

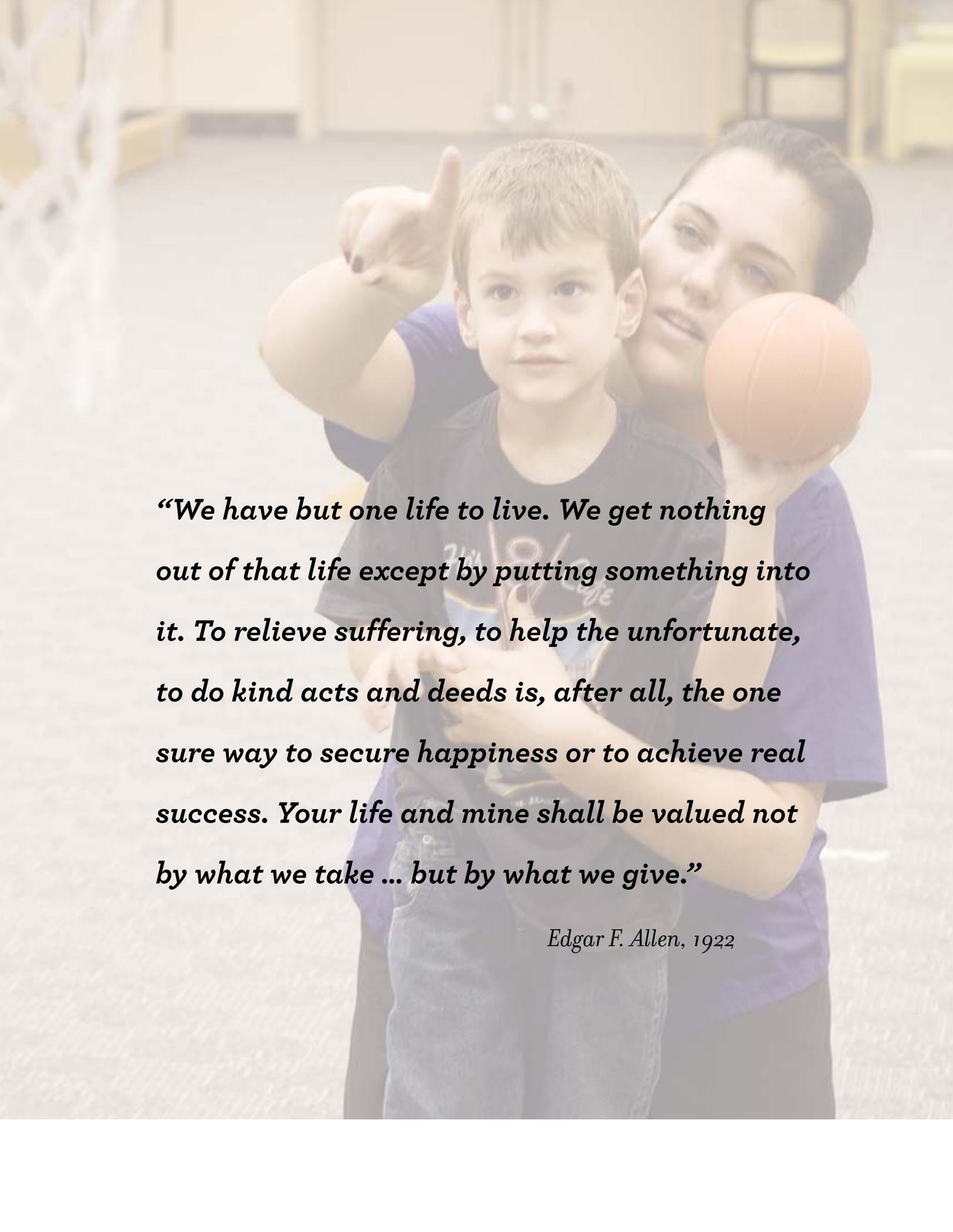


EASTER SEALS
2007-2008

Annual Report



On the cover: Shannon Saunders Eaton, Easter Seals' 2009 Child Representative,
with her good friend Ariel Queen, Easter Seals Central and Southeast Ohio. Photo by Mark Avery.
On the back: Easter Seals Volusia & Flagler Counties, Florida.
Photo by Michelle Andonian, Courtesy of Amway Global.

A woman and a young boy are in a gymnasium. The boy is pointing upwards with his right hand. The woman is holding an orange ball in her right hand. The background is a blurred gymnasium with a basketball hoop and wooden floor.

“We have but one life to live. We get nothing out of that life except by putting something into it. To relieve suffering, to help the unfortunate, to do kind acts and deeds is, after all, the one sure way to secure happiness or to achieve real success. Your life and mine shall be valued not by what we take ... but by what we give.”

Edgar F. Allen, 1922

Table of Contents

Letter from the Chairman & Chief Executive Officer 3

Who We Are 4



2009 Easter Seals Child Representative, Shannon Saunders Eaton 6

2009 Easter Seals Adult Representative, Jessica Segal 8



Services: Focus on Young Children & Older Adults 10

2008 Myrtle M. & Tom B. Medders Award, Larry J. Gammon 12

2008 Lou Lowenkron Program Innovation Award, Erin Rogers 13



Services: Focus on People Living with Autism 14

Services: Focus on Military Service Members & Veterans 16



2008 Robert E. Bradford Leadership Award, Julie Clark 18



The Story of Easter Seals 19

2007 Financial Statements
• Combined Easter Seals 22
• Easter Seals, Inc. 29

Easter Seals National Board of Directors 41



Easter Seals Corporate Support 42

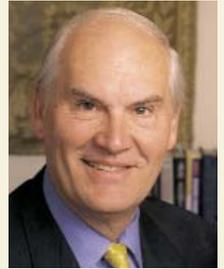
Easter Seals Affiliates 43



Chairman & from the Chief Executive Officer



Gerard P. Mattimore
Chairman



James E. Williams, Jr.
President and Chief
Executive Officer

EASTER SEALS' FOUNDER, EDGAR "DADDY" ALLEN WAS INSPIRED by a chance encounter with a young boy with a disability. It was the beginning of an international movement nearly 90 years ago – to create services and supports that empower children and adults with disabilities to achieve their dreams.

Today, Easter Seals continues to offer help, hope and answers to children and adults living with disabilities, and the families who love them. Through exceptional therapy, training, education and support services, Easter Seals creates life-changing solutions so that millions of people with disabilities can live, learn, work and play in their communities. As advocates with and for people with disabilities, Easter Seals works to remove barriers that stand in their way.

Our mission may seem daunting as we face a very challenging economy at home and globally. We are all uneasy about the immediate future. But, Easter Seals has a history of mobilizing its assets. In difficult times, our great people in this great organization have done great things. Since our founding in 1919, Easter Seals has weathered and grown through the Great Depression, the Second World War and other military conflicts, assassinations of international leaders, natural disasters, and 9/11. We intend to build upon this tradition of excelling under difficult circumstances.

Easter Seals has become a billion-dollar entity. With this accomplishment comes an enormous sense of responsibility to meet the needs of children and adults with disabilities and their families. Thus, we continue to expand the reach of Easter Seals' mission. We are pleased to welcome Easter Seals Canada as a global partner, joining Ability First Australia and its affiliates as members of an international movement to help families living with disabilities.

To meet the growing needs of people living with disabilities, Easter Seals' vision is to serve millions more through innovative services. Building from our expertise, we are focusing on four service areas of critical importance: young children, older adults, people living with autism, and military service members and veterans.

Our heartfelt thanks go to our family and friends who support Easter Seals' work and to our advocates who work to influence public policy, and to the millions of people who give their time, talent and resources in the true spirit of philanthropy.

We are passionate about helping more people.

Gerard P. Mattimore
Chairman, Easter Seals
Board of Directors

James E. Williams, Jr.
President and Chief
Executive Officer, Easter Seals

Who We Are

Easter Seals is the leading non-profit provider of services for individuals with autism, developmental disabilities, physical and mental disabilities, and other special needs. Easter Seals offers help, hope and answers to children and adults with disabilities and to the families who love them in the United States, Puerto Rico, Canada and Australia. Through therapy, training, education and support services, Easter Seals creates life-changing solutions so that people with disabilities can live, learn, work and play in their communities.



Easter Seals hosted 47 Walk With Me events in 2008, with thousands of participants walking alongside Easter Seals clients and their families to raise more than \$3.5 million for Easter Seals affiliates nationwide. Teams of walkers from CVS Caremark, Amway Global, Century 21®, and MassMutual Financial Group led the way.



Right: 2008 Easter Seals Child Representative Scottie Gaither thanks Safeway's Executive Vice President Larree Renda for their \$9.2 million contribution to Easter Seals.

Below right: Wisconsin Governor Jim Doyle receives Easter Seals 2007 Outstanding Advocate Award; below left: In October 2007, Easter Seals President and CEO Jim Williams encouraged Congress to approve funding for SCHIP at a Capitol Hill press conference held by Speaker Nancy Pelosi with Senate Majority Leader Harry Reed, Senator Orrin Hatch and singer Paul Simon.

To meet the needs of children and adults with disabilities, and provide meaningful support for their families, Easter Seals counts on family, friends and advocates, who are passionate about our vision to serve millions more.



Easter Seals enjoys the leadership of thousands of volunteers, who lend their expertise and considerable talent to Easter Seals organizations. These are volunteer leaders who care deeply about Easter Seals mission, and know that Easter Seals offers top quality services. They also know that Easter Seals conducts business in an efficient, effective and transparent manner.

Our staff, 23,000 strong, are dedicated to providing individuals with disabilities and their families the exceptional services, support, and opportunities they need to enjoy their lives and participate in their communities.

As advocates for public policy that empowers people with disabilities, Easter Seals Office of Public Affairs, Easter Seals affiliate leaders and client families regularly meet with

federal, state and local officials to improve legislation and policy for people living with disabilities. At Easter Seals 2007 Convention in Washington, D.C., volunteers went to Capitol Hill seeking full funding for the State Children's Health Insurance Program (SCHIP).

We celebrate the friendship of individuals, who know the impact of their gifts. Thousands of individual and major donors have invested in creating a future for Easter Seals programs and services and the families who depend on them. These are people inspired by the spirit of philanthropy to improve the lives of children and adults living with disabilities.

