Easterseals Blake Foundation and Subsidiaries
Consolidated Financial Statements and Single Audit Report
for the Year Ended June 30, 2022

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Single Audit Report
Year Ended June 30, 2022

EASTERSEALS BLAKE FOUNDATION AND SUBSIDIARIES
YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Easterseals Blake Foundation and Subsidiaries

Report on Audit of Consolidated Financial Statements

Opinion
We have audited the accompanying consolidated financial statements (financial statements) of Easterseals Blake Foundation and Subsidiaries (Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, 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 Blake Foundation and Subsidiaries as of June 30, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Easterseals Blake Foundation and Subsidiaries 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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2023, on our consideration of Easterseals Blake Foundation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
July 24, 2023

EASTERSEALS BLAKE FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

Assets	
Current assets:	
Cash and cash equivalents	$ 8,435,036
Cash and cash equivalents - restricted	15,876
Grants receivable	1,115,689
Contracts receivable, net	2,370,084
Prepaid expenses	226,903
Other current assets	5,205
Total current assets	12,168,793
Investments	863,109
Property and equipment, net	5,888,696
Intangible assets	409,500
Other assets	191,934
Total assets	$ 19,522,032
Liabilities	
Current liabilities:	
Accounts payable	$ 385,996
Accrued payroll and related expenses	1,452,237
Cash accounts held for clients	15,786
Other accrued expenses	362,183
Refundable advances	2,620,982
Contract liabilities - special events	22,543
Deferred rent, current portion	21,149
Deferred gain, current portion	49,286
Capital lease payable, current portion	10,256
Notes payable, current portion	42,686
Total current liabilities	4,983,104
Deferred rent, non-current portion	50,680
Deferred gain, non-current portion	72,688
Capital lease payable, non-current portion	1,797
Notes payable, non-current portion	1,738,701
Deferred compensation liability	833,119
Total liabilities	7,680,089
Net assets	
Without donor restrictions:	
Undesignated	3,874,434
Expended for property and equipment	3,973,282
Expended for intangible assets	409,500
Designated by the Board	3,500,000
Total net assets without donor restrictions	11,757,216
With donor restrictions:	
Purpose restricted	84,727
Total net assets	11,841,943
Total liabilities and net assets	$ 19,522,032

See accompanying notes to financial statements.

EASTERSEALS BLAKE FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains:			
Fee for service contracts	$ 34,682,005	$	$ 34,682,005
Grants	9,543,936		9,543,936
Contributions	1,360,730	118,241	1,478,971
Contributions - in kind	497,578		497,578
Tuition and fees	393,071		393,071
Community living rental income	256,050		256,050
Retail sales	104,367		104,367
Visitation fees	28,315		28,315
Special events, net	5,054		5,054
Investment return, net	(5,930)		(5,930)
Other income	80,655		80,655
Gain on sale of property and equipment	315,565		315,565
Net assets released from restrictions	330,221	(330,221)	
Total revenue, support, and gains	47,591,617	(211,980)	47,379,637
Expenses:			
Program services:			
Child and family services	8,368,735		8,368,735
Behavioral health	16,869,459		16,869,459
Employment and community living	11,973,632		11,973,632
Foster care services	4,170,130		4,170,130
Total program expenses	41,381,956		41,381,956
Supporting services:			
Management and general	4,967,830		4,967,830
Fundraising	618,990		618,990
Total supporting services	5,586,820		5,586,820
Total expenses	46,968,776		46,968,776
Change in net assets	622,841	(211,980)	410,861
Net assets, beginning of year	11,134,375	296,707	11,431,082
Net assets, end of year	$ 11,757,216	$ 84,727	$ 11,841,943

See accompanying notes to financial statements.

