



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550
NASHVILLE, TENNESSEE 37203
PHONE 615-383-6592, FAX 615-383-7094

EASTER SEALS TENNESSEE, INC.
2001 WOODMONT BLVD.
NASHVILLE, TN 37215

Dear Gingi:

Enclosed is your 2004 Federal Return of Organization Exempt from Income Tax. The original should be signed at the bottom of page six. No tax is payable with the filing of this return. Mail your Federal return on or before April 17, 2006 to:

INTERNAL REVENUE SERVICE
OGDEN, UT 84201-0027

Enclosed is your 2004 Federal Exempt Organization Business Income Tax Return. The original should be signed at the bottom of page two. No tax is payable with the filing of this return. Mail your Federal return on or before July 17, 2006 to:

INTERNAL REVENUE SERVICE
OGDEN, UT 84201-0027

For your convenience, we are enclosing, in a separate folder, a copy of your Form 990 that should be used for the public inspection requirements.

We recommend that the return is mailed certified, return receipt requested.

We sincerely appreciate the opportunity to serve you. Please contact us if you have any questions.

Sincerely,

Steven J. Riley

CLIENT 11060

EASTER SEALS TENNESSEE, INC.

62-0504893

2/03/06

11:09 AM

	2004	2003	DIFF
REVENUE			
CONTRIBUTIONS, GIFTS, AND GRANTS.....	8,132,765	6,473,850	1,658,915
PROGRAM SERVICE REVENUE.....	2,077,564	2,080,037	-2,473
MEMBERSHIP DUES AND ASSESSMENTS.....	164,311	141,352	22,959
DIVIDENDS & INTEREST FROM SECURITIES.....	520	208	312
NET RENTAL INCOME (LOSS).....	-8,239	-6,658	-1,581
NET GAIN (LOSS) - NONINV. ASSETS/DISP.....	8,363	2,496	5,867
NET INCOME (LOSS) - SPECIAL EVENTS.....	50,428	76,524	-26,096
OTHER REVENUE.....	-9	12,712	-12,721
TOTAL REVENUE.....	10,425,703	8,780,521	1,645,182
EXPENSES			
PROGRAM SERVICES.....	10,331,002	8,336,237	1,994,765
MANAGEMENT AND GENERAL.....	704,663	491,980	212,683
FUNDRAISING.....	467,605	461,089	6,516
PAYMENTS TO AFFILIATES.....	149,060	143,931	5,129
TOTAL EXPENSES.....	11,652,330	9,433,237	2,219,093
NET ASSETS OR FUND BALANCES			
EXCESS OR (DEFICIT) FOR THE YEAR.....	-1,226,627	-652,716	-573,911
NET ASSETS/FUND BAL. AT BEG. OF YEAR.....	-389,517	263,199	-652,716
NET ASSETS/FUND BAL. AT END OF YEAR.....	-1,616,144	-389,517	-1,226,627

Return of Organization Exempt from Income Tax

OMB No. 1545-0047

2004

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2004 calendar year, or tax year beginning 9/01, 2004, and ending 8/31, 2005

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

Please use
IRS label
or print
or type.
See
specific
instruc-
tions.EASTER SEALS TENNESSEE, INC.
2001 WOODMONT BLVD.
NASHVILLE, TN 37215

D Employer Identification Number

62-0504893

E Telephone number

615-292-6640

F Accounting method:

☐ Cash☒ Accrual☐ Other (specify) ▶Section 501(c)(3) organizations and 4947(a)(1) nonexempt
charitable trusts must attach a completed Schedule A
(Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H (a) Is this a group return for affiliates? ☐ Yes ☒ No

H (b) If 'Yes,' enter number of affiliates. ▶

H (c) Are all affiliates included? ☐ Yes ☐ No

(If 'No,' attach a list. See instructions.)

H (d) Is this a separate return filed by an
organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number. ▶

M Check ☒ if the organization is not required
to attach Schedule B (Form 990, 990-EZ, or 990-PF).

G Web site: WWW.TN.EASTER-SEALS.ORG

J Organization type

(check only one) ☒ 501(c) 3 (insert no.) ☐ 4947(a)(1) or ☐ 527K Check here ☐ if the organization's gross receipts are normally not more than
\$25,000. The organization need not file a return with the IRS; but if the organization
received a Form 990 Package in the mail, it should file a return without financial data.
Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 10,965,866.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See instructions)

1 Contributions, gifts, grants, and similar amounts received:				
a Direct public support	1a	1,144,894.		
b Indirect public support	1b	33,073.		
c Government contributions (grants)	1c	6,954,798.		
d Total (add lines 1a through 1c) (cash \$ 8,076,702. noncash \$ 56,063.)	1d		8,132,765.	
2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		2,077,564.	
3 Membership dues and assessments	3		164,311.	
4 Interest on savings and temporary cash investments	4			
5 Dividends and interest from securities	5		520.	
6a Gross rents	6a	145,710.		
b Less: rental expenses	6b	153,949.		
c Net rental income or (loss) (subtract line 6b from line 6a)	6c		-8,239.	
7 Other investment income (describe:)	7			
8a Gross amount from sales of assets other than inventory	(A) Securities	246,018.	8a	8,762.
b Less: cost or other basis and sales expenses		246,180.	8b	237.
c Gain or (loss) (attach schedule)	STATEMENT 1	-162.	8c	8,525.
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		8,363.	
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a Gross revenue (not including \$ 372,139. of contributions reported on line 1a)	9a	190,225.		
b Less: direct expenses other than fundraising expenses	9b	139,797.		
c Net income or (loss) from special events (subtract line 9b from line 9a)	STATEMENT 2		9c	50,428.
10a Gross sales of inventory, less returns and allowances	10a			
b Less: cost of goods sold	10b			
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11 Other revenue (from Part VII, line 103)	11		-9.	
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		10,425,703.	
13 Program services (from line 44, column (B))	13		10,331,002.	
14 Management and general (from line 44, column (C))	14		704,663.	
15 Fundraising (from line 44, column (D))	15		467,605.	
16 Payments to affiliates (attach schedule)	SEE STATEMENT 3		149,060.	
17 Total expenses (add lines 16 and 44, column (A))	17		11,652,330.	
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		-1,226,627.	
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		-389,517.	
20 Other changes in net assets or fund balances (attach explanation)	20			
21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		-1,616,144.	