Easter Seals' family of corporate partners shares a commitment to corporate social responsibility. Led by Safeway Inc., Century 21 Real Estate, LLC, Food Lion LLC, CVS Caremark, Amway Global, and Friendly Ice Cream Corporation, Easter Seals corporate sponsors and their employees contributed \$22 million to support Easter Seals' work.



Above: Easter Seals Puerto Rico receives Easter Seals Excellence in Affiliate Board Leadership Award; upper left: Colleen Ruppert and Board Chair Jerry Mattimore listen as Craig Ruppert accepts Easter Seals 2007 Philanthropist of the Year Award.



And, Easter Seals benefits from millions of donors, old friends and new, who contribute to requests by telephone, mail and online giving opportunities. These gifts reflect donors' trust in Easter Seals; they know that their dollars will help children and adults with disabilities in their own communities. Last year, Easter Seals staff added \$879,969 through Easter Seals Caring & Sharing program.

The profiles in these pages tell Easter Seals' story. Shannon Saunders Eaton and Jessica Segal are Easter Seals' 2009 Child and Adult Representatives, who share how their experiences with early intervention and therapy are changing their lives. Larry Gammon, Erin Rogers and Julie Clark are dedicated Easter Seals' professionals, leaders and innovators with a passion for Easter Seals' mission.



**EASTER SEALS
CENTRAL & SOUTHEAST OHIO**

Easter Seals Central and Southeast Ohio dedicated its new office and treatment center on September 4, 2008. Last year, more than 1,500 children received treatment or therapy at the center. The new facility has two additional classrooms and the therapy and autism treatment area is nearly twice the size as at the former facility.

2009 Shannon Saunders Eaton

Easter Seals Child Representative

Shannon’s T-ball teammates call her “Speedy” but they may soon be calling her “Sparkly.” That’s because Shannon, who has cerebral palsy, is getting a new walker that will help her round the bases both swiftly and with style. “It’s black and has sparkles,” Shannon says with delight. “Sparkly” also describes Shannon’s personality.

The vivacious 9-year-old bubbles over with enthusiasm, whether she’s talking about school, her favorite music, the latest book she’s reading, or her dream of being a ballerina.



Shannon has been receiving therapy at Easter Seals since she was 2 years old. Born with cerebral palsy, early on, doctors said she would never walk or do much of anything else. It was a prognosis her mother Roxanne found hard to accept, but trying to get help proved frustrating. Then, by the time Shannon was two, the family found

Easter Seals, and right away, they appreciated that for the first time, the focus was on what Shannon could do, not on what she couldn’t.

“They took us in and treated us like family,” Roxanne says.

Shannon started with physical therapy sessions in a warm water therapy pool and quickly graduated to strength training. In time, she went from using a wheelchair, then to a walker and now walking, needing just braces on her legs and forearm crutches to get around.

She can even walk short distances independently.

“I was so proud when my mom was across the room and I wanted to get to her,” Shannon says. “I fell once and then I got up and I walked all the way to her.”

In addition to physical therapy, Shannon now receives occupational therapy at Easter

Seals to help her develop everyday skills like brushing her teeth and putting on her shoes and braces. Her therapy also includes the use of the Nintendo Wii to improve balance and coordination while preventing boredom. Plus, this past summer, Shannon also had the opportunity to attend Easter Seals Camp



Roxanne, Shannon and John Eaton.

Challenge—three fun days spent away from home, enjoying typical camp activities in a safe, barrier-free environment. Now in fourth grade at her local school, Shannon is looking ahead to serving as Easter Seals 2009 National Child Representative.

Chief Executive Officer Karin Zuckerman, at Easter Seals Central and Southeast Ohio, has watched Shannon’s progress over the years. “Her desire to succeed is phenomenal and Easter Seals has been a part of that,” Zuckerman says. “She’s an example of what we’re about.”

As Shannon says: “When you want to be a ballerina, you have to work hard, and when you fall down, get back up and try again.”



EASTER SEALS NORTH TEXAS

Easter Seals North Texas is committed to meeting the needs of Fort Worth, Dallas and surrounding communities. With a long and successful history of providing help for children and adults with disabilities and other special needs, Easter Seals North Texas offers exceptional autism, medical rehabilitation, workforce development, and respite care services, and also provides a wide variety of social and support services. Last year, Easter Seals improved the lives of 10,000 individuals.

2009 Jessica Segal

Easter Seals Adult Representative

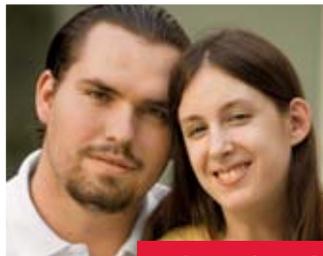
Jessica Segal doesn't need to watch "Project Runway" to learn about life as an aspiring fashion designer; her life already mirrors that of any finalist on the hit television series.

A student at the Art Institute of Dallas, Jessica has been working feverishly to design and create a series of garments for an upcoming fashion show at the school—her "final exam" before graduating in December. But for this 21-year-old, spending hours sketching and sewing is a dream come true; she's wanted to be a fashion designer for as long as she can remember. The fact that Jessica has physical disabilities never presented much of an obstacle. The extra challenge fueled her.

At 21 months of age, Jessica and her mother were in a serious car accident. After incurring a head injury, a spinal cord injury, and having had a heart attack, Jessica was in a coma for nearly six weeks. The prognosis was grim and the decision was made to take her off the ventilator that was sustaining her.

Remarkably, Jessica says, "Once they unplugged the ventilator, that's when I took my first breath." She notes that it's always been typical of her to "pull through when I'm put in a tough situation."

After release from the hospital, Jessica's steely resolve was apparent



Luke Sasfai and Jessica.

again during intensive physical, occupational and speech

therapy sessions at Easter Seals North Texas. Relearning how to hold her head up, sit, stand, walk, and perform daily activities independently took persistence, but it paid off—so much that when Jessica would attend Easter Seals Camp Summit, she was always one of the more independent participants.

Eventually Jessica moved with her mother to Arizona, where at age 16, she underwent surgery on her legs. But recovery proved difficult, and Jessica lost the strength and endurance that she had worked so hard to gain.

When Jessica returned to Dallas in 2005 to attend college, she also returned to Easter Seals.

"I wanted to get back to where I was," she says of her therapy goals, which have evolved as quickly as her fast-paced life.

Today Jessica uses an electric wheelchair for mobility, lives independently, takes public transportation, and has some new goals. She plans to walk down the aisle and dance the first dance when she marries her fiancé, Luke, on Halloween 2009.

Thanks to Easter Seals, Jessica says she learned long ago, "You can do anything if you work hard."



focus on
***Young Children
& Older Adults***

Nearly nine million children in the United States have special health care needs, touching one in every five families. Nationally, fewer than half of the children who qualify for services are currently enrolled in early intervention programs. Studies show that every dollar invested in early intervention today saves \$7 in special education and support services over a life span.





Clockwise from top: A young child care participant with autism; providing access to transportation for older adults is a priority for Easter Seals; an art project in inclusive child care; physical therapy can be fun; participants enjoying an intergenerational program.



For Young Children:

Easter Seals advocates for access to early diagnosis, therapy and educational services because they are essential for every child and family. To this end, as a leading provider of services for young children, we are advancing knowledge, creating networks of support, and mobilizing communities to develop solutions for families.

With our model for inclusive child care, Easter Seals Child Development Center network currently includes 61 centers in 25 states. Funding from The Goizueta Foundation has made it possible for Easter Seals to develop national standards for inclusive child care and develop a first-ever training curriculum for early childhood professionals.

As Easter Seals grows to meet the needs of young children and older adults, we are creating intergenerational programs, where our youngest and oldest participants learn from and enjoy each other.

For Older Adults:

Over the next twenty years, the number of people over age 65 will soar to 71.5 million. One in every five Americans will be among this population of older adults who may face increasing difficulty with daily living activities. Easter Seals is teaching communities how to transform care, providing caregiver support, and strengthening adult day and home care systems. To assure that health, independence and quality of life are our top priorities for older adults, Easter Seals is leading advocacy efforts for legislation that provides families with more choices.

As a grantee of the U.S. Department of Labor's Senior Community Service Employment Program, this year Easter Seals placed 3,700 older adults seeking employment. As host of the National Center for Senior Transportation, funded by the Federal Transit Administration and the Administration on Aging, Easter Seals is collaborating with the National Association of Area Agencies on Aging to improve transportation options for older Americans.

The difference between adult day services and nursing home placement is dramatic, as a lifestyle choice and a financial reality. Our Adult Day Services network of nearly 90 centers provides options for families. Funding from the Retirement Research Foundation supports our efforts to bridge the gaps between adult day services and hospice care.



Easter Seals received a million dollar philanthropic gift from the Freedman family to expand and create new and innovative services to assure that older adults enjoy dignity and quality of life.



2008

Larry J. Gammon

President and Chief Executive Officer

Myrtle M. & Tom B. Medders Award for Executive Leadership



In 1971, Larry Gammon started working at a small school operated by Easter Seals New Hampshire, donning the diverse hats of principal, teacher and bus driver. “I thought I’d be there about a year,” he says.

It turns out Gammon’s projection was slightly off. By 1988, the school with a \$300,000 operating budget had evolved into a \$5 million service provider, and Gammon—an architect of that growth—was still on staff. That year, Gammon took the helm of Easter Seals New Hampshire, and today he guides the affiliate’s operations in six states.

Gammon is the 2008 recipient of the Myrtle M. and Tom B. Medders Award for Executive Leadership. He has the added distinction of being one of only two individuals to receive the award twice.

In 1994, Gammon was recognized for transforming what had been one of the smallest Easter Seals affiliates in the country. Today he leads one of Easter Seals’ largest affiliate organizations, employing more than 2,000 and serving 28,700 annually.

