

**Deaf Service Center of  
Palm Beach County, Inc.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended June 30, 2011**

**Deaf Service Center of Palm Beach County, Inc.**  
**June 30, 2011**

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**Independent Auditors' Report**

To the Board of Directors of  
Deaf Service Center of Palm Beach County, Inc.

We have audited the accompanying statement of financial position of Deaf Service Center of Palm Beach County, Inc. as of June 30, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of Deaf Service Center of Palm Beach County, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Deaf Service Center of Palm Beach County, Inc., as of June 30, 2011, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Mark Brechbill*

Mark Brechbill  
CERTIFIED PUBLIC ACCOUNTANTS

November 1, 2011

**Deaf Service Center of Palm Beach County, Inc.**

STATEMENT OF FINANCIAL POSITION

June 30, 2011

**ASSETS**

Cash	\$	443,960
Accounts receivable		22,424
Grants receivable		43,064
Inventories		1,405
Equipment at cost (net of depreciation of \$153,511)		28,606
Deposits and prepaid expenses		17,944

Total assets \$ 557,403

**LIABILITIES**

Accounts payable	\$	22,768
Accrued vacation		8,265
Accrued payroll		13,588
Total liabilities		<u>44,621</u>

**NET ASSETS**

Unrestricted		113,155
Temporarily restricted		399,627
Total net assets		<u>512,782</u>

Total liabilities and net assets \$ 557,403

*Please read the accompanying Notes to Financial Statements.*

**Deaf Service Center of Palm Beach County, Inc.**

STATEMENT OF ACTIVITIES

Year ending June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Hearing Wellness sales	\$ 611,056	\$ -	\$ 611,056
County and other local government grants	239,695	-	239,695
Florida Telecommunication Relay, Inc.	140,989	-	140,989
Contributions	24,774	-	24,774
Drawing	3,640	-	3,640
Bequest	-	12,717	12,717
Foundations and grants	53,434	57,910	111,344
United Way	62,557	-	62,557
Educational programs	400	-	400
Notary fees	6,114	-	6,114
Interest income	1,237	-	1,237
	<hr/>	<hr/>	<hr/>
Total	1,143,896	70,627	1,214,523
Net Assets Released from Restrictions			
Restrictions satisfied by payments	23,500	(23,500)	-
	<hr/>	<hr/>	<hr/>
Total Support and Other Revenues	1,167,396	47,127	1,214,523
	<hr/>	<hr/>	<hr/>
<b>EXPENSES:</b>			
Program services			
Telecommunication Equipment Distribution	212,966	-	212,966
Client Assistance	113,522	-	113,522
Community Education	85,919	-	85,919
Resource Connection	90,740	-	90,740
Hearing Wellness	571,069	-	571,069
Support services			
Management and general	81,163	-	81,163
Fundraising	25,610	-	25,610
Total expenses	1,180,989	-	1,180,989
	<hr/>	<hr/>	<hr/>
<b>INCREASE IN NET ASSETS</b>	\$ (13,593)	\$ 47,127	\$ 33,534
Net Assets, Beginning of Year	126,748	352,500	479,248
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	\$ 113,155	\$ 399,627	\$ 512,782
	<hr/>	<hr/>	<hr/>

