust and expects the remaining balance to be received in fiscal year 2025. Easterseals Oregon's beneficial interest was calculated based on the fair value of assets held in the trust less an estimated liability to the income beneficiary (using a discount rate of 8.8%), as follows:

	2024	2023
Investments Held by Trustee	\$ 849	\$ 106,439
Liability Under Unitrust Agreement	-	(6,712)
Total	<u>\$ 849</u>	<u>\$ 99,727</u>

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 7 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Easterseals Oregon's net assets at August 31, 2024 and 2023 are restricted as follows:

Net Assets with Donor Restrictions - Purpose and Time

Net assets with donor restrictions – purpose and time consist of the following at August 31:

	2024	2023
Program Services:		
Zetosch Fund (for Client Assistance)	\$ 41,550	\$ 44,754
Camp Scholarships	-	15,145
Veterans Programs	35,434	35,434
Senior Programs	18,402	18,402
Lobbying Efforts	-	6,055
Connecting Communities	-	1,037
Future Periods:		
Charitable Remainder Unitrust	-	99,727
Total	<u>\$ 95,386</u>	<u>\$ 220,554</u>

During the years ended August 31, 2024 and 2023, net assets of \$125,167 and \$174,661, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

Net Assets with Donor Restrictions - Held in Perpetuity

Net assets with donor restrictions - held in perpetuity net assets consist of the following at August 31:

	2024	2023
Interest in Perpetual Trust(s)	<u>\$ 19,838</u>	<u>\$ 110,144</u>

NOTE 8 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities readily accessible at the reporting date.

Level 2 – Pricing inputs are observable for the assets or liabilities, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1.

Level 3 – Pricing inputs are unobservable for the assets or liabilities and may include significant management judgment or estimation.

Easterseals Oregon's assets measured at fair value on a recurring basis along with how fair value was determined at August 31, 2024 are as follows:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Beneficial Interest in Perpetual Trusts	\$ -	\$ -	\$ 19,838	\$ 19,838
Beneficial Interest in Charitable Remainder Unitrust	-	-	849	849
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,687</u>	<u>\$ 20,687</u>

Easterseals Oregon's assets measured at fair value on a recurring basis along with how fair value was determined at August 31, 2023 are as follows:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Investments:				
Beneficial Interest in Perpetual Trusts	\$ -	\$ -	\$ 110,144	\$ 110,144
Beneficial Interest in Charitable Remainder Unitrust	-	-	99,727	99,727
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,871</u>	<u>\$ 209,871</u>

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

Common stock is valued using quoted market prices. The beneficial interest in perpetual trusts is valued at the present value of the estimated cash flows that will be received in the future. The beneficial interest in charitable remainder unitrust is valued at the fair value of the assets in the unitrust less the present value of the estimated future payments to be made to the beneficiary.

The following table sets forth a summary of changes in the fair value of Easterseals Oregon's Level 3 assets at August 31:

	Beneficial Interest in Perpetual Trust	Beneficial Interest in Charitable Remainder Unitrust
Balance - August 31, 2022	\$ 115,506	\$ 105,301
Change in Value of Beneficial Interest in Trust	<u>(5,362)</u>	<u>(5,574)</u>
Balance - August 31, 2023	110,144	99,727
Change in Value of Beneficial Interest in Trust	(90,306)	
Cash Distribution		<u>(98,878)</u>
Balance - August 31, 2024	<u>\$ 19,838</u>	<u>\$ 849</u>

The value of the beneficial interest represents an irrevocable right to receive distributions in from a trust that is managed by a third-party. Easterseals Oregon does not have variance power over the trust's portfolio. The value of Beneficial Interests in Perpetual Trust and Beneficial Interest in Charitable Remainder Unitrusts is estimated based on the fair value of the underlying investments held by the trusts.

NOTE 9 RETIREMENT PLAN

Easterseals Oregon maintains a section 401(k) defined contribution plan (the Plan) for its eligible employees. The Plan is a contributory plan subject to maximum limitations set forth by the IRS. Employees may elect to make voluntary contributions to the Plan on a pre-tax basis. An eligible employee is one who has at least 90 days of eligible service and has reached the age of twenty and a half. Benefits under the Plan are provided through a group annuity contract established with an insurance company. Easterseals Oregon amended the Plan to include an employer match for eligible employees. Eligible employees are those with one or more year of service. Employee contributions will be matched at 50% of the employee contribution, up to 2% of eligible compensation. Employer matching contributions totaled \$24,928 and \$24,655 for the Plan years ended August 31, 2024, and 2023, respectively.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 10 CONTINGENCIES

Amounts received or receivable under governmental grants and contracts are subject to audit and adjustment by the contracting agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of Easterseals Oregon's net assets without donor restrictions net assets. In the opinion of Easterseals Oregon's management, any adjustments that might result from such audits would not be material to Easterseals Oregon's overall financial statements.