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (att sch) (cash \$ _____ non-cash \$ _____)	22			
23	Specific assistance to individuals (att sch) . ST. 4	23	172,984.	172,984.	
24	Benefits paid to or for members (att sch)	24			
25	Compensation of officers, directors, etc.	25	280,575.	263,774.	11,894.
26	Other salaries and wages.	26	6,725,378.	6,319,138.	287,591.
27	Pension plan contributions.	27	177,467.	166,806.	7,547.
28	Other employee benefits	28	641,217.	11,308.	27,410.
29	Payroll taxes.	29	588,038.	10,373.	25,144.
30	Professional fundraising fees.	30			
31	Accounting fees.	31			
32	Legal fees.	32			
33	Supplies	33	182,541.	179,933.	1,488.
34	Telephone.	34	69,580.	67,336.	1,946.
35	Postage and shipping.	35	17,588.	12,134.	4,833.
36	Occupancy.	36	82,140.	82,140.	
37	Equipment rental and maintenance	37	43,333.	38,413.	4,920.
38	Printing and publications	38	28,394.	21,883.	5,630.
39	Travel.	39	270,520.	267,469.	2,297.
40	Conferences, conventions, and meetings.	40	17,771.	17,064.	583.
41	Interest	41	434,033.	434,033.	
42	Depreciation, depletion, etc (attach schedule).	42	469,108.	413,632.	12,504.
43	Other expenses not covered above (itemize): a SEE STATEMENT 5	43a	1,302,603.	1,153,276.	73,818.
	b	43b			
	c	43c			
	d	43d			
	e	43e			
44	Total functional expenses (add lines 22 - 43). Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	11,503,270.	10,331,002.	467,605.

Joint Costs. Check ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ No
If 'Yes,' enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____.

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? **PROVIDE SERVICE TO THE DISABLED**
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) & (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants & allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; but optional for others.)

a	SEE ATTACHED STATEMENT	
	(Grants and allocations \$ _____)	10,331,002.
b		
	(Grants and allocations \$ _____)	
c		
	(Grants and allocations \$ _____)	
d		
	(Grants and allocations \$ _____)	
e	Other program services. (Grants and allocations \$ _____)	
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)	10,331,002.

Part IV Balance Sheets (See Instructions)**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
ASSETS	45 Cash — non-interest-bearing	131,101.	45	53,678.
	46 Savings and temporary cash investments	43,090.	46	28,878.
	47 a Accounts receivable	166,329.		
	b Less: allowance for doubtful accounts	67,198.		
		124,908.	47 c	99,131.
	48 a Pledges receivable	225,640.		
	b Less: allowance for doubtful accounts	49,301.		
		464,684.	48 c	176,339.
	49 Grants receivable	460,692.	49	777,994.
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51 a Other notes & loans receivable (attach sch)			
	b Less: allowance for doubtful accounts			
			51 c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	26,969.	53	42,186.
54 Investments — securities (attach schedule)	222,500.	54		
55 a Investments — land, buildings, & equipment: basis				
b Less: accumulated depreciation (attach schedule)				
		55 c		
56 Investments — other (attach schedule)		56		
57 a Land, buildings, and equipment: basis	11,364,917.			
b Less: accumulated depreciation (attach schedule)	3,309,112.			
	8,476,213.	57 c	8,055,805.	
58 Other assets (describe ► SEE STATEMENT 7)	481,802.	58	338,602.	
59 Total assets (add lines 45 through 58) (must equal line 74)	10,431,959.	59	9,572,613.	
LIABILITIES	60 Accounts payable and accrued expenses	1,175,590.	60	1,777,745.
	61 Grants payable		61	
	62 Deferred revenue	371,350.	62	510,377.
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64 a Tax-exempt bond liabilities (attach schedule)		64 a	
	b Mortgages and other notes payable (attach schedule)	8,979,624.	64 b	8,575,697.
	65 Other liabilities (describe ► SEE STATEMENT 9)	294,912.	65	324,938.
66 Total liabilities (add lines 60 through 65)	10,821,476.	66	11,188,757.	
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	-864,151.	67	-1,792,483.
	68 Temporarily restricted	474,634.	68	176,339.
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	-389,517.	73	-1,616,144.
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)	10,431,959.	74	9,572,613.

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

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Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	10,579,652.
b	Amounts included on line a but not on line 12, Form 990:		
(1)	Net unrealized gains on investments		
(2)	Donated services and use of facilities		
(3)	Recoveries of prior year grants		
(4)	Other (specify):		
	SEE STM 10 \$ 153,949.		
	Add amounts on lines (1) through (4)	b	153,949.
c	Line a minus line b	c	10,425,703.
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990		
(2)	Other (specify):		
	----- \$		
	Add amounts on lines (1) and (2) ..	d	
e	Total revenue per line 12, Form 990 (line c plus line d)	e	10,425,703.