EASTERSEALS BLAKE FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services		
	Child and Family Services	Behavioral Health	Employment and Community Living	Foster Care Services	Total Program Services	Management and General	Fundraising	Totals
Salaries and wages	$ 5,131,646	$ 8,938,532	$ 8,386,992	$ 1,704,936	$ 24,162,106	$ 2,599,740	$ 236,826	$ 26,998,672
Employee benefits	563,948	748,725	710,984	163,729	2,187,386	251,725	35,951	2,475,062
Payroll taxes	459,083	814,281	784,644	154,211	2,212,219	200,297	19,209	2,431,725
Occupancy	416,878	1,092,546	790,736	245,136	2,545,296	510,418	6,222	3,061,936
Automobile	192,671	286,464	599,828	26,312	1,105,275	52,757	7,537	1,165,569
Professional services	333,446	534,900	76,177	24,624	969,147	334,756	47,185	1,351,088
Supplies	288,047	110,009	396,207	718,308	1,512,571	22,354	30,711	1,565,636
Provider incentives	692,336				692,336			692,336
Information technology	4,187	291,234	1,150	35,247	331,818	122,043	9,969	463,830
Staff recruitment and retention	94,366	47,864	16,638	12,151	171,019	34,703	858	206,580
Telecommunications	80,175	163,988	118,180	24,247	386,590	54,885	3,725	445,200
Other operating	44,065	3,684,138	28,109	813,422	4,569,734	138,988	30,512	4,739,234
Interest						106,643		106,643
Travel	15,833	4,316	3,586	3,400	27,135	6,286	764	34,185
Sponsorship facility and meals				13,934	13,934		220,495	234,429
Equipment	46,141	91,661	40,501	22,616	200,919	74,586	1,110	276,615
Depreciation and amortization	5,888	60,776	19,827	206,554	293,045	442,782		735,827
Miscellaneous	25	25	73	1,303	1,426	14,867		16,293
Total functional expenses	$ 8,368,735	$ 16,869,459	$ 11,973,632	$ 4,170,130	$ 41,381,956	$ 4,967,830	$ 651,074	$ 47,000,860
Less: direct donor benefit costs netted against special event revenues							(32,084)	(32,084)
Total functional expenses reported on Statement of Activities	$ 8,368,735	$ 16,869,459	$ 11,973,632	$ 4,170,130	$ 41,381,956	$ 4,967,830	$ 618,990	$ 46,968,776

See accompanying notes to financial statements.

EASTERSEALS BLAKE FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:		
Change in net assets	$	410,861
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization		735,827
Change in allowance for doubtful accounts		(1,455,920)
Deferred gain on disposal of property		(49,286)
Net gain on investments		(1,479)
Change in investments - deferred compensation		52,427
Net gain on sale of property and equipment		(223,044)
Changes in assets and liabilities:		
Grants receivable		(94,881)
Contracts receivable, gross		1,169,001
Prepaid expenses		7,622
Other current assets		(671)
Other assets		(56,263)
Accounts payable		(228,886)
Accrued payroll and related expenses		(201,697)
Cash accounts held for clients		(2,636)
Other accrued expenses		(326,413)
Refundable advances		2,575,584
Contract liabilities - special events		9,368
Deferred lease liability		(16,697)
Deferred compensation liability		(52,427)
Net cash provided by (used for) operating activities		2,250,390
Cash flows from investing activities:		
Collections on notes receivable		52,013
Proceeds from sale of property and equipment		234,136
Purchases of property and equipment		(173,000)
Net cash provided by (used for) investing activities		113,149
Cash flows from financing activities:		
Payments on notes payable		(40,341)
Payments on capital lease		(82,219)
Net cash provided by (used for) financing activities		(122,560)
Net increase (decrease) in cash, cash equivalents, and restricted cash		2,240,979
Cash, cash equivalents, and restricted cash, beginning of year		6,209,933
Cash, cash equivalents, and restricted cash, end of year	$	8,450,912
Reconciliation to Consolidated Statement of Financial Position:		
Cash and cash equivalents	$	8,435,036
Cash restricted for client accounts		15,876
Total cash, cash equivalents, and restricted cash	$	8,450,912
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	106,643

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Easterseals Blake Foundation is a non-profit, community-based organization which provides exceptional services, education, outreach and advocacy so that people with disabilities can live, learn, work and play in our communities. Founded in 1950, Easterseals Blake Foundation works in 10 counties of Southern Arizona. Services include comprehensive behavioral health services for children, adults and families; supported day, employment and community living programs for individuals with intellectual or physical disabilities; inclusive, quality child-care; early intervention and family preservation services.

