

Financial Report

Easter Seals Louisiana, Inc.

June 30, 2012



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Release Date OCT 31 2012

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Easter Seals Louisiana, Inc.,
New Orleans, Louisiana.

We have audited the accompanying statements of financial position of Easter Seals Louisiana, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General for the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals Louisiana, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, respectively, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2012 on our consideration of Easter Seals Louisiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Easter Seals Louisiana, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic 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 statements or to the financial statements themselves, and other additional procedures in accordance with standards generally accepted in the United States of America. In our opinion, the schedule of expenditures federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
September 19, 2012.

STATEMENTS OF FINANCIAL POSITION**Easter Seals Louisiana, Inc.**

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$ 620,829	\$ 47,114
Accounts receivable, net	1,301,133	1,262,441
Prepaid expenses and deposits	13,430	10,878
Unimproved real estate	16,218	16,218
Furniture and equipment	182,089	161,653
Accumulated depreciation	<u>(118,827)</u>	<u>(108,866)</u>
Total assets	<u>\$ 2,014,872</u>	<u>\$ 1,389,438</u>
Liabilities		
Accounts payable	\$ 79,920	\$ 62,933
Accrued vacation	157,482	151,729
Payroll taxes payable	7,324	2,806
Due to National Easter Seals	<u>2,917</u>	<u>2,887</u>
Total liabilities	247,643	220,355
Net Assets	<u>1,767,229</u>	<u>1,169,083</u>
Total liabilities and net assets	<u>\$ 2,014,872</u>	<u>\$ 1,389,438</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Easter Seals Louisiana, Inc.**

For the year ended June 30, 2012

Unrestricted**Support and Revenues**

Contract fees for services -

Case Management (Department
of Health and Hospitals):

Region 3 (Thibodaux)	\$ 1,517,189
Region 6 (Alexandria)	1,111,174
Region 7 (Shreveport)	2,127,016
Region 8 (Monroe)	213,375
Region 9 (Covington)	1,720,177
Community Transition Supports	84,142
Mobile Adult Crisis Screening	220,687
Monroe Intensive Case Management	307,390

Department of Housing and Urban Development

Integrated Community Engagement

96,835

Mental Health (Department
of Health and Hospitals):

Region 7 (Shreveport SIL)	254,595
Region 7 (Shreveport Residential)	383,143
Region 8 (Monroe Residential)	700,264

Single Point of Entry (Department
of Health and Hospitals):

Region 1 (New Orleans)	386,893
Region 8 (Monroe)	557,257

Special events

135,223

Contributions

14,603

Bingo (net of expenses of \$269,012
and winnings of \$1,023,472)

108,317

Miscellaneous

20,551

Total support and revenues9,958,831

**Exhibit B
(Continued)**

Unrestricted

Expenses

Program services:

Case management:

Region 3 (Thibodaux)	1,392,452
Region 6 (Alexandria)	1,220,257
Region 7 (Shreveport)	2,039,375
Region 8 (Monroe)	239,951
Region 9 (Covington)	1,567,420
Community Transition Supports	80,979
Integrated Community Engagement	90,449
Mobile Adult Crisis Screening	233,425
Monroe Intensive Case Management	299,604

Mental Health:

Region 7 (Shreveport SIL)	176,083
Region 7 (Shreveport Residential)	302,797
Region 8 (Monroe Residential)	295,284

Single Point of Entry:

Region 1 (New Orleans)	340,659
Region 8 (Monroe)	507,396

Direct services

Professional education and training	2,681
-------------------------------------	-------

Support services:

Management and general	317,092
Fundraising	204,386

Total expenses 9,360,685

Increase in Net Assets

598,146

Net Assets

Beginning of year 1,169,083

End of year \$ 1,767,229

See notes to financial statements.