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements	a	11,806,279.
b	Amounts included on line a but not on line 17, Form 990:		
(1)	Donated services and use of facilities		
(2)	Prior year adjustments reported on line 20, Form 990		
(3)	Losses reported on line 20, Form 990		
(4)	Other (specify):		
	SEE STMT 11 \$ 153,949.		
	Add amounts on lines (1) through (4)	b	153,949.
c	Line a minus line b	c	11,652,330.
d	Amounts included on line 17, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990		
(2)	Other (specify):		
	----- \$		
	Add amounts on lines (1) and (2) ..	d	
e	Total expenses per line 17, Form 990 (line c plus line d)	e	11,652,330.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
SEE STATEMENT 12				
		280,575.	2,700.	19,171.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations?

☐ Yes

☒ No

If 'Yes,' attach schedule — see instructions.

Part VI Other Information (See instructions.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes.	77	X
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	78b	X
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement.	79	X
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b If 'Yes,' enter the name of the organization <u>N/A</u> and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81a Enter direct and indirect political expenditures. See line 81 instructions.	81a	0.
b Did the organization file Form 1120-POL for this year?	81b	X
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	N/A
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84a Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b	N/A
c Dues, assessments, and similar amounts from members.	85c	N/A
d Section 162(e) lobbying and political expenditures.	85d	N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices.	85e	N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e).	85f	N/A
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12.	86a	N/A
b Gross receipts, included on line 12, for public use of club facilities.	86b	N/A
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders.	87a	N/A
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX.	88	X
89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> ; section 4912 <u>0.</u> ; section 4955 <u>0.</u>		
b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction.	89b	X
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958.		0.
d Enter: Amount of tax on line 89c, above, reimbursed by the organization.		0.
90a List the states with which a copy of this return is filed <u>NONE</u>		
b Number of employees employed in the pay period that includes March 12, 2004 (See instructions.)	90b	294
91 The books are in care of <u>DON IRELAND</u> Telephone number <u>615-292-6640</u> Located at <u>2001 WOODMONT BLVD., NASHVILLE, TN</u> ZIP + 4 <u>37215</u>		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here. <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the tax year. <u>92</u>		N/A

BAA

Part VII Analysis of Income-Producing Activities (See instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a CAMP FEES					64,054.
b CONTRACT SERVICES					426,579.
c PROGRAM SERVICE FEES					1,486,063.
d WORKSHOP REVENUE					100,868.
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					164,311.
95 Interest on savings & temporary cash invmnts					
96 Dividends & interest from securities			14	520.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property	531190	-18,582.	16	10,343.	
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	8,363.	
101 Net income or (loss) from special events			1	50,428.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b MISCELLANEOUS			1	-9.	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		-18,582.		69,645.	2,241,875.
105 Total (add line 104, columns (B), (D), and (E))					2,292,938.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93-103	THE INCOME OF THE SOCIETY IS USED TO ASSIST AND DEVELOP SERVICES FOR PERSONS WITH DISABILITIES TO FIND AND MAKE EFFECTIVE USE OF RESOURCES WHICH WILL BE HELPFUL TO THEM IN DEVELOPING THEIR ABILITIES AND LIVING PURPOSEFUL LIVES.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions.)

- a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature of officer Richard D. MacLean, Jr		Date 2-13-06	
Paid Preparer's Use Only	Preparer's signature [Signature]		Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See General Instruction W) N/A
	Firm's name (or yours if self-employed), address, and ZIP + 4 FRASIER, DEAN & HOWARD, PLLC 3310 WEST END AVENUE, STE. 550 NASHVILLE, TN 37203		EIN N/A	Phone no. (615) 383-6592

SCHEDULE A
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Organization Exempt Under
Section 501(c)(3)**(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information — (See separate instructions.)

▶ **MUST** be completed by the above organizations and attached to their Form 990 or 990-EZ.

OMB No. 1545-0047

2004

Name of the organization

EASTER SEALS TENNESSEE, INC.

Employer identification number

62-0504893**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See instructions. List each one. If there are none, enter 'None.')

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
KAREN CONNORS-WOULFE JACKSON, TN 38305	40	84,893.	817.	5,800.
JAMES ED WHITE PARSONS, TN 38363	40	66,675.	642.	4,555.
PAULA JENNINGS WILDERSVILLE, TN 38388	40	60,500.	582.	4,134.
DONNA BROOKS FAIRVIEW, TN 37062	40	59,795.	575.	4,085.
MARY GARDNER NASHVILLE, TN 37215	40	72,800.	700.	4,974.
Total number of other employees paid over \$50,000 ▶	7			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See instructions. List each one (whether individuals or firms). If there are none, enter 'None.')

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
DON IRELAND FRANKLIN, TN 37069	FINANCIAL	119,635.
Total number of others receiving over \$50,000 for professional services ▶	0	

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2004

Part III Statements About Activities (See instructions.)

Yes No

- 1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities. . . . \$ N/A

(Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)

Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.

- 2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)

a Sale, exchange, or leasing of property?

b Lending of money or other extension of credit?

c Furnishing of goods, services, or facilities?

SEE FORM 990, PART V

d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?

e Transfer of any part of its income or assets?

- 3a Do you make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how you determine that recipients qualify to receive payments.)

b Do you have a section 403(b) annuity plan for your employees?

- 4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?

b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?