NOTE 11 SIGNIFICANT SOURCES OF REVENUE AND RECEIVABLES

During the years ended August 31, 2024 and 2023, approximately 72% and 32% of Easterseals Oregon's program service fees were earned under contracts and awards originating from two sources and three sources, respectively. As of August 31, 2024 and 2023, approximately 80% and 38% of Easterseals Oregon's program grants and contracts receivable from two sources and four sources, respectively.

NOTE 12 LIQUIDITY

As of August 31, 2024 and 2023, Easterseals Oregon had the following financial assets available for general expenditure within one year of the statements of financial position.

	2024	2023
Cash and Cash Equivalents	\$ 423,809	\$ 90,989
Receivables	1,412,178	1,306,421
	1,835,987	1,397,410
Less: Net Assets with Donor Restrictions	(115,224)	(330,698)
Total	<u>\$ 1,720,763</u>	<u>\$ 1,066,712</u>

NOTE 13 LINE OF CREDIT

On January 22, 2020, Easterseals Oregon entered into a revolving line of credit agreement (the Agreement) with KeyBank. The borrowings will bear interest at prime plus 2.0%, with a minimum of 4.75% (8.00% at August 31, 2024). The maximum amount that may be outstanding under the agreement is \$500,000. The line of credit is secured by all assets owned by Easterseals Oregon and is due on demand. There was no balance at August 31, 2024 and 2023.

EASTERSEALS OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 14 LEASES

The Organization leases equipment and facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through September 2031. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's leases as of August 31:

	2024	2023
Lease Costs		
Operating Lease Cost	\$ 484,909	\$ 41,725
Total Lease Costs	\$ 484,909	\$ 41,725

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2024, is as follows:

Year Ending August 31,	Operating Leases
2025	\$ 459,844
2026	485,467
2027	411,376
2028	367,985
2029	312,760
Thereafter	493,316
Total Lease Payments	2,530,748
Less: Interest	264,208
Present Value of Lease Liabilities	\$ 2,266,540
Current Portion of Lease Liabilities - Operating	\$ 381,659
Long-Term Lease Liabilities - Operating	1,884,881
Total	\$ 2,266,540

Other information related to the Organization's operating lease as of August 31 was as follows:

	2024	2023
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Lease	\$ 413,586	\$ 371,677
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 1,500,643	\$ 638,098
Weighted-Average Remaining Lease Term - Operating Lease	5.7 Years	1 Year
Weighted-Average Discount Rate - Operating Lease	4.25%	3.61%

EASTERSEALS OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
U.S. Department of Labor				
Direct Program:				
Homeless Veterans' Reintegration Program	17.805	N/A		\$ 288,384
Homeless Veterans' Reintegration Program	17.805	N/A		373,988
Homeless Veterans' Reintegration Program	17.805	N/A		429,903
Homeless Veterans' Reintegration Program	17.805	N/A		320,159
Total 17.805				<u>1,412,434</u>
Pass-Through Program from State of Oregon:				
Senior Community Service Employment Program	17.235	175920-2	\$ 215,493	1,128,830
Easter Seals, Inc.: Senior Community Service Employment Program	17.235	23A620AD000053-01-00	-	4,610,911
Total 17.235			<u>215,493</u>	<u>5,739,741</u>
Total U.S. Department of Labor			215,493	7,152,175
U.S. Department of Health and Human Services				
- Administration on Aging				
Consolidated Appropriations Act, 2022 Congressional Directives	94.493	N/A	-	82,460
Total U.S. Department of Health and Human Services - Administration on Aging			-	82,460
U.S. Department of Veterans Affairs				
Direct Program:				
Supportive Services for Veteran Families	64.033	N/A	-	5,965,058
Total U.S. Department of Veterans Affairs			-	5,965,058
U.S. Department of Treasury				
Pass-through program from East Cascades Works, Inc: COVID 19 Coronavirus State Fiscal Recovery Fund	21.027	24-008	-	831
Pass-through program from Willamette Workforce Partnership:				
COVID 19 Coronavirus State Fiscal Recovery Fund	21.027	S09-24	-	22,935
Total U.S. Department of Treasury			-	<u>23,766</u>
Total Expenditures of Federal Awards			<u>\$ 215,493</u>	<u>\$ 13,223,459</u>

See accompanying Note to Schedule of Expenditures of Federal Awards.