Blake Holding Corporation holds title to and manages real and personal property in support of the programs of Easterseals Blake Foundation; an organization related through common management.

Aviva Children's Services is a nonprofit organization incorporated in 1999. The mission of Aviva Children's Services is to improve the quality of life for children who are victims of neglect, abuse, and poverty and in the care of Arizona's Department of Child Safety. Aviva Children's Services responds to the needs of children in foster care by providing programs and resources to enhance their self-esteem and well-being, as well as supplying clothing, shoes, blankets, and personal care items. As of April 1, 2020, Aviva Children's Services began providing behavioral health services to children in foster care and kinship placements. Aviva Children's Services is an organization related through common management.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The consolidated financial statements include the accounts of Easterseals Blake Foundation and its commonly managed subsidiaries, Blake Holding Corporation and Aviva Children's Services (collectively referred to as the Organization). All intercompany accounts and transactions have been eliminated in consolidation.

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Organization is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve of $3,500,000 to address the defensive interval requirements of a minimum of 30 days of cash and cash equivalents available. In addition, a portion of the net assets without donor restrictions has been designated by the Board of Directors as expended for property, equipment, and intangibles to reflect the total carrying value after accumulated depreciation of all property, equipment, and intangibles, net of directly related liabilities. Remaining net assets without donor restrictions are available for general operations of the Organization.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of amounts held in Organization bank accounts on behalf of supported employment and community living service clients. At year end, the restricted cash balance was $15,876.

Investments

The Organization reports investments at fair value. Net investment income return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the Organization's deposits was \$8,450,912 and the bank balance was \$8,478,682.

At year end, \$8,148,057 of the Organization's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers.

Revenue Recognition

Grants. Grants revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$2,620,982 that have been recorded as a refundable advance at June 30, 2022 because qualifying expenses have not yet been incurred.

Fee for Service Contracts. The Organization is a provider of fee for service contracts in which the amount to be paid by the vendor is determined by a formula based on units of service provided by the Organization. Fee for service contracts are recognized as revenue and receivables as the services are rendered and billed using the agreed-upon rate per unit. The vendor is billed monthly for the units of service provided during the preceding month.

Contributions. The Organization 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. The Organization did not have any conditional promises to give at June 30, 2022.

Contributions Receivable

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with donors, and accordingly has made no allowance for doubtful accounts. As of June 30, 2022, the Organization did not have any contributions receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Grants receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary. Grants receivable are expected to be collected in less than one year.

Contracts Receivable

Contracts receivable are stated at the amount management expects to collect from outstanding balances. At June 30, 2022, the balance of contracts receivable contains amounts over 90 days past due and $697,897 of medical claims that have been incurred but not yet billed. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts, historical trends, and available information. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At year end, the valuation allowance for accounts receivable was $2,283,171. Contracts receivable are expected to be collected in less than one year. Net contracts receivable at the beginning of the year were $2,083,165.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of $5,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from two to 40 years. Depreciation expense for the current fiscal year was $690,327.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Goodwill

Goodwill in the amount of $409,500 at June 30, 2022, relates to the acquisition of Supported Living Systems, Inc. (SLS). Subsequent to the acquisition, the activities of SLS became a program of Easterseals Blake Foundation.

Management periodically reviews the carrying value of goodwill to determine whether impairment may exist. The Organization considers relevant cash flow and profitability information, including estimated future operating results, trends, and other available information, in assessing whether the carrying value of goodwill can be recovered. If the Organization determines that the carrying value of goodwill is impaired, it reduces the value by a charge to operations in the amount of the impairment. The Organization has determined that the value of Goodwill at June 30, 2022 has not been impaired. Due to events occurring in fiscal year 2022, management began amortizing Goodwill in fiscal year 2022.