Aggressive growth is a hallmark of Gammon’s leadership, and so is fiscal strength. For 2008, the affiliate’s total consolidated operating budget is \$90.3 million, up 35 percent over the previous year. While recording a budget surplus for 18 consecutive years, the organization has not short-changed those most in need. In 2007, \$4.6 million in resources were devoted to people who could not

EASTER SEALS NEW HAMPSHIRE

Founded in 1936, Easter Seals New Hampshire provides exceptional services for people with disabilities. Today, Easter Seals New Hampshire leads one of the most comprehensive Easter Seals affiliates in the nation—including the states of New York, Maine, Vermont, Rhode Island and the Harbor Schools Program in Massachusetts. Annually, nearly 33,000 children and adults with disabilities and their families are helped through a network of service sites in a 6-state footprint. Each provides top-quality, family-focused and innovative services tailored to meet specific needs in the community it serves. At the core is a common passion for caring and a heartfelt commitment to programs and services from early intervention and child care to camping and recreation, special education, community-based services, therapy, foster care, rehabilitative services, residential treatment, senior services, vocational services, military and veterans services, autism services and transportation services. Easter Seals is committed to meeting the needs of all clients to assure that no one falls through the cracks or is denied help.

afford services. Meanwhile, programs are constantly being improved and developed to meet unmet needs. In the last few years alone, services have been created to help children and adults living with autism; veterans and military service members and their families; and older adults who wish to remain in their homes.

Among his many achievements, Gammon says he’s especially proud to have developed and retained a talented team of senior managers who, like him, worked their way up from entry-level positions.

Having never lost sight of what drew him to be a special education teacher, Gammon can often be found visiting the child care center or talking with a group of seniors.

That personal touch extends to the area of development. During monthly “Lunches with Larry,” Gammon meets with potential donors, and each year, he hosts a Presidents’ Council reception at his home.

Still, he says, nothing inspires philanthropy like seeing Easter Seals’ mission in action.

“The beautiful thing about Easter Seals,” he says, “is that you can show people what you do. And we really do make a difference.”

2008 **Erin Rogers**

Lou Lowenkron Program Innovation Award



Passionate about the difference Easter Seals early intervention services make for young children and families, Erin Rogers knows the value of time.

So when occupational and speech therapists at Easter Seals Peoria-Bloomington, Illinois, began reporting that a growing number of their young clients were showing signs of autism, Rogers, vice president of program services, felt a sense of urgency. That urgency led her to forge new pathways to early diagnosis, treatment and support services for families living with autism. Today, thanks to her initiative, Easter Seals in Illinois is a leading autism advocate and service provider.

To honor her work, Rogers was presented with the Lou Lowenkron Program Innovation Award. Each year the award recognizes a staff member who has gone above and beyond to develop quality programs that change lives.

Rogers joined Easter Seals nine years ago and soon started making her mark by expanding services into new communities and changing perceptions about developmental delays and early intervention.

Once the challenge of autism emerged, Rogers and her team worked to understand the particular struggles facing families affected by the disorder. What they discovered were that pressing needs, ones unique to those living with autism, were

EASTER SEALS PEORIA- BLOOMINGTON

Easter Seals began 85 years ago as a once-a-week clinic in a storefront in downtown Peoria for just a few children, and has blossomed into three service centers serving thousands of children and adults with disabilities and their families every year. Just announced are plans for the Ray and Kathy LaHood Center for Cerebral Palsy – a legacy for Congressman Ray LaHood. Easter Seals Peoria-Bloomington provides pediatric, ASD, clinical, family support, and screening and valuation services for children and adults designed to improve their life skills. Also, Timber Pointe Outdoor Center is a beautiful 170-acre accessible camp offering a variety of camping, educational, and recreational programs for children and their families.

going unmet. To fill the service gaps, Rogers spearheaded efforts to partner with other agencies, initiate new direct services and advocate for legislation and state appropriations to help families cover the costs of intensive early intervention.

“Erin sees what might be, and she makes it a reality,” says Steve Thompson, president and chief executive officer, Easter Seals Peoria-Bloomington, Illinois. “She has a passionate sense of mission, plus she’s a collaborator, a change agent and an inspiration to everyone she works with.”

Rogers has emerged as a leader in the autism community. She’s a member of Easter Seals’ Autism Spokespersons Network and participated in National Institute of Mental Health research studying the efficacy of autism interventions.

Rogers credits her “amazing team” of colleagues for their success. “We’re very passionate about our work here,” she says, “and building a passionate staff is critical to having positive outcomes.”

With an eye toward further growth, including doing more to support adults with autism, Rogers says she continues to be inspired to do all she can for those Easter Seals serves.

“Knowing we’re making a difference, that keeps me going,” she says. “There’s always a new challenge, a new problem to solve, a new partner to develop solutions with and more families to help.”

focus on **People living with Autism**

Autism is a growing public health crisis, with millions of families desperate for solutions and resources. Today, its prevalence is as high as one in 150 children; for boys, it's one in 88.* Autism is a lifelong disability that affects brain function. People with autism have impaired communications and social skills, and challenging behaviors.

Among the many organizations researching a cause and a cure, Easter Seals is unique as a leading provider of services and support for children and adults living with autism, and for the families who love them. Over the last 20 years, Easter Seals has seen a dramatic increase in the number of people with autism we serve.

Easter Seals affiliates have enhanced existing services, and developed new early identification and treatment, employment, camping, and family resource

programs, and expanded autism networks to meet the needs of families who are desperate for help.

As advocates, Easter Seals continues to lead collaborative efforts to develop public policy and secure funding for autism services and support on Capitol Hill and in the states. In 2008, Easter Seals and the Autism Society of America developed the first State Autism Profiles, online, for state legislators seeking to improve support for families.

To help families discover where they can find help, hope and answers, Easter Seals developed its Autism Spokespersons Network of experts, who are resources across the United States and Puerto Rico. As advocates for early diagnosis and treatment, they speak about the importance of evidence-based treatment at any age, because autism is treatable and people with autism can and do lead meaningful lives.

Easter Seals' Autism Spokespersons Network reached television, radio, print and online audiences concentrated in 19 markets and nationally, with more than 450 million media impressions and an advertising equivalency of \$4 million. This year's audience also included Hispanic media with translations of resource materials.

Easter Seals' corporate sponsors stepped up to address the needs of





Clockwise from top right: Easter Seals' 2007 Adult Representative Maurice Snell and 2008 Child Representative Scottie Gaither are actively participating. Maurice works for Easter Seals Metropolitan Chicago; Scottie is an athlete and successful third-grader. Children with autism benefit from early education and therapy services provided by Easter Seals North Texas.



families in their communities. Notably, The Safeway Foundation supported autism services and the Autism Spokespersons Network. CVS Caremark, through its All Kids Can Fund, provided grants to enhance Easter Seals' affiliate

autism initiatives, and Artistry Skin Care and Cosmetics raised awareness.

MassMutual Financial Group made possible Easter Seals' Living with Autism Study. Conducted online with the Autism Society of America,

it provides new insight into the challenges facing individuals and families living with autism. Study findings will inform Easter Seals' advocacy and service development over the next few years.

**Centers for Disease Control and Prevention, 2007*



focus on **Military Service Members & Veterans**

Over the last five years, 1.6 million military service members have been deployed to Iraq and Afghanistan. Thousands are returning home with disabilities and traumatic brain injuries that would have been fatal in previous conflicts. Many are living with Post Traumatic Stress Disorder. This nation also is home to more than 24 million veterans, many who face issues related to aging. And, in any given month more than 700,000 are unemployed and nearly 200,000 are homeless.

This year, Easter Seals mobilized to fill the gaps and eliminate the barriers that prevent many from participating in family and community life, and worked to provide community-based supports. As the nation's largest provider of services for individuals with disabilities and their families, Easter Seals provides job training and employment, medical rehabilitation, adult day services, camping and recreation and child care for service members and veterans. But, we've only scratched the surface. The need is great.



Above: Operation Purple campers at Easter Seals Camp Fairlee Manor in Maryland.

Below: Easter Seals Iowa helped wounded warrior Bob Briggs return home to his family and to work with an ATV for mobility and as a participant in Easter Seals TBI pilot program; lower right: A service member returns home. (photo courtesy of the U.S. Department of Defense.)



Easter Seals is partnering with the Departments of Defense and Veterans Affairs, and collaborating on the national, state and local levels to reach out and provide meaningful support. Easter Seals provides therapy, early intervention and child care services for military families throughout the nation, as well as Adult Day Services for older veterans. At Easter Seals New Hampshire, through a federal, state and community partnership, service members and their families are connected to an array of community resources that address their medical, social, emotional and financial needs before, during and after military deployments.

Last summer, Easter Seals hosted 700 children of military service members as part of the National Military Family Association's Operation Purple, offering campers a place to have fun, and share their experiences and fears with other kids also coping with the stress of missing a parent during a lengthy deployment. In August, Easter Seals hosted a family camp for returning service members with newly acquired disabilities to discover what they can do, and enjoy life again.



Funding from the Ludy Family Foundation and the W.K. Kellogg Foundation made it possible for Easter Seals to pilot a computer-based program for many returning warriors with Traumatic Brain Injury, using the Brain Fitness Program created by Posit Science.

2008

Julie Clark

Director, Office Operations,
Easter Seals Office of Public Affairs

Robert E. Bradford Leadership Award



Growing up on a dairy farm in North Dakota as one of seven siblings, Julie Clark learned about teamwork and developed a strong work ethic. As a young U. S. Senate staffer, she learned the value of total customer satisfaction.

These lessons have stayed with Clark throughout her career, which has taken her from Fargo to Capitol Hill and, for the last 20-plus years, to Easter Seals' Office of Public Affairs in Washington, D.C.

Clark, director of office operations for the Office of Public Affairs, is the 2008 winner of the Bradford Leadership Award, which recognizes headquarters staff who are leading Easter Seals to ever-higher standards of excellence.

When she joined Easter Seals in 1987, there were only four people on staff at the Office of Public Affairs; today there are nearly 40 professionals. Modestly, Clark says she does "a little bit of everything," but colleagues describe her as highly motivated, the ultimate multi-tasker, and they say she's played a critical role in shaping and building Easter Seals' presence in Washington, D.C.

For one, Clark has overseen three office moves. Her ability to organize and manage myriad details resulted in what is now a fully accessible, cost-effective and desirable space for advancing the interests of people with disabilities and Easter Seals in the nation's capital.

EASTER SEALS, INC.

Easter Seals Office of Public Affairs in Washington, D.C., is recognized for its expertise and leadership on issues that affect people with disabilities: access to health care, access and funding for autism services, employment opportunities, assistive technology and creating choices for older adults. In 2008, Easter Seals Project Action celebrated 20 years of work to make transportation accessible to all. Funded through a cooperative agreement with the U. S. Department of Transportation, Federal Transit Administration, and administered by Easter Seals, Project Action has changed the face of community transportation for millions of Americans.