STATEMENT OF ACTIVITIES**Easter Seals Louisiana, Inc.**

For the year ended June 30, 2011

Unrestricted**Support and Revenues**

Contract fees for services -

Case Management (Department of Health and Hospitals):	
Region 1 (New Orleans)	\$ 135,801
Region 3 (Thibodaux)	1,439,858
Region 6 (Alexandria)	1,179,622
Region 7 (Shreveport)	1,974,395
Region 8 (Monroe)	181,183
Region 9 (Covington)	1,575,832
Community Transition Supports	6,056
Mobile Adult Crisis Screening	88,040
Monroe Intensive Case Management	100,991
Shreveport Intensive Case Management	3,036
Department of Housing and Urban Development Integrated Community Engagement	18,155
Mental Health (Department of Health and Hospitals):	
Region 7 (Shreveport SIL)	249,995
Region 7 (Shreveport Residential)	386,307
Region 8 (Monroe Residential)	498,661
Single Point of Entry (Department of Health and Hospitals):	
Region 1 (New Orleans)	367,512
Region 8 (Monroe)	466,555
Special events	218,405
Contributions	20,545
Bingo (net of expenses of \$252,785 and winnings of \$1,003,167)	118,355
Miscellaneous	3,868
	<hr/>
Total support and revenues	9,033,172

**Exhibit B-1
(Continued)**

Unrestricted

Expenses

Program services:

Case management:

Region 1 (New Orleans)	228,457
Region 3 (Thibodaux)	1,311,436
Region 6 (Alexandria)	1,183,428
Region 7 (Shreveport)	1,880,718
Region 8 (Monroe)	219,486
Region 9 (Covington)	1,532,596
Community Transition Supports	4,235
Integrated Community Engagement	15,898
Mobile Adult Crisis Screening	86,240
Monroe Intensive Case Management	96,508
Shreveport Intensive Case Management	7,435

Mental Health:

Region 3 (Thibodaux)	4,784
Region 7 (Shreveport SIL)	171,163
Region 7 (Shreveport Residential)	280,286
Region 8 (Monroe Residential)	223,556

Single Point of Entry:

Region 1 (New Orleans)	345,450
Region 8 (Monroe)	434,482

Direct services

Public health education	48,206
Professional education and training	21,247
	9,800

Support services:

Management and general	362,853
Fundraising	198,471

Total expenses	8,666,735
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Increase in Net Assets	366,437
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Net Assets

Beginning of year	802,646
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End of year	\$ 1,169,083
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See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Easter Seals Louisiana, Inc.

For the year ended June 30, 2012

	<u>Program Services</u>				
	<u>Case Management</u>				
	<u>Region 3</u>	<u>Region 6</u>	<u>Region 7</u>	<u>Region 8</u>	<u>Region 9</u>
Salaries	\$ 965,349	\$ 850,631	\$ 1,374,562	\$ 132,774	\$ 1,104,950
Employee health, retirement and benefits	74,968	72,135	119,081	11,342	97,893
Payroll taxes	89,477	77,732	130,345	13,887	92,917
Bad debt expense	34,229	26,544	50,261	32,318	38,039
Conferences, conventions and meetings	2,013	2,783	3,987	1,419	2,132
Equipment maintenance	21,259	7,906	25,450	1,155	10,212
Equipment rental	7,301	7,442	12,188	2,486	8,109
Insurance	6,527	4,934	5,611	4,971	4,787
Interest expense	233	233	233	233	233
Licenses and fees	730	600	1,200	600	4,900
Media expenses	693	649	40	40	125
Membership dues to professional associations	-	-	-	-	-
Miscellaneous	6,231	3,194	13,834	2,670	7,021
Office expense	-	-	-	230	1,170
Occupancy	46,415	63,353	87,897	6,612	59,346
Outside printing	1,576	802	2,376	701	1,004
Postage	7,839	5,128	7,034	1,034	6,285
Professional fees and contract service payments	8,478	6,392	14,116	5,773	8,958
Specific assistance to individuals	-	-	-	-	-
Supplies	16,996	9,031	40,453	1,459	14,333
Telephone	18,466	15,777	32,012	3,301	20,974
Travel	80,433	61,752	115,456	13,707	80,793
Total expenses before depreciation	<u>1,389,213</u>	<u>1,217,018</u>	<u>2,036,136</u>	<u>236,712</u>	<u>1,564,181</u>
Depreciation of property and equipment	<u>3,239</u>	<u>3,239</u>	<u>3,239</u>	<u>3,239</u>	<u>3,239</u>
Total expenses	<u>\$ 1,392,452</u>	<u>\$ 1,220,257</u>	<u>\$ 2,039,375</u>	<u>\$ 239,951</u>	<u>\$ 1,567,420</u>

See notes to financial statements.