Part IV Reason for Non-Private Foundation Status (See instructions.)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 ☐ An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions — subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) *Use cash method of accounting.***Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in).....▶	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)...	6,617,803.	5,805,608.	2,297,487.	2,201,845.	16,922,743.
16 Membership fees received.....	141,352.	134,453.	115,867.	100,034.	491,706.
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc. purpose.....	2,140,729.	1,386,220.	4,186,237.	3,649,101.	11,362,287.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975.....	215,729.	112,833.	220,977.	212,155.	761,694.
19 Net income from unrelated business activities not included in line 18.....					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.....					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.....					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets. SEE STMT. 13	12,712.	25,577.	57,973.	40,245.	136,507.
23 Total of lines 15 through 22.....	9,128,325.	7,464,691.	6,878,541.	6,203,380.	29,674,937.
24 Line 23 minus line 17.....	6,987,596.	6,078,471.	2,692,304.	2,554,279.	18,312,650.
25 Enter 1% of line 23.....	91,283.	74,647.	68,785.	62,034.	
26 Organizations described on lines 10 or 11:					
a Enter 2% of amount in column (e), line 24.....▶					26a 366,253.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2000 through 2003 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.....▶					26b 1,670,645.
c Total support for section 509(a)(1) test: Enter line 24, column (e).....▶					26c 18,312,650.
d Add: Amounts from column (e) for lines:					
18 761,694. 19					26d 2,568,846.
22 136,507. 26b 1,670,645.					26e 15,743,804.
e Public support (line 26c minus line 26d total).....▶					26f 85.97 %
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)).....▶					
27 Organizations described on line 12: N/A					
a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person,' prepare a list for your records to show the name of, and total amounts received in each year from, each 'disqualified person.' Do not file this list with your return. Enter the sum of such amounts for each year: (2003) _____ (2002) _____ (2001) _____ (2000) _____					
b For any amount included in line 17 that was received from each person (other than 'disqualified persons'), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2003) _____ (2002) _____ (2001) _____ (2000) _____					
c Add: Amounts from column (e) for lines:					
15 _____ 16 _____					27c _____
17 _____ 20 _____ 21 _____					27d _____
d Add: Line 27a total..... and line 27b total.....					27e _____
e Public support (line 27c total minus line 27d total).....▶					27f _____
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e).....▶					27g _____ %
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)).....▶					27h _____ %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).....▶					

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See instructions.)
(To be completed **ONLY** by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If 'Yes,' please describe; if 'No,' please explain. (If you need more space, attach a separate statement.) ----- ----- -----	31		
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered 'No' to any of the above, please explain. (If you need more space, attach a separate statement.) ----- ----- -----			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.) ----- ----- -----			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered 'Yes' to either 34a or b, please explain using an attached statement. ----- ----- -----			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev Proc 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If 'No,' attach an explanation.....	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

Check ☐ **a** if the organization belongs to an affiliated group. Check ☐ **b** if you checked 'a' and 'limited control' provisions apply.**Limits on Lobbying Expenditures**

(The term 'expenditures' means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying).....	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount. Enter the amount from the following table — If the amount on line 40 is — The lobbying nontaxable amount is — Not over \$500,000..... 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000..... \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000..... \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000..... \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000..... \$1,000,000.....	41	
42 Grassroots nontaxable amount (enter 25% of line 41).....	42	
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	
Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.		

4-Year Averaging Period Under Section 501(h)(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
See the instructions for lines 45 through 50.)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non-taxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h.)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (add lines c through h.)			

If 'Yes' to any of the above, also attach a statement giving a detailed description of the lobbying activities.

2004

FEDERAL STATEMENTS

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CLIENT 11060

EASTER SEALS TENNESSEE, INC.

62-0504893

2/03/06

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STATEMENT 1
FORM 990, PART I, LINE 8
NET GAIN (LOSS) FROM NONINVENTORY SALES

PUBLICLY TRADED SECURITIES

GROSS SALES PRICE: 246,018.
COST OR OTHER BASIS: 246,018.
EXPENSES OF SALE: 162.

TOTAL GAIN (LOSS) PUBLICLY TRADED SECURITIES \$ -162.

OTHER ASSETS

DESCRIPTION: 98 FORD
DATE ACQUIRED: 6/18/1998
HOW ACQUIRED: PURCHASE
DATE SOLD: 11/24/2004
TO WHOM SOLD:
GROSS SALES PRICE: 4,687.
COST OR OTHER BASIS: 34,333.
DEPRECIATION: 34,333.

GAIN (LOSS) 4,687.

DESCRIPTION: 91 BUICK
DATE ACQUIRED: 1/31/2001
HOW ACQUIRED: PURCHASE
DATE SOLD: 2/17/2005
TO WHOM SOLD:
GROSS SALES PRICE: 300.
COST OR OTHER BASIS: 3,550.
DEPRECIATION: 3,313.

GAIN (LOSS) 63.

DESCRIPTION: 92 DODGE
DATE ACQUIRED: 3/31/1992
HOW ACQUIRED: PURCHASE
DATE SOLD: 7/01/2005
TO WHOM SOLD:
GROSS SALES PRICE: 3,775.
COST OR OTHER BASIS: 19,970.
DEPRECIATION: 19,970.

GAIN (LOSS) 3,775.

TOTAL GAIN (LOSS) OTHER ASSETS \$ 8,525.

TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES \$ 8,363.

CLIENT 11060

EASTER SEALS TENNESSEE, INC.

62-0504893

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STATEMENT 2
FORM 990, PART I, LINE 9
NET INCOME (LOSS) FROM SPECIAL EVENTS

<u>SPECIAL EVENTS</u>	<u>GROSS RECEIPTS</u>	<u>LESS CONTRI-BUTIONS</u>	<u>GROSS REVENUE</u>	<u>LESS DIRECT EXPENSES</u>	<u>NET INCOME (LOSS)</u>
CHRISTMAS ORNAMENT/OTHER	215,234.	112,359.	102,875.	40,713.	62,162.
MCWHORTER CDC EVENT	186,085.	148,540.	37,545.	39,777.	-2,232.
NASHVILLIAN	121,816.	84,971.	36,845.	45,858.	-9,013.
HERMITAGE GOLF- CDC	39,229.	26,269.	12,960.	13,449.	-489.
TOTAL	\$ 562,364.	\$ 372,139.	\$ 190,225.	\$ 139,797.	\$ 50,428.