"Julie is committed to being responsive and because of her example, the Office of Public Affairs has become a credible resource for Congress and federal agencies," says Randy Rutta, executive vice president, Easter Seals Office of Public Affairs. "Julie has zero tolerance for error or anything that reflects negatively on Easter Seals, and she is willing to invest time and talent in systems and people to support outstanding performance."

Because of her commitment to excellence, Clark was asked to serve on Easter Seals' Quality Implementation Team. For two years she contributed ideas about measuring and assuring quality outcomes at Easter Seals.

Clark excels at developing, using and improving systems that support Easter Seals' management and strategic thinking. For example, she developed a template for tracking the commitment of staff resources to federal and foundation projects that assures accuracy in finance and human resources activities. Over the past year, Clark has gotten even more involved with supporting the management of federal projects and coordinating with departments based in the Chicago headquarters.

But, for Clark, the best part about her job is knowing that, ultimately, she's making a difference. "We really do good work," she says. "It's not just a 9-to-5 job for me."

1919

Founded by Edgar Allen to help children with disabilities



1944

Broadened mission to help adults

1934

Conducted first Easter "seal" fund-raising campaign



1950

Achieved nationwide reach

1952

Officially incorporated lily into Easter Seals symbol

1967

Adopted the name Easter Seals

1984

Served more than 1 million people annually



1990

Helped pass Americans with Disabilities Act into law

2008

Offers top-quality, innovative services in the U.S., Canada and Australia



Easter Seals is the leading non-profit provider of services for individuals with autism, developmental disabilities, physical and mental disabilities, and other special needs. For nearly 90 years, we have been offering help and hope to children and adults with disabilities, and to the families who love them. Through therapy, training, education and support services, Easter Seals creates life-changing solutions so that people with disabilities can live, learn, work and play.

Influenced the lives of 54 million Americans with disabilities and their families.

Engaged with more than 3.4 million volunteers, donors and the general public via face-to-face opportunities, Web site actions and online exchanges, mail and other correspondence.

Provided Direct Services to 1.3 million individuals with disabilities and their families in the United States, Puerto Rico and Australia.

In the fiscal year ending August 31, 2007, Easter Seals directly served over one million children and adults with disabilities or special needs and their families. Services address the needs of children and adults who are disabled at birth, through injury or illness, and by the functional limitations experienced in the aging process.

Each Easter Seals affiliate provides services tailored to its community's needs. Major services include:

EASTER SEALS 2007 TOTAL PUBLIC SUPPORT AND REVENUE OF \$ 1,183,481,000

307 Medical and Rehabilitation Programs offering physical and occupational therapy services, speech therapy and audiology, outpatient medical rehabilitation, social work/case management, nursing, mental health and early intervention. In fiscal 2007, 156,049 children and adults received therapy and medical rehabilitation.

155 Workforce Development Programs providing vocational evaluation and assessment, work adjustment/employee development, job placement, employment planning, occupational skills training, senior community service employment program, school-to-work transitions, and community-based and supportive employment. In fiscal 2007, 64,235 adults received job training and employment services.

206 Child Care and Children Services Programs across the country, providing developmental monitoring, early child development services, inclusive child care programs, developmental pre-school programs, and school-aged children's services. In fiscal 2007, 92,951 children received services.

180 Adult and Senior Services Programs across the country with adult day centers, community-based supports programs, intellectual/developmental disabilities case management, and in-home care designed to address the growing needs of older adults and their families. In fiscal 2007, 13,468 adults and seniors received care.

76 Residential Housing Programs supporting individuals with disabilities or other special needs living in their communities. In fiscal 2007, 4,973 children and adults received residential care.

200 Camping, Recreation, and Respite Programs nationwide including day camps, recreation programs, respite and residential camping for children and adults with disabilities or other special needs. In fiscal 2007, 43,927 children and adults enjoyed these programs.

62 Assistive Technology Programs through out the country providing assessments, augmentative communication, hearing aids, orthotics/prosthetics, seating services, and other assistive technology devices for adults and children. In fiscal 2007, 12,467 adults and children benefited from this service.

EASTER SEALS SERVICES

188 Support Services Programs providing organized support groups, equipment loan and assistive technology, financial aid assistance, transportation programs, public health education, professional health education, information and referral services, and other support services. In fiscal 2007, 108,422 people received support services.

Ability First Australia and its seven members provide services in the areas of adult and senior services, assistive technology, camping and recreation, children services, workforce development, medical rehabilitation, residential housing, and support services. In fiscal 2007, 43,372 people received services from Ability First Australia. Disabilities served include: speech, language and hearing disorders; spinal cord injury; stroke; head trauma; amputation; developmental disabilities; learning disabilities; polio; spina bifida; cerebral palsy; muscular dystrophy; and Alzheimer's Disease. Easter Seals also assists families with disability screening and preventative programs.

Believing that all people should enjoy access, opportunities and independence, Easter Seals will serve five million people with disabilities and other special needs and their families annually by the year 2010.

SERVICES



Young Children



Autism



Military & Veterans



Older Adults

Medical and Rehabilitation Programs

Workforce Development Programs

Child Care and Children's Services Programs

Adult and Senior Services Programs

Camping, Recreation and Respite Programs

Residential Housing Programs

Assistive Technology Programs

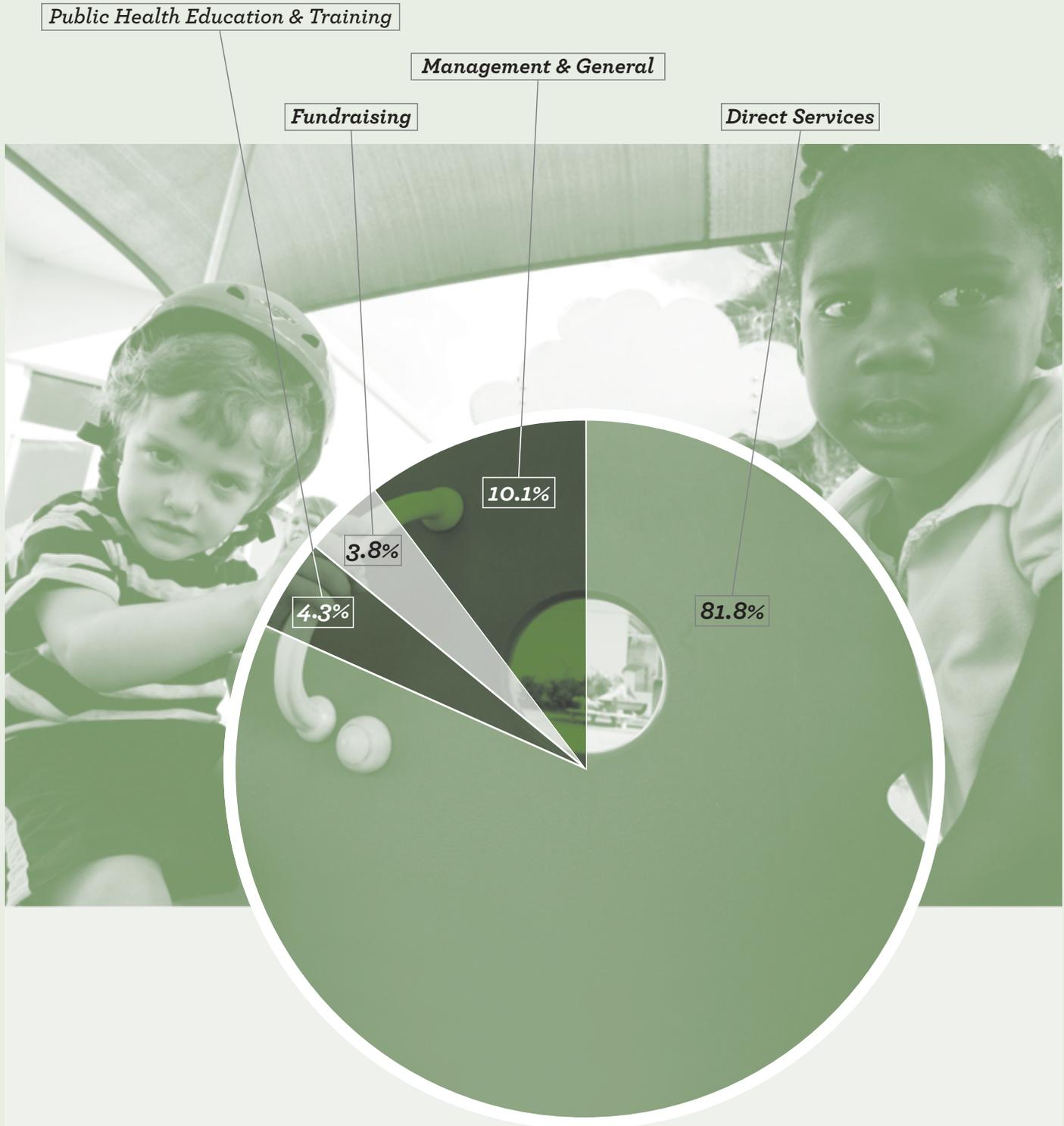
Support Services Programs

Combined Functional Expenses

As of August 31, 2007 \$1,013,982,000 were allocated to:

Program Services: 86.1%

Supporting Services: 13.9%



Statement of Financial Position

(Dollars in thousands)

	<i>Domestic</i>	<i>International</i>	<i>Combined Easter Seals</i>
ASSETS			
Cash	\$ 91,349	\$ 9,188	\$ 100,536
Pledges, notes & accounts receivable-net	119,243	5,808	125,051
Inventories	7,138	953	8,091
Prepaid & deferred expenses	10,251	440	10,691
Investments, at market value	248,379	55,024	303,402
Property			
Land	54,436	64,398	118,834
Buildings, equipment & improvements	504,403	21,270	525,673
accumulated depreciation	(237,013)	(23,019)	(260,032)
Net property	\$ 321,827	\$ 62,649	\$ 384,476
Assets held in trust	55,511	-	55,511
Other assets	6,483	4,880	11,362
Total assets	<u>\$ 860,180</u>	<u>\$138,941</u>	<u>\$999,121</u>
LIABILITIES			
Notes and accounts payable	67,922	17,620	85,543
Accrued expenses	43,806	1,421	45,226
Long-term notes payable	128,952	10	128,962
Other liabilities	31,097	14,570	45,666
Total liabilities	<u>271,777</u>	<u>33,621</u>	<u>305,398</u>
NET ASSETS			
For current operations	366,457	48,820	415,277
Designated for specific purposes	72,920	42,287	115,207
Translation adjustment	-	14,213	14,213
Unrestricted	439,377	105,320	544,698
Temporarily restricted	71,096	-	71,096
Permanently restricted	77,929	-	77,929
Total net assets	<u>588,403</u>	<u>105,320</u>	<u>693,723</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 860,180</u>	<u>\$ 138,941</u>	<u>\$ 999,121</u>