Program Services														Support Services			
Case Management					Mental Health						Public Health	Professional Education and Training	Management And Fundraising				
Community Transition Supports	Integrated Community Engagement I & II	Mobile Adult Crisis Screenings	Monroe Intensive Case Management	Shreveport Intensive Case Management	Region 3	Region 7	Region 7 Residential	Region 8 Residential	Single Point of Entry		Direct Services	Education	Totals	General	Fundraising	Totals	
									Region 1	Region 8							
\$ 67,802	\$ 26,470	\$ 169,986	\$ 198,659	\$ -	\$ -	\$ 116,853	\$ 154,369	\$ 112,879	\$ 218,770	\$ 322,766	\$ 28,465	\$ -	\$ -	\$ 5,845,285	\$ 143,147	\$ 127,820	\$ 6,116,252
5,763	2,462	14,448	16,558	-	-	10,343	12,904	9,594	18,502	27,967	2,697	-	-	496,657	12,717	10,263	519,637
5,818	2,361	14,777	17,833	-	-	11,647	13,287	10,352	19,384	33,338	2,235	-	-	535,390	14,936	11,000	561,326
-	-	-	-	-	-	-	-	-	-	-	-	-	-	181,391	-	-	181,391
-	-	196	836	-	-	86	934	691	475	2,303	-	-	2,681	20,536	4,340	2,105	26,981
-	590	1,072	780	-	-	971	175	780	4,026	3,397	-	-	-	77,773	1,698	122	79,593
-	-	-	2,485	-	-	-	-	2,486	4,408	8,202	-	-	-	55,107	3,080	-	58,187
368	368	4,584	10,945	-	-	1,892	1,733	18,010	736	1,244	368	-	-	67,078	4,412	1,599	73,089
18	18	18	18	-	-	89	89	18	36	36	18	-	-	1,523	214	52	1,789
-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,030	-	9,340	17,370
-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,547	1,784	727	4,058
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,545	-	35,545
-	3,659	717	94	-	-	657	42,392	763	347	3,537	-	-	-	85,116	10,722	14,316	110,154
40	-	100	134	-	-	-	-	-	4,072	8,787	-	-	-	14,533	-	-	14,533
219	37,614	4,515	11,077	-	-	11,853	65,189	120,400	25,847	33,208	-	-	-	573,545	13,437	2,516	589,498
-	-	-	-	-	-	-	316	-	536	771	285	-	-	8,367	1,093	8,417	17,877
-	-	-	266	-	-	669	670	1,183	5,642	4,555	1,019	-	-	41,324	1,777	2,459	45,560
201	-	9,768	377	-	-	489	519	172	2,843	5,079	1,664	-	-	64,829	25,133	-	89,962
-	-	-	-	-	-	(726)	-	-	-	-	13,395	-	-	12,669	-	-	12,669
88	16,658	261	1,013	-	-	4,952	-	1,299	8,116	9,058	-	-	-	123,717	6,949	7,787	138,453
-	-	6,450	3,846	-	-	6,090	6,553	5,113	7,684	9,941	-	-	-	136,207	10,023	1,377	147,607
413	-	6,284	34,434	-	-	8,972	2,420	11,295	18,737	32,709	-	-	-	467,405	23,096	3,739	494,240
80,730	90,200	233,176	299,355	-	-	174,837	301,550	295,035	340,161	506,898	50,146	-	2,681	8,818,029	314,103	203,639	9,335,771
249	249	249	249	-	-	1,246	1,247	249	498	498	249	-	-	21,178	2,989	747	24,914
\$ 80,979	\$ 90,449	\$ 233,425	\$ 299,604	\$ -	\$ -	\$ 176,083	\$ 302,797	\$ 295,284	\$ 340,659	\$ 507,396	\$ 50,395	\$ -	\$ 2,681	\$ 8,839,207	\$ 317,092	\$ 204,386	\$ 9,360,685

STATEMENT OF FUNCTIONAL EXPENSES

Easter Seals Louisiana, Inc.