EASTERSEALS OREGON
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AUGUST 31, 2024

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes all federal grant activity of Easterseals Oregon for the year ended August 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Because the schedule presents only a selected portion of the operations of Easterseals Oregon, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Easterseals Oregon. Pass-through entity identifying numbers are presented when available.

Expenditures

Expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Easterseals Oregon has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Easterseals Oregon negotiated an indirect cost rate of 21.26% with the Department of Labor, but charges indirect costs based on rates specified in each grant agreement, which range from 8.25% to 20%.



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

Board of Directors
Easterseals Oregon
Portland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Easterseals Oregon, which comprise the statement of financial position as of August 31, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

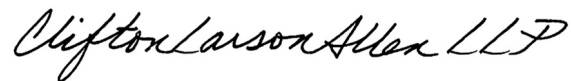
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Easterseals Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Portland, Oregon
February 26, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Easterseals Oregon
Portland, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Easterseals Oregon's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Easterseals Oregon's major federal programs for the year ended August 31, 2024. Easterseals Oregon's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Easterseals Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on ICEDC's response to the noncompliance findings identified in our compliance audit described in our compliance audit described in the accompanying schedule of findings and questioned costs. ICEDC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance that we consider to be material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on Easterseals Oregon response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Easterseals Oregon response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Portland, Oregon
February 26, 2025

**EASTERSEALS OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? X yes _____ no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____ no

Identification of Major Federal Programs

Federal Assistance Listing Number

64.033

Name of Federal Program or Cluster

U.S. Department of Veterans Affairs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**EASTERSEALS OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED AUGUST 31, 2024**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

2024 – 001

Type of Finding: Material Weakness in Internal Control over Compliance and Material Noncompliance

Federal Agency: U.S. Department of Veterans Affairs

Federal Program Name: VA Supportive Services for Veteran Families

Assistance Listing Number: 64.033

Federal Award Identification Number and Year: 2020-OR-272-SS – 2021, 2020-OR-272-LT 2022, 2020-OR-272-23 – 2023, 2020-OR-272-24 2024

Award Period: 2020-OR-272-SS: 09/01/2021 - 09/30/2024

2020-OR-272-LT: 08/19/2022 - 09/30/2026

2020-OR-272-23: 10/01/2022 - 09/30/2024

2020-OR-272-24: 10/01/2023 - 09/30/2024

Criteria or specific requirement: Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220). All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

Condition: Internal controls did not include maintaining the documentation of the verifiable check on www.SAM.gov for an entity’s suspension or debarment status prior to entering the covered transactions.

Questioned costs: None.

Context: In a statistically valid sample, CLA tested 3 of 3 covered transactions that should have been subject to suspension and debarment checks. Testing determined that no documentation was kept substantiating that S&D checks were performed, but upon review of the vendors on SAM.gov, CLA determined that none of the tested vendors were federally suspended nor debarred.

**EASTERSEALS OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED AUGUST 31, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause: Due to improper policy in place for suspension and debarment, which did not include maintaining the documentation of vendor check for suspension and debarment.

Effect: Noncompliant policies and documentation can lead to selecting vendors that are federally suspended or debarred.

Repeat Finding: No.

Recommendation: CLA recommends ESO update policies to match Uniform Guidance requirements and to update procedures to require documentation is kept showing that suspension and debarment checks are done prior to entering into a covered transaction.



Material Weakness in Internal Control over Compliance and Material Noncompliance
– Suspension and Debarment

Funding Agency: U.S. Department of Veterans Affairs

Program: Supportive Services for Veteran Families

Assistance Listing Number: 64.033

Criteria or Specific Requirement:

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220). All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

Condition:

Internal controls did not include maintaining the documentation of the verifiable check on www.SAM.gov for an entity's suspension or debarment status prior to entering the covered transactions.

Context:

CLA determined population by summarizing program general expenditures by vendor name. Matched to summary of full GL expenditure details by vendor. Identified vendors who were paid at least \$25k in the CY which were paid at least in part with program funds.

Additionally assessed vendors who were paid less than \$25k to see if they were subject to contracts >\$25k. CLA determined a population of three. Tested all three at 8150.I-2 noted that none had documentation to substantiate procedures.

Questioned Costs:

None

Cause/Effect:

The Organization could enter a covered transaction with an entity that is suspended or debarred from receiving federal funding.

Recommendation:

CLA recommends the Organization updated its policies and procedures to include a documented check on www.sam.gov for entities it intends to enter a covered transaction with.

View of Responsible Official and Corrective Action

Management updated its policies and procedures to include the required suspension and debarment check in the vendor supporting documentation files, which will be reviewed and overseen by the CFO, Danielle Gibson, and will implement these procedures immediately .

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