STATEMENT 3
FORM 990, PART I, LINE 16
PAYMENTS TO AFFILIATES

<u>NAME AND ADDRESS</u>	<u>PURPOSE OF PAYMENT</u>	<u>AMOUNT</u>
NATIONAL EASTER SEAL SOCIETY CHICAGO, ILLINOIS	NATIONAL PROGRAM FEE	\$ 149,060.
TOTAL		\$ 149,060.

STATEMENT 4
FORM 990, PART II, LINE 23
SPECIFIC ASSISTANCE TO INDIVIDUALS

DIRECT CASH ASSISTANCE.....	\$ 28,619.
EQUIPMENT.....	1,411.
FOOD, SHELTER AND CLOTHING.....	91,585.
RESIDENTIAL GUARDIANSHIP.....	51,369.
TOTAL	\$ 172,984.

STATEMENT 5
FORM 990, PART II, LINE 43
OTHER EXPENSES

	<u>(A) TOTAL</u>	<u>(B) PROGRAM SERVICES</u>	<u>(C) MANAGEMENT & GENERAL</u>	<u>(D) FUNDRAISING</u>
ADVERTISING	7,140.	7,115.		25.
BAD DEBT EXPENSE	270,801.	213,825.		56,976.
BANK CHARGES	12,471.	11,416.	668.	387.
BUILDING & GROUNDS MAINTENANCE	136,727.	132,022.	805.	3,900.
CONTRACTED SERVICES	333,793.	312,376.	20,373.	1,044.
INSURANCE	297,658.	283,951.	8,650.	5,057.
LATE FEES & FINANCE CHARGES	23,636.	21,637.	1,266.	733.
LETTER OF CREDIT FEES	40,552.		40,552.	
LICENSES & FEES	9,636.	8,821.	516.	299.
MEMBERSHIP AND SUPPORT PAYMENTS	5,577.	4,230.	120.	1,227.
MISCELLANEOUS	4,611.	4,127.	307.	177.

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EASTER SEALS TENNESSEE, INC.

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STATEMENT 5 (CONTINUED)
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
PROFESSIONAL FEES	18,456.	17,285.	1,114.	57.
UTILITIES	141,545.	136,471.	1,138.	3,936.
TOTAL	\$ 1,302,603.	\$ 1,153,276.	\$ 75,509.	\$ 73,818.

STATEMENT 6
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
AUTOMOBILES / TRANSPORTATION EQUIPMENT	\$ 706,153.	\$ 561,092.	\$ 145,061.
MACHINERY AND EQUIPMENT	1,263,747.	967,159.	296,588.
BUILDINGS	7,862,460.	1,780,861.	6,081,599.
LAND	1,532,557.		1,532,557.
TOTAL	\$ 11,364,917.	\$ 3,309,112.	\$ 8,055,805.

STATEMENT 7
FORM 990, PART IV, LINE 58
OTHER ASSETS

LOAN COSTS, NET	\$ 169,869.
REHABILITATION FEES, NET	168,733.
TOTAL	\$ 338,602.

STATEMENT 8
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

MORTGAGES PAYABLE	BALANCE DUE
FIFTH THIRD BANK	\$ 2,750,000.
SERTOMA	1,097,689.
TOTAL MORTGAGES	\$ 3,847,689.

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EASTER SEALS TENNESSEE, INC.

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STATEMENT 8 (CONTINUED)
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

OTHER NOTES PAYABLE

LENDER'S NAME:	FIFTH THIRD BANK	
DATE OF NOTE:	6/01/2001	
MATURITY DATE:	1/03/2005	
REPAYMENT TERMS:	INTEREST ONLY	
INTEREST RATE:	7.00%	
SECURITY PROVIDED:	FIXED ASSETS	
PURPOSE OF LOAN:	LINE OF CREDIT	
BALANCE DUE:		\$ 247,000.
LENDER'S NAME:	FIFTH THIRD BANK	
DATE OF NOTE:	7/13/2001	
MATURITY DATE:	1/03/2006	
REPAYMENT TERMS:	MONTHLY PAYMENTS OF \$13,712	
INTEREST RATE:	6.00%	
SECURITY PROVIDED:	EASTER SEALS ACCOUNTS	
ORIGINAL AMOUNT:	1,500,000.	
BALANCE DUE:		\$ 1,967,261.
LENDER'S NAME:	WACHOVIA BANK	
DATE OF NOTE:	8/05/1999	
MATURITY DATE:	8/01/2019	
REPAYMENT TERMS:	INT MONTHLY; PRIN VARIOUS	
INTEREST RATE:	2.75%	
SECURITY PROVIDED:	PROP & EQUIP, PLEDGES, LOC	
PURPOSE OF LOAN:	VARIABLE RATE REVENUE BONDS	
DESC. OF CONSIDERATION:	CASH	
ORIGINAL AMOUNT:	2,500,000.	
BALANCE DUE:		\$ 2,425,000.
LENDER'S NAME:	FIRST BANK	
MATURITY DATE:	9/11/2006	
REPAYMENT TERMS:	INTEREST ONLY	
INTEREST RATE:	7.50%	
SECURITY PROVIDED:	ALL ASSETS	
BALANCE DUE:		\$ 88,747.
TOTAL OTHER NOTES PAYABLE		\$ 4,728,008.
TOTAL		\$ 8,575,697.

STATEMENT 9
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

ACCRUED PENSION LIABILITY.....	\$ 324,938.
TOTAL	\$ 324,938.

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EASTER SEALS TENNESSEE, INC.

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STATEMENT 10
FORM 990, PART IV-A, LINE B(4)
OTHER AMOUNTS

RENTAL EXPENSES NETTED AGAINST INCOME..... \$ 153,949.
TOTAL \$ 153,949.

STATEMENT 11
FORM 990, PART IV-B, LINE B(4)
OTHER AMOUNTS

RENTAL EXPENSES NETTED AGAINST INCOME..... \$ 153,949.
TOTAL \$ 153,949.