Statement of Activities & Changes in Net Assets

(Dollars in thousands)

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
PUBLIC SUPPORT				
Contributions	\$ 89,557	\$ 18,430	\$ 389	\$ 108,376
Special events	28,978	593	143	29,714
less direct benefit costs	(9,999)	-	-	(9,999)
Bequests	8,406	573	3,101	12,080
Government grants	192,613	6,479	-	199,092
Federated fundraising organizations	5,748	537	-	6,285
Donated goods & services	30,487	-	-	30,487
Total public support	<u>345,791</u>	<u>26,611</u>	<u>3,633</u>	<u>376,035</u>
REVENUE				
Grants, fees, and contract services	577,429	60	85	577,575
Sales to the public	76,462	-	-	76,462
Investment income - net	26,235	2,599	3,877	32,710
Other revenue	9,076	44	18	9,138
Total revenue	<u>689,203</u>	<u>2,703</u>	<u>3,979</u>	<u>695,885</u>
International public support and revenue	<u>111,562</u>	<u>-</u>	<u>-</u>	<u>111,562</u>
Net assets released from restrictions	<u>27,653</u>	<u>(24,885)</u>	<u>(2,769)</u>	<u>-</u>
Total public support and revenue	<u>1,174,209</u>	<u>4,430</u>	<u>4,843</u>	<u>1,183,481</u>
EXPENSES				
Program services				
Public health education and training	42,537	-	-	42,537
Research	914	-	-	914
Direct services	829,252	-	-	829,252
Total program services	<u>872,704</u>	<u>-</u>	<u>-</u>	<u>872,704</u>
Supporting services				
Fundraising	38,705	-	-	38,705
Management and general	102,573	-	-	102,573
Total supporting services	<u>141,278</u>	<u>-</u>	<u>-</u>	<u>141,278</u>
Total functional expenses	<u>1,013,982</u>	<u>-</u>	<u>-</u>	<u>1,013,982</u>
International expense	<u>107,108</u>	<u>-</u>	<u>-</u>	<u>107,108</u>
Total expenses	<u>1,121,089</u>	<u>-</u>	<u>-</u>	<u>1,121,089</u>
Other extraordinary items	5,331	(14)	7	5,323
Change in net assets	<u>58,450</u>	<u>4,415</u>	<u>4,850</u>	<u>67,715</u>
Net assets at beginning of year, as adjusted	486,248	66,681	73,079	626,008
Net assets at end of year	<u>\$ 544,698</u>	<u>\$ 71,096</u>	<u>\$ 77,929</u>	<u>\$ 693,723</u>

Statement of Functional Expenses

(Dollars in thousands)

	Program Services		Supporting Services		Total all Services
	Public Health Education, Research & Training	Direct Services	Fund Raising	Management & General	
Salaries and related expenses	\$ 15,095	\$ 547,346	\$ 15,160	\$ 62,402	\$ 640,003
Professional fees	2,431	43,273	1,746	9,137	56,586
Occupancy	1,471	44,596	834	4,443	51,344
Mail production and services	15,494	26	12,950	2,657	31,127
Supplies	1,131	30,441	1,907	4,213	37,692
Travel	757	19,233	440	1,735	22,164
Specific assistance	110	33,615	-	-	33,725
Cost of sales	415	38,352	1,560	197	40,524
Equipment rental & maintenance	264	7,517	363	1,644	9,788
Printing & media	3,014	5,626	1,119	916	10,675
Telecommunications	174	5,680	242	1,385	7,482
Conferences & meetings	401	2,450	351	1,850	5,051
Membership & support	114	815	78	503	1,510
Interest	241	3,827	76	2,995	7,139
Miscellaneous	1,346	27,894	1,293	4,625	35,159
Depreciation	995	18,562	585	3,872	24,014
	\$ 43,451	\$ 829,252	\$ 38,705	\$ 102,573	\$ 1,013,982

Statement of Cash Flows

(Dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 67,715
Adjustments to reconcile change in net assets to net cash provided by operating activities-	
Depreciation	27,962
Donated property	(8,710)
Net (gain)/loss on property dispositions	(2,204)
Net changes in operating assets and liabilities:	
Pledges, notes, and accounts receivable	(10,113)
Prepaid expenses, inventories and other assets	(3,346)
Notes and accounts payable	6,337
Deferred revenue and other liabilities	8,313
Net realized and unrealized (gain)/loss on investments	(24,713)
Net cash provided by operating activities	<u>61,241</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(69,700)
Proceeds from investments	58,897
Additions to property, net	(56,752)
Net cash used in investing activities	<u>(67,555)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	36,981
Repayment of long-term debt	(16,567)
Net cash provided by financing activities	<u>20,413</u>
Net increase in cash and cash equivalents	14,099
Cash and cash equivalents at beginning of year	86,437
Cash and cash equivalents at end of year	<u>\$ 100,536</u>

Notes to Financial Statements

NATURE OF THE ORGANIZATION

Easter Seals (the Organization) is a not-for-profit organization comprised of the national office and 83 intermediary health care agencies providing services to individuals with disabilities throughout the United States, Puerto Rico and Australia. The mission of Easter Seals is to continue to be the leading organization in helping children and adults with disabilities to live with equality, dignity and independence. Easter Seals and its affiliates are each separately incorporated under the provisions of Section 501(c)(3) of the Internal Revenue Code in the United States and Section 50-5 of the Income Tax Assessment Act of 1997 in Australia and, therefore, exempt from taxation under present income tax laws.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

Each affiliate is a separately incorporated entity, has its own independent Board of Directors, maintains its own separate accounts and retains its own independent audit firm. The combined unaudited financial statements are compiled from the uniform audited financial reports of Easter Seals, Inc. and its affiliates. All intra-organizational accounts and transactions have been eliminated in the accompanying financial statements.

Basis of Accounting

Combined financial statements, prepared on the accrual basis, incorporate the requirements of the Financial Accounting Standards Board, which requires Easter Seals to classify its financial position and activities in accordance with donor imposed restrictions, as follows:

Unrestricted - transactions that are not subject to donor-imposed restrictions or whose donor-imposed restrictions have expired.

Temporarily restricted - Transactions that are subject to donor-imposed restrictions that can be satisfied by actions of the Organization or by the passage of time.

Permanently restricted - Transactions subject to donor restrictions that they be maintained permanently by Easter Seals. Generally, such transactions allow the use of part or all of the income earned on the related investments.

Inventories

Inventories consist of donated items available for resale stated at net realizable value, raw materials, work in process and finished products valued at lower of cost or market using first in first out.

Investments

Investments in the accompanying combined balance sheet are stated at fair market value, and realized and unrealized gains and losses are reflected in the combined statement of activities.

Pledges Receivable

Easter Seals has pledges receivable from individuals and corporate entities. Pledges receivable are recorded in the period during which the pledge is made as public support contributions. Pledges to be collected at a future date are recorded, at the present value of cash to be received, as an increase to temporarily restricted net assets and are released to unrestricted support when the time or purpose restriction has been met.

Property

Purchased buildings, equipment and improvements are stated at cost. Donated property is recorded at the fair market value at date of receipt. Depreciation and amortization is provided primarily on the straight-line method based on the estimated useful life of the asset ranging from 3 to 40 years.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Goods and Services

Easter Seals records in-kind support for various professional services and materials received. Contributed professional services are recognized if the service received creates or enhances long-lived assets, or is provided by individuals possessing specialized skills and would need to be purchased if not provided by donation. In-kind support includes the reported value of campaign print and media airings of its public service advertising. Donated goods and services received in 2007 are as follows:

(Dollars in thousands)

	<u>FY 2007</u>
Donated goods	\$ 21,550
Public service advertising	4,894
Other donated services	4,043
	<u>\$ 30,487</u>

Joint Cost Allocations

Easter Seals incurred joint program service costs of \$30,971,500 for informational material and activities that includes fundraising appeals. Fundraising appeals whenever appropriate, include information to educate and influence the general public by incorporating health and educational information in such communications. This effort helps people with disabilities to live with equality, dignity and independence. Accordingly, a total of \$2,544,000, \$15,485,900, and \$12,941,600 was allocated to fundraising advisory, public health education and fundraising, respectively, in the accompanying Statement of Activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the reporting period.

International Operations

The Organization includes affiliated international entities. The financial reports of the international entities have been combined in the Organization's financial reports. Revenue and expense are displayed independent of domestic operations on the Statement of Activities. The Statement of Financial Position displays results of international operations separate from domestic

operations. International operations in fiscal year 2007 consist of seven agencies in Australia known collectively as Ability First, Australia.

(Dollars in thousands)

	<u>FY 2007</u>
International public support and revenue	\$ 111,562
International expense	107,108
Change in net assets before adjustments	4,454
Other	-
Current period translation adjustment	14,412
International change in net assets	<u>\$ 18,866</u>

Other Items

The Organization recognized other revenue and expense items related to interest rate swap valuation, prior period adjustment and accrued pension liability adjustments related to FASB Statement No. 158. Translation adjustments related to the Ability First Australia operations are reflected in other items. Translation adjustments are based on the Interbank rate beginning July 1, 2006 and ending June 30, 2007.