For the year ended June 30, 2011

	Program Services					
	Case Management					
	Region 1	Region 3	Region 6	Region 7	Region 8	Region 9
Salaries	\$ 107,807	\$ 932,268	\$ 872,835	\$ 1,271,585	\$ 122,027	\$ 1,030,888
Employee health, retirement and benefits	14,552	72,900	6,415	149,880	11,650	117,090
Payroll taxes	11,940	82,340	77,364	112,199	15,134	91,704
Bad debt expense	52,261	32,726	41,585	44,003	25,720	88,952
Conferences, conventions and meetings	11	801	814	1,341	167	827
Equipment maintenance	543	10,261	8,152	12,202	1,483	7,782
Equipment rental	2,547	6,568	6,527	9,480	3,886	6,752
Insurance	3,829	4,180	3,983	4,264	3,838	3,800
Interest expense	1,107	1,107	1,107	1,107	1,107	1,107
Licenses and fees	(625)	720	600	650	600	600
Media expenses	-	2,104	-	-	-	103
Membership dues to professional associations	-	-	-	-	-	-
Miscellaneous	8,217	3,893	2,233	6,154	634	4,168
Office expense	(1,000)	-	-	2,602	-	-
Occupancy	6,675	37,717	67,003	74,083	5,232	59,304
Outside printing	74	636	256	3,253	679	1,716
Postage	827	5,592	4,477	7,595	649	5,974
Professional fees and contract service payments	4,308	8,384	6,637	17,493	6,079	8,140
Specific assistance to individuals	-	-	-	-	-	-
Supplies	688	14,929	8,292	26,909	1,239	9,484
Telephone	4,171	19,217	16,335	27,364	5,954	20,794
Travel	7,674	72,242	55,962	105,703	10,557	70,560
Total expenses before depreciation	225,606	1,308,585	1,180,577	1,877,867	216,635	1,529,745
Depreciation of property and equipment	2,851	2,851	2,851	2,851	2,851	2,851
Total expenses	\$ 228,457	\$ 1,311,436	\$ 1,183,428	\$ 1,880,718	\$ 219,486	\$ 1,532,596

See notes to financial statements.

Program Services															Support Services		
Case Management					Mental Health										Management And Fundraising		
Community Transition Supports	Integrated Community Engagement	Mobile Adult Crisis Screenings	Monroe Intensive Case Management	Intensive Care Management	Region 3	Region 7	Region 7 Residential	Region 8 Residential	Single Point of Entry		Direct Services	Public Health Education	Professional Education and Training	Totals	General	Fundraising	Totals
									Region 1	Region 8							
\$ 2,895	\$ 3,846	\$ 65,542	\$ 74,516	\$ -	\$ 1,960	\$ 116,230	\$ 153,872	\$ 91,081	\$ 220,550	\$ 286,886	\$ 29,159	\$ 18,108	\$ 6,623	\$ 5,408,678	\$ 136,483	\$ 113,221	\$ 5,658,382
-	769	-	(11)	-	(6)	8,642	7,449	-	18,156	22,825	791	-	-	431,102	16,479	6,673	454,254
252	350	7,461	6,655	-	197	10,535	21,477	8,909	22,215	25,462	2,789	1,582	591	499,156	10,919	10,000	520,075
-	-	-	-	-	-	-	-	-	-	-	-	-	-	285,247	43,695	-	328,942
-	-	133	242	-	-	198	480	361	559	1,963	-	-	1,029	8,926	1,533	3,864	14,323
-	-	-	619	95	-	164	88	636	5,258	966	-	-	-	48,249	1,409	-	49,658
-	-	-	392	456	-	-	-	2,253	3,608	7,060	-	-	-	49,529	2,366	-	51,895
383	383	2,318	745	383	1,148	1,099	1,924	7,144	766	1,171	766	766	766	43,656	3,829	1,310	48,795
111	111	111	111	111	331	331	553	111	221	221	221	221	221	9,628	1,107	330	11,065
-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,545	-	19,079	21,624
-	-	763	403	613	-	188	188	-	-	-	-	-	-	4,362	644	688	5,694
-	-	-	-	-	-	-	-	225	-	-	-	-	-	225	48,924	-	49,149
-	-	541	692	790	-	808	32,446	1,759	709	2,225	-	-	-	65,269	18,519	5,155	88,943
242	-	17	78	-	-	-	-	-	5,255	7,543	-	-	-	14,737	304	-	15,041
-	5,179	4,320	4,615	-	-	9,643	51,936	98,674	23,375	26,261	-	-	-	474,017	15,923	-	489,940
-	-	-	55	-	-	-	95	413	615	467	602	-	-	8,861	1,362	15,266	25,489
-	-	-	95	-	-	707	331	669	4,000	3,274	942	-	-	35,132	1,610	1,465	38,207
8	-	111	136	-	3	779	800	173	3,279	3,667	2,096	-	-	62,093	24,526	-	86,619
-	-	-	-	-	-	867	-	-	-	-	10,270	-	-	11,137	-	-	11,137
59	4,975	-	2,421	3,497	-	2,672	-	1,889	10,838	8,232	-	-	-	96,124	3,973	13,353	113,450
-	-	1,485	858	1,205	56	6,598	5,744	2,732	8,061	9,755	-	-	-	130,329	7,687	2,848	140,864
-	-	3,153	3,601	-	240	10,847	1,478	6,242	17,415	25,934	-	-	-	391,608	18,709	4,364	414,681
3,950	15,613	85,955	96,223	7,150	3,929	170,308	278,861	223,271	344,880	433,912	47,636	20,677	9,230	8,080,610	360,001	197,616	8,638,227
285	285	285	285	285	855	855	1,425	285	570	570	570	570	570	24,801	2,852	855	28,508
<u>\$ 4,235</u>	<u>\$ 15,898</u>	<u>\$ 86,240</u>	<u>\$ 96,508</u>	<u>\$ 7,435</u>	<u>\$ 4,784</u>	<u>\$ 171,163</u>	<u>\$ 280,286</u>	<u>\$ 223,556</u>	<u>\$ 345,450</u>	<u>\$ 434,482</u>	<u>\$ 48,206</u>	<u>\$ 21,247</u>	<u>\$ 9,800</u>	<u>\$ 8,105,411</u>	<u>\$ 362,853</u>	<u>\$ 198,471</u>	<u>\$ 8,666,735</u>