STATEMENT 12
FORM 990, PART V
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
ANNE C. BOATMAN NASHVILLE, TN	SECRETARY .5	\$ 0.	\$ 0.	\$ 0.
ALEX BUCHANAN NASHVILLE, TN	TREASURER .5	0.	0.	0.
MIKE CAMPBELL NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
DAWN BOLANGER NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
BETHANY CORRIERI NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
WILLIAM F. ANDREWS FRANKLIN, TN 37069	TRUSTEE .5	0.	0.	0.
SAMUEL H. HOWARD BRENTWOOD, TN 37027	TRUSTEE .5	0.	0.	0.
KENT HARRELL NASHVILLE, TN	TRUSTEE .5	0.	0.	0.

CLIENT 11060

EASTER SEALS TENNESSEE, INC.

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STATEMENT 12 (CONTINUED)

FORM 990, PART V

LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
TOM HARTSHORN BRENTWOOD, TN	TRUSTEE .5	\$ 0.	\$ 0.	\$ 0.
AUBREY B. HARWELL, JR. NASHVILLE, TN	IMMD PAST CHAIR .5	0.	0.	0.
ASHLEY COTTRELL NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
PAGE HART NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
LARRY KING NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
CHARLIE CHASE BRENTWOOD, TN 37027	TRUSTEE .5	0.	0.	0.
CAL TURNER, JR. BRENTWOOD, TN 37027	TRUSTEE .5	0.	0.	0.
BEVERLY JONES LAFAYETTE, TN	TRUSTEE .5	0.	0.	0.
MARGARET KELLEY NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
BUDDY KILLEN NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
JAYNE PERKINS ASHLAND CITY, TN	CEO 40	105,683.	1,017.	7,221.
MICHELLE MCWHORTER NASHVILLE, TN	TRUSTEE .5	0.	0.	0.

CLIENT 11060

EASTER SEALS TENNESSEE, INC.

62-0504893

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STATEMENT 12 (CONTINUED)

FORM 990, PART V

LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
TRACY CHAPPELL ANTIOCH, TN	VP-DEVELOPMENT 40	\$ 54,650.	\$ 526.	\$ 3,734.
ERIC HAMNES NASHVILLE, TN	VP-REHAB SVCS 40	99,319.	956.	6,786.
ANNE NESBITT NASHVILLE, TN	TRUSTEE .5	0.	0.	0.
JACK J. VAUGHN NASHVILLE, TN 37216	TRUSTEE .5	0.	0.	0.
GINGI LANIUS FRANKLIN, TN 37064	CEO 40	20,923.	201.	1,430.
MATT STEINHAEUER HENDERSONVILLE, TN	VICE CHAIRMAN NONE	0.	0.	0.
PATSY TRIMBLE NASHVILLE, TN	TRUSTEE NONE	0.	0.	0.
MICHAEL YOPP NASHVILLE, TN	CHAIRMAN .5	0.	0.	0.
TOTAL		\$ 280,575.	\$ 2,700.	\$ 19,171.

STATEMENT 13
SCHEDULE A, PART IV-A, LINE 22
OTHER INCOME

DESCRIPTION	(A) 2003	(B) 2002	(C) 2001	(D) 2000	(E) TOTAL
MISCELLANEOUS	\$ 12,712.	\$ 25,577.	\$ 57,973.	\$ 40,245.	\$ 136,507.
TOTAL	\$ 12,712.	\$ 25,577.	\$ 57,973.	\$ 40,245.	\$ 136,507.

CLIENT 11060

EASTER SEALS TENNESSEE, INC.

62-0504893

2/03/06

11:09AM

DEPRECIATION EXPENSE
990, PART II, LINE 42

DEPRECIATION IS CALCULATED USING THE STRAIGHT-LINE METHOD OVER THE ESTIMATED USEFUL LIVES OF THE ASSETS.

AUTOMOBILES	\$ 63,591
MACHINERY & EQUIPMENT	136,704
BUILDINGS	276,691
AMORTIZATION	11,871

TOTAL	\$ 488,857
LESS AMOUNT ALLOCATED TO RENTAL	(19,749)

TOTAL REPORTED ON LINE 42	\$ 469,108
	=====

Easter Seals Tennessee, Inc.

2004 Form 990, Part III, Statement of Program Service Accomplishments

FEIN 62-0504893

Program list

The Arthritis Pain Center at Easter Seals is a comprehensive program helping people reduce pain and slow the progression of arthritis, osteoporosis, and fibromyalgia. Our customized plans include physical therapy, occupational therapy, aquatics, education, and individual and group support. (Nashville)

Easter Seals Camp is a 100-acre camp on Old Hickory Lake in Mt. Juliet where children and adults with disabilities can enjoy recreational activities in a family-oriented environment that fosters self-reliance, resourcefulness and independence. (statewide)

Easter Seals Turner Family Center is a 19,000-square-foot facility equipped with state-of-the-art exercise equipment and staffed with fitness experts and rehabilitation therapists to help individuals address a wide range of needs from the maintenance of good health to temporary physical difficulties or more debilitating conditions, including arthritis, trauma, stroke, or spinal cord related disabilities. (Nashville)

Information and Referral assists individuals in locating appropriate services throughout the state of Tennessee. (statewide)

The McWhorter Family Children's Center includes childcare and rehabilitation facilities and serves children at all levels of development from newborn to age 17. (Nashville)

Pediatric Rehabilitation Services provides physical therapy, occupational therapy and speech and language pathology for children with special needs. Other services include hearing screenings, wheelchair evaluations, and special day camps. (Nashville)

Polio Heroes of Tennessee provides support services to individuals living with post-polio syndrome, the latent neuro-muscular effects of having had polio as a child or young adult. (statewide)