(Dollars in thousands)

	<u>Total</u>
Interest rate swap fair value adjustment	\$ (79)
Prior year adjustment	(2,665)
Adjustment for FASB Statement No. 158	(6,330)
Current year translation adjustment	14,412
Total extraordinary items	<u>\$ 5,323</u>

(Dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Restricted</u>	<u>Total</u>
Interest rate swap fair value adjustment	\$ (79)	\$ -	\$ -	\$ (79)
Prior year adjustment	(2,665)	(14)	-	(2,679)
Adjustment for FASB Statement No. 158	(6,330)	-	-	(6,330)
Current year translation adjustment	14,412	-	-	14,412
Total extraordinary items	<u>\$ 5,338</u>	<u>\$ (14)</u>	<u>\$ -</u>	<u>\$ 5,323</u>

Independent Auditor's Report

*To the Board of Directors of Easter Seals, Inc.
Chicago, Illinois*

We have audited the accompanying statement of financial position of Easter Seals, Inc. (an Ohio not-for-profit corporation) as of August 31, 2007, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. The prior year's summarized comparative information has been derived from the August 31, 2006, financial statements and, in our report dated November 3, 2006, we expressed an unqualified opinion on those financial statements.

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. Those standards require that we plan and perform the audit 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 audit provides 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, Inc. as of August 31, 2007, and the changes in its net assets, its cash flows and its functional expenses for the year then ended, 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 November 23, 2007, on our consideration of Easter Seals, 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.

As described in Note 7 to the financial statements, effective August 31, 2007, the Organization adopted the provisions of Statement of Financial Accounting Standards No. 158 ("SFAS No. 158"), *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106 and 132(R)*, requiring employers to recognize the overfunded and underfunded status of their defined benefit pension plan.

Chicago, Illinois
November 23, 2007

McGladrey & Pullen, LLP

Statement of Financial Position

(Dollars in thousands)

Assets	2007	2006
CURRENT ASSETS		
Cash	\$ 672,700	\$ 395,700
Investments	15,335,900	13,736,800
Notes and accounts receivable from affiliates, less allowance 2007 \$627,300; 2006 \$771,400	670,900	589,600
Other accounts receivable	2,387,400	2,320,800
Prepaid expenses	86,800	1,067,300
Total current assets	19,153,700	18,110,200
PROPERTY		
Furniture, fixtures, equipment and improvements	2,460,400	2,010,400
Accumulated depreciation	(1,182,900)	(607,800)
	1,277,500	1,402,600
LONG-TERM ASSETS		
Long-term investments	1,555,900	1,397,200
Long-term pledges receivable, net	1,015,200	36,900
Charitable trust agreements, net	979,100	991,600
Pension asset	72,600	2,843,100
	3,622,800	5,268,800
Total assets	\$ 24,054,000	\$ 24,781,600
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,351,100	\$ 10,724,200
Accounts payable to affiliates	1,995,900	1,656,300
Note payable - short-term	705,900	964,000
Total current liabilities	14,052,900	13,344,500
Note Payable - Long-term	1,470,600	2,176,500
Deferred Rent and Other	989,900	1,061,100
Total liabilities	16,513,400	16,582,100
NET ASSETS		
Unrestricted	3,817,900	5,703,700
Temporarily restricted	3,722,700	2,495,800
Total net assets	7,540,600	8,199,500
	\$ 24,054,000	\$ 24,781,600

See Notes to Financial Statements.

Statement of Activities & Changes in Net Assets

(With Summarized Financial Information for the Year Ended August 31, 2006)

2007

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>	<i>2006 Total</i>
OPERATING				
PUBLIC SUPPORT				
Contributions	\$ 59,773,600	\$ 1,819,900	\$ 61,593,500	\$ 54,068,400
Bequests	170,700	-	170,700	198,300
Government grants	19,269,700	-	19,269,700	18,015,300
In-kind	4,894,100	-	4,894,100	3,632,700
TOTAL PUBLIC SUPPORT	84,108,100	1,819,900	85,928,000	75,914,700
REVENUE				
Membership fees from affiliates	8,062,400	-	8,062,400	7,705,800
Sales and services to affiliates	867,200	-	867,200	2,806,700
Investment return	1,631,100	150,800	1,781,900	1,018,100
Miscellaneous revenue	92,300	-	92,300	39,400
Net assets released from restrictions	743,800	(743,800)	-	-
TOTAL REVENUE	11,396,800	(593,000)	10,803,800	11,570,000
TOTAL PUBLIC SUPPORT AND REVENUE	95,504,900	1,226,900	96,731,800	87,484,700
EXPENSES				
Program services:				
Services for affiliates:				
Program development	39,283,000	-	39,283,000	33,406,800
Professional education and training	3,287,800	-	3,287,800	2,712,400
Fund-raising advisory	7,553,600	-	7,553,600	8,005,900
Management advisory	3,575,700	-	3,575,700	3,855,300
Total services for affiliates	53,700,100	-	53,700,100	47,980,400
Advocacy for persons with disabilities	3,909,200	-	3,909,200	3,555,400
Public health education	18,628,500	-	18,628,500	17,780,000
Research	913,800	-	913,800	639,500
TOTAL PROGRAM SERVICES	77,151,600	-	77,151,600	69,955,300
Supporting services:				
Fund-raising	14,284,100	-	14,284,100	13,788,900
Management and general	3,298,300	-	3,298,300	2,745,600
TOTAL SUPPORTING SERVICES	17,582,400	-	17,582,400	16,534,500
TOTAL EXPENSES	94,734,000	-	94,734,000	86,489,800
EXCESS OF PUBLIC SUPPORT AND REVENUE OVER OPERATING EXPENSES	770,900	1,226,900	1,997,800	994,900

continued

2007

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>	<i>2006 Total</i>
NONOPERATING				
Adjustment to reflect funded status of pension plan in accordance with the provisions of FASB Statement No. 158	\$ (2,656,700)	\$ -	\$ (2,656,700)	\$ -
Change in net assets	(1,885,800)	1,226,900	(658,900)	994,900
Net assets, Beginning of year	5,703,700	2,495,800	8,199,500	7,204,600
Net assets, End of year	\$ 3,817,900	\$ 3,722,700	\$ 7,540,600	\$ 8,199,500

See Notes to Financial Statements.

Statement of Functional Expenses

(With Summarized Financial Information for the Year Ended August 31, 2006)

2007

Program Services
Services for Affiliates

	<i>Program Development</i>	<i>Professional Education & Training</i>	<i>Fund- Raising Advisory</i>	<i>Management Advisory</i>	<i>Total Services for Affiliates</i>
Salaries and related expenses	\$ 3,033,700	\$ 1,587,100	\$ 3,003,300	\$ 2,129,500	\$ 9,753,600
Mail production and services	-	-	254,400	-	2,544,000
Grants and awards	32,541,000	5,200	-	-	32,546,200
Professional fees	1,919,400	416,600	882,900	464,100	3,683,000
Printing and media	94,500	108,100	144,000	53,400	400,000
Travel	272,800	107,600	219,300	281,200	880,900
Conferences and meetings	501,400	599,100	281,900	278,000	1,660,400
Occupancy	366,600	242,800	172,400	128,500	910,300
Telephone and communications	86,000	46,900	56,600	45,300	234,800
Office supplies	67,800	29,700	31,200	30,300	159,000
Postage and shipping	16,300	35,900	51,400	10,200	113,800
Repair and maintenance	66,200	24,400	29,700	18,600	138,900
Miscellaneous	107,000	26,200	51,700	101,400	286,300
Depreciation of furniture, fixtures, equipment and improvements	210,300	58,200	85,200	35,200	388,900
TOTAL EXPENSES	\$ 39,283,000	\$ 3,287,800	\$ 7,553,600	\$ 3,575,700	\$ 53,700,100

See Notes to Financial Statements.

<i>Advocacy for Persons with Disabilities</i>	<i>Public Health Education</i>	<i>Research</i>	<i>Total Program Services</i>	<i>Fund- Raising</i>	<i>Management & General</i>	<i>Total Expenses</i>	<i>2006 Total Expenses</i>
\$ 394,000	\$ 300,700	\$ 87,000	\$ 10,535,300	\$ 625,800	\$ 1,940,800	\$ 13,101,900	\$ 11,616,600
-	15,485,900	-	18,029,900	12,941,600	-	30,971,500	32,041,300
-	-	-	32,546,200	-	-	32,546,200	27,951,600
35,800	151,400	752,300	4,622,500	370,000	396,300	5,388,800	4,362,300
3,180,800	2,467,600	7,000	6,055,400	53,000	27,600	6,136,000	4,713,100
20,000	28,300	5,200	934,400	48,300	94,800	1,077,500	895,700
130,300	44,000	35,300	1,870,000	128,800	119,800	2,118,600	1,780,700
73,400	29,500	17,700	1,030,900	30,400	158,800	1,220,100	1,037,000
14,500	20,600	2,400	272,300	19,700	28,200	320,200	349,500
10,100	12,700	1,800	183,600	6,900	22,600	213,100	244,500
9,300	5,700	2,400	131,200	8,700	15,100	155,000	146,000
11,600	24,900	1,000	176,400	4,400	42,100	222,900	204,400
4,600	4,100	200	295,200	22,600	369,200	687,000	658,100
24,800	53,100	1,500	468,300	23,900	83,000	575,200	489,000
\$ 3,909,200	\$ 18,628,500	\$ 913,800	\$ 77,151,600	\$ 14,284,100	\$ 3,298,300	\$ 94,734,000	\$ 86,489,800

Statement of Cash Flows

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (658,900)	\$ 994,900
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	575,200	489,000
Net unrealized and realized gains on investments	(1,492,900)	(754,100)
Net periodic pension expense	762,800	820,800
Adjustment to reflect funded status of pension plan in accordance with the provisions of FASB Statement No. 158	2,656,700	-
(Increase) decrease in:		
Notes and accounts receivable from affiliates	(81,300)	210,100
Other accounts receivable	(66,600)	(781,700)
Prepaid expenses	331,500	729,249
Pledges receivable and charitable trust agreement	(965,800)	(603,800)
(Decrease) increase in:		
Accounts payable and accrued liabilities	626,900	1,403,900
Accounts payable to affiliates	339,600	(1,245,349)
Deferred rent and other	(71,200)	17,700
Net cash provided by operating activities	<u>1,956,000</u>	<u>1,280,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to furniture, fixtures, equipment and improvements	(450,100)	(763,600)
Proceeds from sale of investments	-	22,100
Purchase of investments	(264,900)	(543,800)
Net cash used in investing activities	<u>(715,000)</u>	<u>(1,285,300)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loan	(964,000)	(447,800)
Net increase (decrease) in cash	277,000	(452,400)
CASH:		
Beginning of year	<u>395,700</u>	<u>848,100</u>
Ending of year	<u>\$ 672,700</u>	<u>\$ 395,700</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 289,100</u>	<u>\$ 266,200</u>

See Notes to Financial Statements.