*Please read the accompanying Notes to Financial Statements.*

**Deaf Service Center of Palm Beach County, Inc.**

STATEMENT OF FUNCTIONAL EXPENSES

Year ending June 30, 2011

	Program Services				Supporting Services			Total Expenses
	Telecommunication	Client Assistance	Community Education	Resource Connection	Hearing Wellness	Management and General	Fundraising	
Salaries	\$ 115,340	\$ 61,702	\$ 45,401	\$ 48,487	\$ 103,955	\$ 38,849	\$ 11,050	\$ 424,784
Employee benefits	34,480	20,084	13,185	14,844	29,797	17,740	3,891	134,021
	<u>149,820</u>	<u>81,786</u>	<u>58,586</u>	<u>63,331</u>	<u>133,752</u>	<u>56,589</u>	<u>14,941</u>	<u>558,805</u>
Professional fees and contract service payments	1,873	1,112	833	800	1,641	792	811	7,862
Cost of goods sold	-	-	-	-	363,974	-	-	363,974
Supplies	1,994	1,888	1,047	1,444	2,996	1,096	537	11,002
Telephone	4,705	2,582	1,731	1,878	3,519	1,760	541	16,716
Postage and shipping	774	382	278	279	577	253	741	3,284
Occupancy	48,335	23,126	20,738	20,918	46,585	12,550	3,650	175,902
Insurance	1,137	765	439	597	755	557	2,706	6,956
Printing and publications	526	105	69	77	360	71	1,196	2,404
Miscellaneous	3,112	1,476	2,198	1,116	10,940	1,210	487	20,539
Sub-total	<u>212,276</u>	<u>113,222</u>	<u>85,919</u>	<u>90,440</u>	<u>565,099</u>	<u>74,878</u>	<u>25,610</u>	<u>1,167,444</u>
Depreciation of equipment	690	300	-	300	5,970	6,285	-	13,545
Total expenses	<u>\$ 212,966</u>	<u>\$ 113,522</u>	<u>\$ 85,919</u>	<u>\$ 90,740</u>	<u>\$ 571,069</u>	<u>\$ 81,163</u>	<u>\$ 25,610</u>	<u>\$ 1,180,989</u>

Please read the accompanying Notes to Financial Statements.

**Deaf Service Center of Palm Beach County, Inc.**

STATEMENT OF CASH FLOWS

Year ending June 30, 2011

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets \$ 33,534

Adjustments to reconcile change in net assets  
to net cash provided by operating activities:

Depreciation 13,545

(Increase) decrease in:

Accounts receivable (8,253)

Grants receivable 23,677

Inventories 2,202

Increase (decrease) in:

Accounts payable (4,499)

Accrued vacation (1,299)

Accrued payroll (3,372)

**NET CASH PROVIDED (USED) BY  
OPERATING ACTIVITIES**

55,535

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Acquisition of property and equipment (5,865)

**NET CASH PROVIDED (USED) BY  
INVESTING ACTIVITIES**

(5,865)

**NET INCREASE (DECREASE)**

**\$ 49,670**

**IN CASH AND EQUIVALENTS**

Cash and Cash Equivalents, Beginning of Year

394,290

Cash and Cash Equivalents, End of Year

\$ 443,960

*Please read the accompanying Notes to Financial Statements.*

## **Deaf Service Center of Palm Beach County, Inc.**

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE A—NATURE OF CENTER**

The Deaf Service Center of Palm Beach County, Inc. (Center) was organized as a nonprofit corporation without capital stock under the laws of the State of Florida in 1984. The organization was formed to provide services to deaf and hard of hearing individuals. It was the first and still is the only organization of its kind offering these services in Palm Beach County. To accomplish its mission, the Center provides information and referral, telecommunications equipment to individuals, with instruction in its use. Client specialists provide in-depth assistance to those needing both occasional and ongoing case management. Hearing Wellness Centers are available to test for hearing loss, fit hearing aids, if necessary; and demonstrate and sell Assistive Listening Devices. Community presentations, workshops, health fairs and activities for children, adults and service providers help promote hearing health and public understanding. The staff is comprised of degreed professionals with extensive experience. The Center's primary funding sources are donor contributions, local government and United Way grants, Private Foundations and fees and reimbursements received for selected products and services.

During 2009 the organization was certified by "Nonprofits First" for sound nonprofit management. "Nonprofits First" is an independent organization that is reviewing organization and procedures of non profit entities in Palm Beach County. This certification is widely accepted by local funding sources as evidence of the quality of the management within the certified organization. Annual "recertification" has been maintained including 2011.

#### **NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### *Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

##### *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### *Allowance for Doubtful Accounts*

Grants and accounts receivable are stated at the amount the Center expects to collect. There was no allowance for doubtful accounts as of June 30, 2011.

##### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand; cash in banks and all highly liquid investments with maturity of three months or less at the time of purchase.