The Tennessee AgrAbility Project provides technical consultation and coordinates resources for farmers and agricultural workers with disabilities to return to a productive livelihood. (statewide)

West Tennessee Adult Services provides a wide range of programs that help adults with disabilities living in rural counties in west Tennessee live with greater independence. Based in Lexington, services include the following:

- Developmental Services teaches daily living and prevocational skills to adults with mental and physical disabilities. (Lexington)
- Family Support Services offers individuals with disabilities in a four-county area government-subsidized financial assistance to help with daily living and accommodations. (Lexington)

- Personal Social Adjustment Program provides personal and daily living skills to adults with developmental disabilities. (Lexington)
- Residential Services provides independent and semi-independent residential living opportunities for adults with cognitive and physical disabilities. (Lexington)
- State Rest Area facility off I-40 in Benton County is maintained by Easter Seals' staff. (Camden)
- Supported Employment provides job coaches and job training for adults with disabilities seeking employment in the community. (Lexington)
- Transitional Services gives high school students with disabilities job training to ease the transition from school into the workplace. (Lexington)
- Transportation Services provides transportation for clients to and from Easter Seals' program sites in Chester, Decatur, and Henderson Counties. (Lexington)
- Vocational Placement Services helps individuals with disabilities identify job opportunities and secure employment. (Lexington)
- Work Services is a training program that acquires contract from local manufacturers to teach clients assembly job skills. (Decaturville, Lexington)

**Exempt Organization Business
Income Tax Return** (and proxy tax under Section 6033(e))

OMB No. 1545-0687

For calendar year 2004 or other tax year beginning 9/01 2004,
and ending 8/31, 2005**2004**Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

A <input type="checkbox"/> Check box if address changed B Exempt under Section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Please Print or Type	(<input type="checkbox"/> check box if name changed and see instructions) EASTER SEALS TENNESSEE, INC. 2001 WOODMONT BLVD. NASHVILLE, TN 37215	D Employer identification number (Employees' trust, see instructions for Block D.) 62-0504893 E New unrelated business activity codes (See instructions for Block E.)
C Book value of all assets at end of year <u>9,572,613.</u>		F Group exemption number (see instructions for Block F.) ▶ G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust	
H Describe the organization's primary unrelated business activity. ▶ FACILITY RENTAL			
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . . . ▶ <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' enter the name and identifying number of the parent corporation. . . ▶			
J The books are in care of ▶ DON IRELAND Telephone number ▶ 615-292-6640			

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales			
b Less returns and allowances c Balance ▶	1c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit (subtract line 2 from line 1c)	3		
4a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5		
6 Rent income (Schedule C)	6	135,367.	153,949.
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Sch G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (see instructions — attach schedule)	12		
13 Total (combine lines 3 through 12)	13	135,367.	153,949.
			-18,582.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)		
14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	
20 Charitable contributions (see instructions for limitation rules)	20	
21 Depreciation (attach Form 4562)	21	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b
23 Depletion	23	
24 Contributions to deferred compensation plans	24	
25 Employee benefit programs	25	
26 Excess exempt expenses (Schedule I)	26	
27 Excess readership costs (Schedule J)	27	
28 Other deductions (attach schedule)	28	
29 Total deductions (add lines 14 through 28)	29	
30 Unrelated business taxable income before net operating loss deduction (subtract line 29 from line 13)	30	-18,582.
31 Net operating loss deduction SEE STATEMENT 1	31	
32 Unrelated business taxable income before specific deduction (subtract line 31 from line 30)	32	-18,582.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	
34 Unrelated business taxable income (subtract line 33 from line 32). If line 33 is greater than line 32, enter the smaller of zero or line 32.	34	-18,582.

Part III Tax Computation**35 Organizations Taxable as Corporations** (see instructions for tax computation)Controlled group members (sections 1561 and 1563) — check here ☐. See instructions and:

a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter organization's share of: (1) additional 5% tax (not more than \$11,750) \$

(2) additional 3% tax (not more than \$100,000) \$

c Income tax on the amount on line 34.

35c 0.

36 Trusts Taxable at Trust Rates (see instructions for tax computation) Income tax on the amount on line 34 from: ☐ Tax rate schedule or ☐ Schedule D (Form 1041)

36

37 Proxy tax (see instructions)

37

38 Alternative minimum tax

38

39 Total (add lines 37 and 38 to line 35c or 36, whichever applies)

39

0.

Part IV Tax and Payments**40a Foreign tax credit** (corporations attach Form 1118; trusts attach Form 1116)

40a

b Other credits (see instructions)

40b

c General business credit — Check here and indicate which forms are attached:

☐ Form 3800 ☐ Form(s) (specify) ▶

40c

d Credit for prior year minimum tax (attach Form 8801 or 8827)

40d

e Total credits (add lines 40a through 40d)

40e 0.

41 Subtract line 40e from line 39

41 0.

42 Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866
☐ Other (attach schedule)

42

43 Total tax (add lines 41 and 42)

43 0.

44a Payments: A 2003 overpayment credited to 2004

44a

b 2004 estimated tax payments

44b

c Tax deposited with Form 8868

44c

d Foreign organizations — Tax paid or withheld at source (see instructions)

44d

e Backup withholding (see instructions)

44e

f Other credits and payments:

☐ Form 2439 ☐ Other

Total ▶

44f

45 Total payments (add lines 44a through 44f)

45 0.

46 Estimated tax penalty (see instructions). Check ☐ if Form 2220 is attached

46

47 Tax due — If line 45 is less than the total of lines 43 and 46, enter amount owed

47

48 Overpayment — If line 45 is larger than the total of lines 43 and 46, enter amount overpaid

48

49 Enter the amount of line 48 you want: Credited to 2005 estimated tax ▶

Refunded ▶

49

Part V Statements Regarding Certain Activities and Other Information (See instructions.)