Deferred Gain

During the year ended June 30, 2017, the Organization entered into sale-leaseback agreements in connection with the sale of 17 properties. Under the terms of the agreement, the Organization sold the properties and leased them back with lease terms ranging from 7 to 10 years. The leasebacks have been accounted for as operating leases. The total gain on the sale was $403,312, of which $49,286 was recognized during the year ended June 30, 2022 and $121,974 remains to be recognized over the remaining lease terms.

Other Assets

Other assets consist of security deposits paid for leased properties and assets in process.

Deferred Rent

The Organization has entered into operating lease agreements for its facilities, some of which contain provisions for future rent increases. The Organization records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to deferred rent, which is reflected in a separate line item in the accompanying statement of financial position.

Compensated Absences

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Organization’s policy to recognize the cost of compensated absence when leave is earned by employees up to a maximum amount to be paid out of 40 hours per employee.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In-Kind Contributions

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers may contribute time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Full time equivalent
Employee benefits	Full time equivalent
Payroll taxes	Full time equivalent
Occupancy	Square footage
Automobile	Time and effort
Professional services	Time and effort
Supplies	Full time equivalent
Information technology	Time and effort
Other operating	Time and effort

Special Events

The Organization held four events with fundraising revenues of $37,138 and direct benefit to donor costs of $32,084, resulting in a net special event revenue of $5,054. Contract liabilities for deferred special events of $22,543 increased from $13,175 in the prior year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the current fiscal year, advertising costs totaled $61,799.

Income Tax Status

Easterseals Blake Foundation, Blake Holding Corporation, and Aviva Children's Services are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, Easterseals Blake Foundation, Blake Holding Corporation, and Aviva Children's Services qualify for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Form 990s, *Return of Organization Exempt from Income Taxes* are generally subject to examination by the Internal Revenue Service for three years after the dates filed. There were no income taxes paid during the year ended June 30, 2022.

The Organization's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax positions. As of June 30, 2022, there were no uncertain tax positions that are potentially material.

New Accounting Pronouncement

During the fiscal year, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The update increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The adoption did not have a significant impact on the Organization's financial statements.

Recent Accounting Pronouncements Issued Not Yet Effective

In February 2016, the FASB issued ASU Update 2016-02, *Leases* (Topic 842). The ASU will require entities to recognize assets and liabilities for both capital and operating leases with lease terms of more than 12 months on the statement of financial position. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its consolidated financial statements and related disclosures.

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 24, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	$ 8,435,036
Grants receivable	1,115,689
Contracts receivable, net	2,370,084
Total financial assets	11,920,809
Less amounts not available to be used within one year:	
Net assets with donor restrictions	84,727
Less: Net assets with purpose restrictions to be met in less than a year	(84,727)
Financial assets available to meet general expenditures over the next twelve months	$ 11,920,809

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization's goal is generally to maintain financial assets to meet 30 days of operating expenses. This standard was established based on defensive interval requirements specified in contracts with the Organization's largest payers. The Organization does not have a formal policy regarding excess cash. The Organization has a $2.0 million credit line available to meet cash flow needs. The line of credit matured on April 30, 2023. In April 2023, the line of credit was extended to July 30, 2023. The line of credit has a variable interest rate based on LIBOR with interest due monthly and principal due upon maturity. No funds were borrowed under this agreement during the fiscal year.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is defined as the price that the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1: Quoted prices in active markets for identical investments.

Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

<u>Fair Values Measured on Recurring Basis</u>

Fair values of assets measured on a recurring basis at year end are as follows:

	Hierarchy Level	Fair Value
Investments		
Equities	Level 1	$ 5,025
Mutual funds	Level 1	852,442
Oil and gas interests	Level 3	5,642
Total assets		$ 863,109

The following methods and assumptions were used to estimate the fair value for each significant class of financial instrument measured at fair value.