STATEMENTS OF CASH FLOWS**Easter Seals Louisiana, Inc.**

For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 598,146	\$ 366,437
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	24,914	28,508
Bad debt expense	181,391	328,942
Loss on disposal of assets	1,257	5,463
(Increase) decrease in operating assets:		
Accounts receivable	(220,083)	(399,538)
Prepaid expenses and deposits	(2,552)	(1,153)
Increase (decrease) in operating liabilities:		
Accounts payable	16,987	20,704
Accrued vacation	5,753	14,874
Payroll taxes payable	4,518	(511)
Due to National Easter Seals	30	(6,841)
Total adjustments	<u>12,215</u>	<u>(9,552)</u>
Net cash provided by operating activities	610,361	356,885
Cash Flows From Investing Activities		
Purchases of property and equipment	(36,646)	-
Cash Flows From Financing Activities		
Borrowings under line of credit, net of repayments	<u>-</u>	<u>(438,941)</u>
Net Increase (Decrease) in Cash	573,715	(82,056)
Cash		
Beginning of year	<u>47,114</u>	<u>129,170</u>
End of year	<u>\$ 620,829</u>	<u>\$ 47,114</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Easter Seals Louisiana, Inc.**

June 30, 2012 and 2011

Note 1 - NATURE OF ACTIVITIES

Easter Seals Louisiana, Inc. (the "Organization"), is a non-profit, community-based healthcare agency organized under the laws of the State of Louisiana. The mission of the Organization is to help children and adults with disabilities of all ages, and their families, obtain, and effectively utilize resources necessary to lead more independent and purposeful lives. The Organization maintains programs and services that create an acceptance toward people with disabilities through the following: Camperships, Equipment Loan and Specific Assistance, Scoliosis Screenings, Post Polio Support Network, Support Coordination (Case Management), and Early Intervention Services.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

The Organization is a nonprofit corporation organized under the laws of the State of Louisiana in 1951. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

b. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting generally accepted in the United States of America.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial Statement Presentation

The Organization reports information regarding its financial position and activities accordingly to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted based on donor stipulations and restrictions placed on contributions, if any. All of the net assets as of June 30, 2012 and 2011 are unrestricted.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

e. Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

f. Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

g. Accounts Receivable

The Organization provides services under contracts entered into with various state and local agencies. Accounts receivable includes amounts billed under these contracts and amounts due from patients for services provided.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Accounts Receivable (Continued)

A major portion of the accounts receivable balances as of June 30, 2012 and 2011 is from the Louisiana Department of Health and Hospitals. Management closely monitors outstanding accounts receivable and estimates an allowance for uncollectible receivables based on prior experience. Balances that are determined to be uncollectible are written off. As of June 30, 2012 and 2011, the allowance for uncollectible receivables was \$19,478 and \$94,109, respectively.

h. Property and Equipment

Property and equipment are recorded at cost. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method over the estimated useful life of each asset which ranges from five to seven years. Donated property is recorded at its fair market value at the date of donation.

i. Allocated Expenses

The cost of providing the various programs and other activities are summarized in the Statements of Functional Expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

j. Subsequent events

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through September 19, 2012, which is the date the financial statements were available to be issued.