1 At any time during the 2004 calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?

Yes No

X

If 'Yes,' the organization may have to file Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country here

2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? ...
If 'Yes,' see the instructions for other forms the organization may have to file.

X

3 Enter the amount of tax-exempt interest received or accrued during the tax year. ▶ \$

0.

Schedule A — Cost of Goods Sold — Enter method of inventory valuation ▶

1 Inventory at beginning of year

1

2 Purchases

2

3 Cost of labor

3

4a Additional section 263A costs (attach schedule)

4a

b Other costs (attach sch)

4b

5 Total — Add lines 1 through 4b

5

6 Inventory at end of year

6

7 Cost of goods sold. Subtract line 6 from line 5. (Enter here and on line 2, Part I.)

7

8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?

Yes No

X

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature

Firm's name (or yours if self-employed), address, and ZIP code

FRASIER, DEAN & HOWARD, PLLC
3310 WEST END AVENUE, STE. 550
NASHVILLE, TN 37203

Date

Check if self-employed ☐

Preparer's SSN or PTIN

P00167048

EIN 62-1073578

Phone no. (615) 383-6592

BAA

Form 990-T (2004)

Schedule C – Rent Income (From Real Property and Personal Property Leased with Real Property) (see instructions)

1 Description of property

(1) CAMP		
(2)		
(3)		
(4)		
2 Rent received or accrued		
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule) SEE STATEMENT 2
(1)	135,367.	153,949.
(2)		
(3)		
(4)		
Total	135,367.	
Total income (Add totals of columns 2(a) and 2(b). Enter here and on line 6, column (A), Part I, page 1.)		Total deductions. Enter here and on line 6, column (B), Part I, page 1.
135,367.		153,949.

Schedule E – Unrelated Debt-Financed Income (see instructions)

1 Description of debt-financed property		2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach sch)	(b) Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 x column 6)	8 Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals			Enter here and on line 7, column (A), Part I, page 1	Enter here and on line 7, column (B), Part I, page 1
Total dividends-received deductions included in column 8				

Schedule F – Interest, Annuities, Royalties, and Rents from Controlled Organizations (see instructions)

1 Name of Controlled Organization		Exempt Controlled Organizations			
2 Employer Identification Number	3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column 4 that is included in the controlling organization's gross income	6 Deductions directly connected with income in column 5	
(1)					
(2)					
(3)					
(4)					
Nonexempt Controlled Organizations					
7 Taxable Income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column 9 that is included in the controlling organization's gross income	11 Deductions directly connected with income in column 10	
(1)					
(2)					
(3)					
(4)					
Totals			Add columns 5 and 10. Enter here and on line 8, column (A), Part I, page 1.	Add columns 6 and 11. Enter here and on line 8, column (B), Part I, page 1.	

Schedule G – Investment Income of a Section 501(c)(7), (9), or (17) Organization (See instructions.)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (column 3 plus column 4)
(1)				
(2)				
(3)				
(4)				
Totals	Enter here and on line 9, column (A), Part I, page 1.			Enter here and on line 9, column (B), Part I, page 1.

Schedule I – Exploited Exempt Activity Income, Other Than Advertising Income (See instructions.)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute columns 5 through 7	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals	Enter here and on line 10, column (A), Part I, page 1.	Enter here and on line 10, column (B), Part I, page 1.				Enter here and on line 26, Part II, page 1.

Schedule J – Advertising Income (See instructions.)**Part I Income From Periodicals Reported on a Consolidated Basis**

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (column 2 minus column 3). If a gain, compute columns 5 through 7	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I						
Totals , Part II (lines 1-5)	Enter here and on line 11, column (A), Part I, page 1.	Enter here and on line 11, column (B), Part I, page 1.				Enter here and on line 27, Part II, page 1.

Schedule K – Compensation of Officers, Directors, and Trustees (See instructions.)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
Total – Enter here and on line 14, Part II, page 1			

2004

FEDERAL STATEMENTS

PAGE 1

CLIENT 11060

EASTER SEALS TENNESSEE, INC.

62-0504893

2/03/06

11:09AM

STATEMENT 1
FORM 990-T, PART II, LINE 31
NET OPERATING LOSS DEDUCTION

LOSS YEAR ENDING	ORIGINAL LOSS	LOSS PREVIOUSLY USED	LOSS AVAILABLE
8/31/03	\$ 54,166.	\$ 0.	\$ 54,166.
NET OPERATING LOSS AVAILABLE.....			\$ 54,166.
TAXABLE INCOME.....			\$ -18,582.
NET OPERATING LOSS DEDUCTION (LIMITED TO TAXABLE INCOME).....			\$ 0.

STATEMENT 2
FORM 990-T, SCHEDULE C, LINE 3
DEDUCTIONS DIRECTLY CONNECTED WITH INCOME

CAMP

ADVERTISING.....	\$ 328.
AUTO AND TRAVEL.....	1,588.
CLEANING AND MAINTENANCE.....	4,871.
INSURANCE.....	17,578.
LEGAL AND PROFESSIONAL FEES.....	3,856.
MISCELLANEOUS.....	1,126.
SUPPLIES.....	15,239.
TELEPHONE.....	1,214.
UTILITIES.....	16,470.
WAGES AND SALARIES.....	58,755.
PENSION PLAN CONTRIBUTIONS.....	560.
OTHER EMPLOYEE BENEFITS.....	5,380.
PAYROLL TAXES.....	5,098.
BAD DEBTS.....	984.
EQUIPMENT RENTAL AND MAINTENANCE.....	38.
PRINTING.....	296.
POSTAGE.....	433.
CONFERENCES AND MEETINGS.....	386.
DEPRECIATION.....	19,749.
TOTAL	\$ 153,949.