Mutual funds – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the current fiscal year.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

Land	$ 922,563
Buildings	7,926,887
Leasehold improvements	762,881
Furniture and equipment	1,290,442
Vehicles	2,283,487
Total property and equipment	13,186,260
Less: Accumulated depreciation and amortization	(7,297,564)
Net property and equipment	$ 5,888,696

NOTE 5 – NET ASSETS

Net assets with donor restrictions were as follows:

Specific Purpose:	
Semi-Independent Living	$ 2,026
El Tour de Tucson	460
Community Living Meal/Nutrition Planning	10,000
Behavior Health – Ranch	10,000
Capital Campaign	49,000
Sibling Reunion Picnics	2,776
Bags for Kids (Divas)	5,465
Holiday/Toy Program	5,000
Total	$ 84,727

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions:	
Semi-Independent Living	$ 9,474
Aviva Children's emergency needs	301,391
Sibling Reunion Picnics	575
Bags for Kids (Divas)	896
Holiday/Toy Program	12,057
Health Study	150
Employment and Community Living Kiln	5,000
Community Living Desert House	618
Visitation	60
Total	$ 330,221

NOTE 6 – OPERATING LEASE COMMITMENTS

The Organization leases office space, facilities, equipment and vehicles under noncancelable operating leases with various expirations through October 2026. Total rent expense incurred under operating leases totaled $2.4 million during the fiscal year.

The following is a schedule by years of future minimum rental payments under the leases at year end:

Year End:		
	2023	$ 2,065,069
	2024	1,253,236
	2025	655,435
	2026	276,948
	2027	33,613
Total		$ 4,284,301

NOTE 7 – NOTES PAYABLE

Notes payable outstanding consisted of the following:

Description	
Note payable to Bank of West dated December 24, 2018. Monthly installments of $12,185 at 5.79% interest, with a final balloon payment of approximately $1,467,933 due December 24, 2028. Collateralized by a deed of trust on real property and assignment of rents	$ 1,781,387
Total notes payable	1,781,387
Less: Current portion	(42,686)
Net notes payable, non-current	$ 1,738,701

NOTE 7 – NOTES PAYABLE

The future scheduled maturities of notes payable are as follows:

	2023	$ 42,686
	2024	44,981
	2025	47,973
	2026	50,866
	2027	53,934
	2028-29	1,540,947
Total		$ 1,781,387

Note Covenants – The Organization is required to maintain a fixed charge ratio of at least 1.10 to 1.00 and a debt to net worth ratio of not more than 0.65 to 1.00 as measured at each fiscal year-end. At June 30, 2022, the Organization was in compliance with both covenants.

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The Organization leases computer equipment under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities.

Leased assets included in property and equipment consisted of $43,839 of equipment, less the amount representing accumulated depreciation of $34,340, resulting in a net value of $9,499.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of year end:

Year End:	
2023	$ 10,911
2024	1,819
Total minimum lease payments	12,730
Less: Amount representing interest	(677)
Present value of minimum lease payments	12,053
Due within one year	10,256
Non-current portion	$ 1,797

Amortization of assets held under capital leases is included with depreciation expense.

NOTE 9 – CONCENTRATIONS

The Organization receives the majority of its revenue from grants and contracts as follows.

Funding Source	Support	Percentage
Arizona Department of Economic Security	$ 13,094,062	30%
Arizona Complete Health	5,866,406	13
United Way of Greater Tucson	2,870,422	6
Banner Health Network	4,178,290	9
Child Parent Centers, Inc.	2,223,581	5
Early Childhood Development and Health Board	1,699,990	4
United Healthcare	3,763,024	9
Mercy Care	4,792,972	11
Blue Cross Blue Shield	523,483	1
Other vendors and grantors	5,213,711	12
Total	$ 44,225,941	100%

As of June 30, 2022 gross grants and contracts receivable was comprised of:

Funding Source	Support	Percentage
Arizona Department of Economic Security	$ 950,231	16%
Arizona Complete Health	418,575	7
United Way of Greater Tucson	621,124	11
Banner Health Network	1,167,466	20
United Healthcare	829,978	15
Mercy Care	393,632	7
Blue Cross Blue Shield	113,203	2
Other vendors and grantors	1,274,879	22
	$ 5,769,088	100%