Notes to Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization: Easter Seals is a not-for-profit organization comprised of the headquarters office and 83 affiliate local health care organizations providing services to individuals with disabilities throughout the United States, Puerto Rico and Australia. Easter Seals' mission is to provide exceptional services to ensure that all people with disabilities or special needs and their families have equal opportunities to live, learn, work and play in their communities. To achieve this mission Easter Seals' network of affiliates offered medical rehabilitation services through 323 medical rehabilitation programs; provided 214 child care and early intervention programs; found meaningful employment for adults with disabilities through 154 job training and employment programs; offered more than 100 camping, recreation and respite programs for children, teens and adults with disabilities.

Easter Seals, Inc. and its affiliates are each separately incorporated and are tax exempt under the provisions of Section 501(c)(3) of the U. S. Internal Revenue Code and Section 50-5 of the Income Tax Assessment Act of 1997 in Australia, and are therefore exempt from taxation under present income tax laws. The accompanying financial statements do not include the accounts of these affiliates. Each affiliate is a separately incorporated entity, has its own independent Board of Directors, conducts service programs independent of those of Easter Seals, Inc. and maintains its own separate accounts.

Easter Seals conducts a comprehensive national direct response fund raising and public education campaign (National Campaign) in accordance with the Easter Seals' charitable goals and objectives outlined in its by-laws. Easter Seals does not serve as an agent for its affiliates in conducting the National Campaign, but rather raises funds for Easter Seals in cooperation with its affiliates. The National Campaign and the funds raised in the National Campaign are managed and distributed in accordance with the policies and procedural guidelines agreed to by Easter Seals and its affiliates.

Display of Net Assets by Class: The net assets of Easter Seals are reported as either unrestricted or temporarily restricted. Temporarily restricted net assets are created by donor-imposed restrictions on their use. All other net assets are legally unrestricted and are reported as part of the unrestricted class.

Easter Seals reports gifts of cash as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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.

Temporarily restricted net assets are available for the following purposes or periods at August 31, 2007 and 2006, respectively:

	2007	2006
Time restricted	\$ 2,743,600	\$ 1,504,200
Charitable trust agreement	979,100	991,600
	<u>\$ 3,722,700</u>	<u>\$ 2,495,800</u>

Net assets released from restrictions were \$743,800 and \$204,500 for the years ended August 31, 2007 and 2006, respectively.

Property: Furniture, fixtures, equipment and improvements are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred and expenditures for major renovations are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to fifteen years.

Revenues: Easter Seals may accept donor-restricted contributions in keeping with the nature of its activities. Such contributions, along with the related investment income, would be recorded in the appropriate restricted classification as required by the donor stipulations. Contributions received with donor-imposed restrictions that are met in the same year as the contributions are received are reported as revenues of the unrestricted net asset class.

Accounts receivable from affiliates: Affiliate receivables are carried at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied on an aging of accounts. An allowance for a note and account from one affiliate represents 80% and 59% of the 2007 and 2006 allowance, respectively reported on the Statement of Financial Position. Affiliate receivables are written off when deemed uncollectible. Recoveries of affiliate receivables previously written off are recorded when received.

An affiliate receivable is considered to be past due if any portion of the receivable is outstanding more than 90 days. Interest is charged on affiliate receivables that are outstanding for more than 30 days and is recognized as it is charged. As required in the Bylaws, any unpaid affiliate receivable balance, which became due and payable within the fiscal year, shall be paid by September 30 of the following fiscal year. Non-payment of past due accounts may result in a reclassification of the affiliates' membership status.

Other accounts receivable: Other accounts receivable are comprised of grants billed to federal agencies and pledges from individuals and corporations. Historically Easter Seals has not experienced a loss on these accounts. Other receivables would be written off when deemed uncollectible by management.

In-Kind Support: Easter Seals records, as in-kind support, the reported value of campaign print and media airings of its public service advertising as well as other related services. Contributions of tangible assets are recognized at fair market value when received. In-kind support is summarized as follows:

	<u>2007</u>	<u>2006</u>
Public service advertising	\$ 4,894,100	\$ 3,580,000
Other	-	52,700
	<u>\$ 4,894,100</u>	<u>\$ 3,632,700</u>

The above amounts are offset by like amounts included in public health education expense in the statement of activities and changes in net assets, as well as in printing and media expense in the statement of functional expenses.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

2006 Summarized Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Easter Seals' financial statements for the year ended August 31, 2006, from which the summarized information was derived.

New Accounting Pronouncements: In September 2006, the Financial Accounting Standards Board ("FASB") issued FASB Statement No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans*, an amendment of FASB Statements No. 87, 88, 106, and 132 (R) ("Statement 158"). Statement 158 requires plan sponsors of defined benefit pension and other funded postretirement benefit plans (collectively, "postretirement benefit plans") to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. On August 31, 2007, Easter Seals adopted the recognition and disclosure provisions of Statement 158. The effect of adopting Statement 158 on Easter Seals' financial condition at August 31, 2007, has been included in the accompanying financial statements. Statement 158 did not have an effect on Easter Seals' balance sheet as of August 31, 2006. Statement 158's provisions regarding the change in the measurement date of postretirement benefit plan are not applicable as Easter Seals already uses a measurement date of August 31 for its pension plan. See Note 7 for further discussion of the effect of adopting Statement 158 on Easter Seals' financial statements.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an interpretation of SFAS No. 109, Accounting for Income*

Taxes. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 109. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a return. FIN 48 as deferred is effective for Easter Seals for the year beginning September 1, 2008. If there are changes in net assets as a result of application of FIN 48, these will be accounted for as an adjustment to unrestricted net assets. Easter Seals is currently evaluating the impact of FIN 48 on its financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The requirements of SFAS No. 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007. Easter Seals does not believe the adoption of SFAS No. 157 will have a material effect on its financial statements.

Reclassifications: Certain reclassifications were made to the 2006 accompanying financial statements to conform to the 2007 presentation. These reclassifications had no impact on the change in net assets previously reported.

2. Pledges Receivable and Charitable Trust Agreements

Easter Seals has received pledges from individuals and corporate entities. Pledges receivable are recorded in the period during which the pledge is made as public support contributions. Unrestricted pledges to be collected at a future date are recorded at the present value of cash to be received using a 8.25 percent discount rate as an increase to temporarily restricted net assets and are recognized as unrestricted support when cash is received. Easter Seals received two multi-year pledges in 2007 for \$1,000,000 and \$375,000. The principal amounts of the pledges are recorded at their present value using an 8.25 percent discount rate over 5 years and 3 years respectively.

Easter Seals was named as beneficiary to a trust in 1999. The principal amount of the charitable trust is \$1,000,000 and is recorded at its present value using a 5.7 percent discount rate over a 23 year period.

Easter Seals was named in a Charitable Lead Trust in 2006. The principal amount of the charitable lead trust after the 2007 distribution is \$675,000 and is recorded at its net present value using a 4.56 percent discount rate with annual \$75,000 amounts distributed over a 9-year term.

3. Investments

The investments of Easter Seals are stated at fair market value, based on quoted market prices as of August 31, and are comprised of the following:

	<u>2007</u>	<u>2006</u>
Mutual funds	\$ 14,792,800	\$ 13,197,300
Other securities	2,099,000	1,936,700
	<u>\$ 16,891,800</u>	<u>\$ 15,134,000</u>

In the accompanying statement of financial position, investments are presented as:

	<u>2007</u>	<u>2006</u>
Investments – current	\$ 15,335,900	\$ 13,736,800
Long-term Investments	1,555,900	1,397,200
	<u>\$ 16,891,800</u>	<u>\$ 15,134,000</u>

Investment returns recorded in the statement of activities and changes in net assets is as follows:

	<u>2007</u>	<u>2006</u>
Interest, dividends, and realized gains	\$ 973,900	\$ 552,300
Unrealized gains	808,000	465,800
	<u>\$ 1,781,900</u>	<u>\$ 1,018,100</u>

4. Long-Term Debt

As of August 31, 2007, Easter Seals had available a \$6,000,000 bank line of credit. Borrowings outstanding under the line are due on demand and are collateralized by certain investments. Easter Seals had \$0 and \$258,100 outstanding under this line of credit as of August 31, 2007 and 2006, respectively.

Easter Seals has a \$5,000,000 long-term note payable from the same commercial bank, which is due in monthly principal installments of \$58,824 plus interest at 4.90 percent through September 30, 2010. The note is collateralized by certain unrestricted investments held by Easter Seals. The balance of the note payable was \$2,176,500 and \$2,882,400 at August 31, 2007 and 2006, respectively.

The future maturities of this note as of August 31, 2007, are as follows:

Year ending August 31,

2008	\$ 705,900
2009	705,900
2010	705,900
2011	58,800
	<u>\$ 2,176,500</u>

5. Dealings With Affiliates

Notes and accounts receivable balances from affiliates, after allowances for uncollectible accounts, at August 31, 2007 and 2006 were \$670,900 and \$589,600, respectively. These amounts are classified in current assets based on expected payments.

As of August 31, 2007 and 2006, Easter Seals was guarantor of the bank debt of an affiliate, Easter Seal Society of New York. The maximum guarantee is \$115,200 and the amount of the debt outstanding as of August 31, 2007 and 2006, was \$85,600 and \$91,700, respectively.

6. Allocation of Joint Information Costs

For the year ended August 31, 2007 and 2006, Easter Seals incurred joint program services costs of \$30,971,500 and \$30,477,000, respectively, for informational materials that included fund-raising appeals. Of these costs, \$2,544,000, \$15,485,900 and \$12,941,600 were allocated to fund-raising advisory, public health education, and fund-raising, respectively, in the August 31, 2007 statement of activities. As of August 31, 2006, the amounts recorded were \$2,886,800, \$14,772,600, and \$12,817,600, respectively.

7. Pension Plan

Easter Seals has a defined benefit pension plan covering substantially all of its employees. Benefits are based on years of service and the employees' final compensation. Easter Seals' funding policy has been to contribute annually an amount equal to at least the minimum amount required under the Employee Retirement Income Security Act of 1974.