## Deaf Service Center of Palm Beach County, Inc.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Inventories

Inventory consisting of assistive listening devices are stated at lower of cost (first-in, first-out method) or market.

##### Property and Equipment

Furniture, fixtures, and equipment with an acquisition price of \$500 and above are recorded at cost or at estimated value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are being depreciated using the straight-line method over their estimated useful lives.

##### Revenue Recognition

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor and that restriction is not met in the same reporting period. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional Promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received.

##### Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values on the date of donation. Donated services received during the year did not meet the requirements for recording in the financial statements.

##### Expense Allocation

The costs of the various programs have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable to a program are allocated to either the programs based on an estimate of the percentage of expenditures to that program or to general and administrative expenses. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

##### Income Taxes

The Center is a nonprofit corporation whose revenue is derived from contributions and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income tax has been made in these financial statements. In addition, they are not classified as a private foundation. The Organization evaluates any uncertain income tax positions based on how the income tax positions are likely to be sustained if the Internal Revenue Service (IRS) or the Florida Department of Revenue (Florida DOR) examined the positions. Accordingly, a contingency would be recognized when the income tax position taken by the Organization is likely to be challenged upon an audit by the IRS or the Florida DOR. There were no uncertain tax positions qualifying for disclosure for the tax years subject to audit by the IRS or Florida DOR. The Organization's Return of Organization Exempt From Income Tax (Form 990) is subject to a possible audit by the IRS for three years after they were filed. In the year ending June 30, 2011 the Organization paid no income tax, income tax penalties or interest and has no liability for income taxes as of year end.

##### Advertising Costs

The Center expenses advertising costs as incurred.

**Deaf Service Center of Palm Beach County, Inc.**  
 NOTES TO FINANCIAL STATEMENTS

**NOTE C—PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at year-end:

Office equipment and furnishings	\$	13,295
Leasehold improvements		11,500
Audiology equipment		52,821
Computer equipment		104,501
		<u>182,117</u>
Less Accumulated Depreciation		(153,511)
	\$	<u>28,606</u>

The Center utilizes straight line depreciation over the estimated useful lives of the property and equipment. Total depreciation expense in fiscal year ending June 30, 2011 was \$13,545.

**NOTE D—RESTRICTED NET ASSETS AND ASSETS RELEASED FROM RESTRICTION**

Restrictions on assets resulting from contributions or grants that have been restricted by the donors and are recorded as temporarily restricted net assets as of June 30, 2011 are as follows:

Blum	\$	10,000
JL Cares		2,910
Molly Bee Fund for client assistance		45,000
Groot Estate for support of youth		341,717
Total	\$	<u>399,627</u>

Contributions that are restricted by the donor and those restrictions that are met in the same reporting period are accounted for as unrestricted contributions. During the year ending June 30, 2011, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Molly Bee Fund for client assistance	\$	12,500
Florida Bar Foundation for Instructional Video		11,000
Total	\$	<u>23,500</u>

**NOTE E—UNINSURED CASH BALANCES**

The Agency maintains its cash balances at TD Bank and PNC Bank located in Palm Beach County, Florida. Accounts are secured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured balances at June 30, 2011.

**Deaf Service Center of Palm Beach County, Inc.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE F—LEASES**

The Center leases its offices under two operating leases. The main office lease extends through June 14, 2016. The South County office lease extends through December 31, 2011 and it will not be renewed. The minimum future rental payments under these leases as of June 30, 2011, for each of the next five years are as follows:

Year Ending June 30,	Minimum Future Payments
2012	\$ 133,608
2013	114,850
2014	120,592
2015	126,622
2016	122,726
Total	<u>\$ 618,398</u>

**NOTE G—BEQUEST**

During this and the two prior fiscal years the Center has received \$427,717 from an estate of which a total of \$86,000 has been expended. These funds are set aside to fund programs for the healthful growth of our youth.

**NOTE H—SUBSEQUENT EVENTS**

For the purposes of the audited financial statements and the notes there to, subsequent events were considered through the date of the Independent Auditors' Report.