NOTE 10 – COMMITMENTS AND CONTINGENCIES

From time to time, the Organization may be party to certain pending or threatened lawsuits arising out of or incident to the ordinary course of business for which it carries general liability and other insurance coverages. In the opinion of management and based upon consultation with legal counsel, resolution of any pending or threatened lawsuits will not have a material adverse effect on the Organization's consolidated financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. In the opinion of management, the liability, if any, for such contingencies will not have a material effect on the Organization's financial position.

NOTE 11 – EMPLOYEE BENEFIT PLANS

Tax-deferred Annuity Plan

The Organization has a tax-deferred annuity plan that qualifies under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. At the Board of Directors' discretion, the Organization may match employee contributions at the rate of $0.50 per $1.00 up to a maximum of 6 percent of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Plan expenses were $247,612 for the fiscal year.

Deferred Compensation Plan

The Organization has a 457(b) eligible deferred compensation plan (457(b) Plan) that allows eligible employees to defer pretax annual compensation up to certain limitations imposed by the IRS. The 457(b) Plan covers employees of the Organization whose annual salary is in excess of limits imposed by the IRS. The Organization reports assets and liabilities of equal amounts attributable to the amount deferred and the related investment earnings. The Organization's invested deferred compensation assets consist of mutual funds which are classified as level 1 securities in accordance with accounting principles generally accepted in the United States of America. The balance in the deferred compensation plan as of June 30, 2022 is $833,119.

Deferred compensation activity during fiscal year 2022 consists of the following:

Beginning of year	$ 885,546
Employer contributions	37,933
Employee contributions	37,933
Change in fair value	(128,293)
End of year	$ 833,119

NOTE 12 – RISK MANAGEMENT

The Organization maintains a self-insurance program for its employees' health care costs. The Organization is liable for losses on claims up to $75,000 per claim and $2,655,923 in total for the year. The Organization has third party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not reported, with a two-year lookback. The total accrued liability for self-insurance costs was $300,517 as of June 30, 2022 and is included in other accrued expenses on the statement of financial position.

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets during the fiscal year, which were utilized for the program or supporting service indicated:

	Program Services				Supporting Services		
	Children & Family Services	Behavioral Health	Employment & Community Living	Foster Care Services	Management & General	Fundraising	Total
Clothing and household goods	$	$	$	$ 184,567	$	$ 141,313	$ 325,880
Food supply	50	12,194	106,529	130	634	100	119,637
Marketing					10,316	200	10,516
Program supplies	5,889	42	1,223	1,217	900	8,080	17,351
Raffle prizes						18,372	18,372
Small equipment and furniture			650		386	75	1,111
Office supplies					178		178
Books and publications				71		637	708
Collectibles						1,800	1,800
Gift cards						25	25
Land improvements				2,000			2,000
Total	$ 5,939	$ 12,236	$ 108,402	$ 187,985	$ 12,414	$ 170,602	$ 497,578

Contributed nonfinancial assets received by the Organization are recorded as in-kind contribution revenue with a corresponding in-kind expense. Contributed nonfinancial assets are valued at retail prices that would be received for similar products. There were no donor-imposed restrictions associated with the donated goods.

SINGLE AUDIT SECTION

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*

Independent Auditor's Report

The Board of Directors
Easterseals Blake Foundation and Subsidiaries

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 Blake Foundation and Subsidiaries, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 24, 2023.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Easterseals Blake Foundation and Subsidiaries' 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 Blake Foundation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Easterseals Blake Foundation and Subsidiaries' 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 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Easterseals Blake Foundation and Subsidiaries' 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
July 24, 2023

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

The Board of Directors
Easterseals Blake Foundation and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Easterseals Blake Foundation and Subsidiaries' 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 Blake Foundation and Subsidiaries' major federal programs for the year ended June 30, 2022. Easterseals Blake Foundation and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Easterseals Blake Foundation and Subsidiaries 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 June 30, 2022.