Note 3 - PROPERTY, FURNITURE, AND EQUIPMENT

As of June 30, 2012 and 2011, the cost of property, furniture and equipment and accumulated depreciation was as follows:

	2012	2011
Furniture and equipment:		
Furniture and fixtures	\$ 40,949	\$ 45,921
Office equipment	141,140	115,732
Total furniture and equipment	182,089	161,653
Unimproved real estate	16,218	16,218
Less accumulated depreciation	(118,827)	(108,866)
Net property and equipment	\$ 79,480	\$ 69,005

Depreciation expense was \$24,914 and \$28,509 for the years ended June 30, 2012 and 2011, respectively.

Note 4 - OPERATING LEASES

The Organization leases certain office facilities in New Orleans, Shreveport, Covington, Monroe, Alexandria, Thibodaux, and Metairie. Several of the lease terms will expire during the fiscal year ended June 30, 2012. Rent expense related to these leases was approximately \$435,000 and \$385,000 for the years ended June 30, 2012 and 2011, respectively.

The future minimum lease payments under the above described leases are as follows:

June 30,	
2013	\$ 319,366
2014	186,494
2015	142,454
2016	131,479
2017	44,909
Total	\$ 824,702

Note 5 - LINE OF CREDIT

The Organization has a \$500,000 revolving bank line of credit. Interest is payable at Whitney National Bank's prime rate, which was 4.50% as of June 30, 2012 and 2011. All unpaid interest and principal is due on December 1, 2012. The loan is secured with receivables and property, furniture, and equipment. There was no outstanding balance on the line of credit as of June 30, 2012 and 2011.

Note 6 - RELATED PARTY TRANSACTIONS

The Organization is affiliated with the National Easter Seals (Easter Seals) and pays an annual membership fee. For the years ended June 30, 2012 and 2011, the fee was approximately \$35,000 and \$49,000, respectively.

Easter Seals provides supplies for certain campaigns and charges the Organization for those supplies. Easter Seals also remits to the Organization contributions collected on behalf of the Organization. As of June 30, 2012 and 2011, the balance due to Easter Seals was \$2,917 and \$2,887, respectively.

Note 7 - SIGNIFICANT CONTRACTS AND GRANTS

For the years ended June 30, 2012 and 2011, respectively, approximately \$7,330,000 and \$7,120,000, respectively, of contract revenue was from the State of Louisiana Department of Health and Hospitals acting as a Medicaid fiscal intermediary, and approximately \$940,000 and \$830,000, respectively, of contract revenue was from the State of Louisiana Department of Health and Hospitals acting as a pass through entity for federal grants. The State of Louisiana provides annual contracts to the Organization which grant the State of Louisiana the right to audit program accounts and activities. The State, acting as the Medicaid intermediary for Medicaid patients, reimburses services rendered to Medicaid program beneficiaries under an allowable cost reimbursement formula that is subject to audit and retroactive adjustments. Management believes that the Organization is in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the financial statements.

Note 8 - RISK MANAGEMENT

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2012 and June 30, 2011, respectively.

Note 9 - CONTINGENCIES

As of the date of this report, there is one claim against the Organization that is pending in U.S. District Court for the Eastern District of Louisiana. The claim alleges that a minor diagnosed with cerebral palsy and other conditions was wrongfully denied meaningful access to family training benefits. The plaintiffs are seeking monetary damages against the Organization and other defendants. On June 1, 2012, a judgment was entered in favor of the Organization. On June 2, 2012, the plaintiffs filed a Motion of Leave to file First Amended and Supplemental Complaints. To date, the Organization is awaiting a decision on the motion. The Organization intends to defend the complaint vigorously. As of the date of this report, the likelihood of an unfavorable account or an estimate of loss cannot be determined.

Note 10 - CASH FLOWS INFORMATION

Cash payments of interest during the years ended June 30, 2012 and 2011 were \$1,789 and \$11,065, respectively.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors,
Easter Seals Louisiana, Inc.,
New Orleans, Louisiana.

We have audited the financial statements of Easter Seals Louisiana, Inc. (a nonprofit organization), as of and for the year ended June 30, 2012, and have issued our report thereon September 19, 2012. 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.