On August 31, 2007, Easter Seals adopted the recognition and disclosure provisions of Statement 158 (see Note 1). Statement 158 requires Easter Seals to recognize the funded status (i.e. the difference between the fair value of plan assets and the projected benefit obligation) of its pension plan in the August 31, 2007 statement of financial position, with a corresponding adjustment to unrestricted net assets. The adjustment to unrestricted net assets at adoption represents the net unrecognized actuarial losses and unrecognized prior service credits remaining from the initial adoption of Statement 87, all of which were previously netted against the plan's funded status in Easter Seals' statement of position pursuant to the provisions of Statement 87. These amounts will be subsequently recognized as a component of net periodic pension cost pursuant to Easter Seals' historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same period will be recognized as other changes in unrestricted net assets. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in unrestricted net assets at adoption of Statement 158. These changes to the Easter Seals' financial statements were non-cash.

The incremental effects of adopting the provisions of Statement 158 on Easter Seals' statement of position at August 31, 2007, are present in the following table. The adoption of Statement 158 had no effect on Easter Seals' excess of public support and revenue over operating expenses for the year ended August 31, 2007, or for any prior period presented. The effect of the decrease in the additional minimum pension liability is included in the table below in the column labeled "Prior to Adopting Statement 158."

	Prior to Adopting Statement 158	Effect of Adopting Statement 158	After Adopting Statement 158
Prepaid pension assets	\$ 2,729,300	\$ (2,656,700)	\$ 72,600
Unrestricted net assets	-	2,656,700	2,656,700

Included in unrestricted net assets at August 31, 2007, are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service credit of \$520,100 and unrecognized actuarial losses of \$3,176,800.

The following table sets forth the accumulated benefit obligation, projected benefit obligation, and the change in the plan assets of the defined pension plan. The table also reflects the funded status of the plans as well as recognized and unrecognized amounts in the statement of position at August 31, 2007 and 2006:

	2007	2006
Accumulated benefit obligation:	\$ 16,450,300	\$ 15,213,400
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	16,636,000	16,340,200
Service cost	492,000	484,500
Interest cost	1,124,600	1,014,000
Actuarial (gains) losses	(132,600)	(960,300)
Plan amendments	(1,169,900)	178,100
Benefits paid	(499,800)	(420,400)
Projected benefit obligation at end of year	<u>16,450,300</u>	<u>16,636,100</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	15,597,200	15,207,800
Actual return on plan assets	1,425,500	809,800
Employer contributions	-	-
Benefits paid	(499,800)	(420,400)
Fair value of plan assets at end of year	<u>16,522,900</u>	<u>15,597,200</u>
Reconciliation of funded status:		
Funded status	72,600	(1,038,900)
Unamortized prior service cost	-	787,900
Unrecognized net actuarial loss/(gain)	-	3,743,100
Net amount recognized	<u>\$ 72,600</u>	<u>\$ 3,492,100</u>

	2007	2006
Amounts recognized in statements of financial position consist of:		
Current portion, prepaid pension asset	\$ -	\$ 649,000
Long-term portion	-	2,843,100
Pension asset	<u>\$ 72,600</u>	<u>\$ 3,492,100</u>

Components of net periodic benefit cost:		
Service cost	\$ 492,000	\$ 484,500
Interest cost	1,124,500	1,013,900
Expected return on plan assets	(1,226,100)	(1,197,300)
Amortization of prior service cost	138,100	116,900
Amortization of actuarial loss	234,300	321,700
Net periodic benefit cost	<u>\$ 762,800</u>	<u>\$ 739,700</u>

The weighted-average assumptions used in determining the actuarial present value of the projected benefit obligation were as follows:

	2007	2006
Discount rate	6.85%	6.75%
Expected return on assets	8.00%	8.00%
Rate of compensation increase	4.50%	4.50%

The weighted-average assumptions used in determining the actuarial present value of the projected benefit cost were as follows:

	2007	2006
Discount rate	6.75%	6.25%
Expected return on assets	8.00%	8.00%
Rate of compensation increase	4.50%	4.50%

Plan Assets

The asset allocation for the pension plan by asset category is as follows:

	2007	2006
Asset Category		
Equity Mutual Funds	63%	64%
Fixed Income Mutual Funds	37%	36%
Total	<u>100%</u>	<u>100%</u>

Easter Seals employs a total return investment approach whereby a mix of equities and fixed income investment are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income. Equity investments are diversified across the United States and non-United States corporate stocks, as well as growth, value, and small and large capitalizations. Easter Seals' external investment managers may use derivatives to gain market exposure in an efficient and timely manner. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

The following is a summary of the target pension plan asset allocations:

Debt	40%
Equity	60%
Total	<u>100%</u>

Easter Seals did not make any contributions to the pension plan during the years ended August 31, 2007 and 2006 respectively.

Estimated Future Benefit Payments

Estimated future benefit payments are as follows:

Year ending August 31:

2008	\$ 582,800
2009	758,500
2010	831,500
2011	983,500
2012	1,016,400
Years 2013-2017	6,471,100
	<u>\$ 10,643,800</u>

8. Leases

Easter Seals has an operating lease for its corporate headquarters which has been in effect since September 1993, and provides for annual base rent plus a pro rata share of real estate taxes and other operating expenses. This lease expires in January 2009. Base rent expense is recognized on a straight-line basis over the life of the lease and was approximately \$148,000 for the years ended August 31, 2007 and 2006. In September 1999, Easter Seals entered into an operating lease for additional space at its corporate headquarters. This lease expires in January 2009. Base rent expense is recognized on a straight-line basis over the life of the lease and was approximately \$115,000 for the years ended August 31, 2007 and 2006.

The landlord for the current office space is paying all remaining occupancy costs of the Organization's former lease. This payment is in the form of rent abatement and covers the remaining term of the former lease.

Easter Seals has an operating lease for office space in Washington, D.C. which provides for annual base rent plus a pro rata share of real estate taxes and other operating expenses as defined in the lease. This lease expires June 2017. Rent expense is recognized on a straight-line basis over the life of the lease and was approximately \$503,000 and \$84,000 for the years ended August 31, 2007 and 2006.

In July of 2007, Easter Seals signed a new operating lease for its corporate headquarters, effective as of February 2009 and provides for annual base rent plus a pro rata share of real estate taxes and other operating expenses. Base rent will be recognized on a straight-line basis over the life of the lease. This new lease expires in January 2021.

The future minimum lease payments are included in the minimum lease payment schedule below.

Year ending August 31:

2008	\$ 880,300
2009	874,600
2010	879,600
2011	907,000
2012	940,500
Years 2013-2021	6,841,400
	<u>\$ 11,323,400</u>

9. Contingencies

Easter Seals is occasionally party to lawsuits and claims arising out of the conduct of its business. Easter Seals' management is of the opinion that the outcome of these matters will not have a material effect on the financial statements.

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*National Advisor
to the Board*

**National Advisor to
the Board on Autism**
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Arlington, Virginia

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Alexandria, Virginia

Retirement Research
Foundation
Chicago, Illinois

Safeway Foundation
Pleasanton, California

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Includes members as of August 31, 2008

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Easter Seals

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Easter Seals

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Waterbury, CT 06708

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Easter Seals

Southwest Florida

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Easter Seals

Volusia & Flagler Counties, Florida

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Easter Seals

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Easter Seals

DuPage and the Fox Valley Region, Illinois

Rosalie Dold Center for Children
830 S. Addison Ave.
Villa Park, IL 60181

Easter Seals

Joliet Region, Illinois

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Joliet, IL 60435

Easter Seals

Metropolitan Chicago, Illinois

Therapeutic School & Center
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Chicago, IL 60608

Easter Seals

Peoria-Bloomington, Illinois

507 E. Armstrong Ave.
Peoria, IL 61603

Easter Seals

Arc of Northeast Indiana

4919 Coldwater Rd.
Fort Wayne, IN 46825

Easter Seals

Crossroads Rehabilitation Center, Indiana

4740 Kingsway Dr.
Indianapolis, IN 46205

Easter Seals

Southwestern Indiana

The Rehabilitation Center
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Evansville, IN 47714

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Easter Seals Kansas*

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Easter Seals Copper

Foundation, Kansas

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Easter Seals Kentucky

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Easter Seals

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Easter Seals

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Easter Seals

Greater Washington- Baltimore Region

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Easter Seals Minnesota*

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Easter Seals Missouri

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Easter Seals Annual Report is available in alternate formats on request.

Our Vision

Edgar F. Allen, 1922 Founder of Easter Seals

The National Society for Crippled Children aspires to assume a responsibility and to discharge a duty. It wishes to be instrumental in effecting good, – intelligent in the application of help to those who are themselves helpless. It wishes to see repaired the tragedies of nature and accidents which are registered upon the bodies of little children. It wishes to see that the bent are straightened, the broken repaired, and the work strengthened.

While with many this may be a vision, yet, with us it is a reality.

We can show you the mysteries of a horribly mis-shapen pair of feet changing under the skill of the surgeon to a set of normal feet, and a pitiful, hobbling child converted to a romping, racing youngster.

We can show you the mystery of a distorted back, emerging gradually, but surely, from mis-shape to true-shape; from crookedness to straight-ness; from a curve to a line.

We can show you the mystery of a human being; the home of an immortal soul, supposed to be created in the image of God Himself; coming to a hospital walking on hands and feet, and some months later standing upright, looking his fellows in the face and out of the fullness of a grateful heart, saying “This is the first time I ever stood erect”.

The realization of this vision is charity for those who need it, a philanthropy which may be accepted without wounding self-respect. It is a benefaction for the curable young who lack the price of remedy.

Yes, more than this. We hope not only to contribute to the building of brighter souls in sounder bodies, but also to light new glows in the hearts of the parents of the crippled. Is there one of us who by the grace of God is more fortunate, that can sound the depth of a mother’s pain when she observes the children of others delighting in the gifts of play while her own remains footbound?

In our work for crippled children we seek the sympathetic friendship of all who agree that human sympathy for human suffering is the motive spirit of civilization. The accomplishment of this object, this hope, and this aim is our desire, and we trust that the year 1922 will make it a reality in thousands of lives and hearts.



*Easter Seals' mission
is to provide exceptional
services to ensure that all
people with disabilities
or special needs and
their families have equal
opportunities to live,
learn, work and play in
their communities.*



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