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 (*Government Auditing Standards)*; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Easterseals Blake Foundation and Subsidiaries 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 Blake Foundation and Subsidiaries' 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 Blake Foundation and Subsidiaries' federal programs.

Auditor's 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 Blake Foundation and Subsidiaries' 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 Blake Foundation and Subsidiaries' 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 Blake Foundation and Subsidiaries' 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 Blake Foundation and Subsidiaries' 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Easterseals Blake Foundation and Subsidiaries' 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.

Report on Internal Control Over Compliance
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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Easterseals Blake Foundation and Subsidiaries as of and for the year ended June 30, 2022, and have issued our report thereon dated July 24, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
July 24, 2023

EASTERSEALS BLAKE FOUNDATION AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

Federal Awarding Agency/Program Title	*Federal CFDA Number*	*Additional Award Identification (Optional)*	*Name of Funder Pass-Through Entity*	*Identifying Number Assigned By Funder Pass-Through Entity*	*Federal Expenditures*	*Federal Program Total*	*Cluster Name*	*Cluster Total*
DEPARTMENT OF AGRICULTURE								
CHILD AND ADULT CARE FOOD PROGRAM	*10.558*		*ARIZONA DEPARTMENT OF EDUCATION*	*KR02-1170-ALS*	*$80,474*	*$93,207*	*N/A*	*$0*
COVID-19 CHILD AND ADULT CARE FOOD PROGRAM	*10.558*	*COVID-19*	*ARIZONA DEPARTMENT OF EDUCATION*	*KR02-1170-ALS*	*$12,733*	*$93,207*	*N/A*	*$0*
TOTAL DEPARTMENT OF AGRICULTURE					$93,207			
DEPARTMENT OF TRANSPORTATION								
FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM	*20.509*		*ARIZONA DEPARTMENT OF TRANSPORTATION*	*FTA-2019-005-TPM-NRTAP*	*$715*	*$715*	*N/A*	*$0*
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*		*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ-2016-020-00*	*$1,473*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*		*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ-2019-030*	*$3,342*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*		*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ-2020-050*	*$22,122*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*		*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ-2021-041ARP*	*$56,680*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*		*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ-2021-059-00*	*$92,500*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
COVID-19 ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*	*COVID-19*	*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ2016-020-00*	*$676*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
COVID-19 ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*	*COVID-19*	*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ-2017-00*	*$501*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
COVID-19 ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*	*COVID-19*	*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ-2019-030*	*$7,571*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
COVID-19 ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	*20.513*	*COVID-19*	*ARIZONA DEPARTMENT OF TRANSPORTATION*	*AZ-2020-050*	*$18,714*	*$203,579*	*TRANSIT SERVICES PROGRAMS CLUSTER*	*$203,579*
TOTAL DEPARTMENT OF TRANSPORTATION					$204,294			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
PROVIDER RELIEF FUND	93.498				$523,130	$523,130	N/A	$0
MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT	*93.870*		*CASAS DE LOS NINOS*	*X1043567*	*$227,470*	*$328,966*	*N/A*	*$0*
MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT	*93.870*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*RFGA2022-003-006*	*$101,496*	*$328,966*	*N/A*	*$0*
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	*93.958*		*ARIZONA COMPLETE HEALTH*	*B09SM085982*	*$186,897*	*$186,897*	*N/A*	*$0*
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					$1,038,993			
TOTAL EXPENDITURE OF FEDERAL AWARDS					$1,336,494			

Please Note:
Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

EASTERSEALS BLAKE FOUNDATION AND SUBSIDIARY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Easterseals Blake Foundation and Subsidiary under programs of the federal government for the year ended June 30, 2022. The information in the 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). Because the Schedule presents only a selected portion of the operations of the Organization it is not intended to and does not present the financial position, changes in net position or cash flows of the Organization. Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate
The auditee did not use the de minimis cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

EASTERSEALS BLAKE FOUNDATION AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant Program
93.498	Provider Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No