Internal Control Over Financial Reporting

Management of Easter Seals Louisiana, Inc. is responsible for establishing and maintaining effective control over financial reporting. In planning and performing our audit, we considered Easter Seals Louisiana Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Easter Seals Louisiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Easter Seals Louisiana, Inc.'s internal control over financial reporting.

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 significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Easter Seals of Louisiana, Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency in internal control over financial reporting as item 12-01. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Easter Seals Louisiana, Inc.'s financial statements are free of material misstatements, 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 determination of financial statement amounts. 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.

Easter Seals Louisiana, Inc.'s response to the finding identified in our audit is described in the accompanying Schedules of Findings and Questioned Costs. We did not audit Easter Seals Louisiana, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
September 19, 2012.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors,
Easter Seals Louisiana, Inc.,
New Orleans, Louisiana.

Compliance

We have audited Easter Seals Louisiana, Inc.'s (the "Organization") compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2012. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year then ended June 30, 2012.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or material weakness, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, the State of Louisiana, the Legislative Auditor for the State of Louisiana, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
September 19, 2012.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Easter Seals Louisiana, Inc.
New Orleans, Louisiana

For the year ended June 30, 2012

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
United States Department of Education:		
Pass-Through Program From:		
<u>Louisiana Department of Health and Hospitals</u>		
Special Education - Grants for Infants and Families with Disabilities	84.181	\$ 944,150
United States Department of Housing and Urban Development		
Office of Community Planning and Development Supportive Housing Program - Integrated Community Engagement Shelter Plus Care	14.238	<u>96,835</u>
Total expenditures of federal awards		<u><u>\$ 1,040,985</u></u>

See notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Easter Seals Louisiana, Inc.
New Orleans, Louisiana

For the year ended June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Easter Seals Louisiana, Inc. and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Organization has met the cost reimbursement of funding qualifications for the respective grants. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

b. Payments to Subrecipients

There were no payments to sub-recipients for the year ended June 30, 2012.

Note 2 - FINDINGS OF NONCOMPLIANCE

There are no findings of noncompliance disclosed in the accompanying Schedule of Findings and Questioned Costs.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Easter Seals Louisiana, Inc.
New Orleans, Louisiana

For the year ended June 30, 2012

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major program:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weakness? yes none reported

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

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 yes no

Section I - Summary of Auditor's Report (Continued)

c) Identification of Major Program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.181	U.S. Department of Education - Grants for Infants and Families

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes X no

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

12-01 Preparation of Financial Statements and Disclosures

Criteria - Adequate internal controls in relation to financial reporting require the Organization to have the ability to prepare its own financial statements in accordance with generally accepted accounting principles (GAAP), including all required footnote disclosures, or detect misstatements or errors in statements prepared by others.

Condition - Financial statements and required disclosures were prepared by the auditors.

Cause - The management of the Organization has not determined a need for a financial person possessing the required technical expertise to prepare financial statements and footnote disclosures for cost benefit reasons.

Effect - The independent auditor cannot be part of the Organization's internal control over financial reporting.

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements and required footnote disclosures by carefully reviewing the financial statements, including disclosures.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical. - None.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2012 related to compliance and other matters.

Section III - Internal Control And Compliance Material to Federal Awards

Internal Control/Compliance

There were no findings noted during the audit for the year ended June 30, 2012 related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Easter Seals Louisiana, Inc.
New Orleans, Louisiana

For the year ended June 30, 2012

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

11-01 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements and required footnote disclosures by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Unresolved - Management and those charged with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with generally accepted accounting principles. (See 12-01)

Compliance and Other Matters

There were no findings noted during the audit for year ended June 30, 2011 related to compliance and other matters.

Section II - Internal Control and Compliance Material To Federal Awards

Easter Seals Louisiana, Inc. did not receive Federal awards in excess of \$500,000 during the ten months ended June 30, 2011 and therefore was exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2011.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Easter Seals Louisiana, Inc.
New Orleans, Louisiana

For the year ended June 30, 2012

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

12-01 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements and required footnote disclosures by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Management and those charged with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with generally accepted accounting principles.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2012 related to compliance and other matters.

Section II - Internal Control and Compliance Material To Federal Awards

No internal control findings or compliance findings material to federal awards were noted during the audit for the year ended June 30, 2012.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2012.