

THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

TMCE, LLP

Certified Public Accountants and Consultants

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Betty and Leonard Phillips
Deaf Action Center of Louisiana, Inc.
Shreveport, Louisiana

Opinion

We have audited the accompanying financial statements of The Betty and Leonard Phillips Deaf Action Center of Louisiana, Inc. (the "Center") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Betty and Leonard Phillips Deaf Action Center of Louisiana, Inc., as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Betty and Leonard Phillips Deaf Action Center of Louisiana, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The information required in with Louisiana Revised Statute 24:513(A)(3) on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements or the basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with, *Government Auditing Standards*, we have also issued our report dated June 16, 2023, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

TMCE, LLP

TMCE, LLP
Shreveport, Louisiana
June 16, 2023

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.**
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

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	2022	2021
Assets		
Cash and cash equivalents	\$ 68,529	\$ 264,419
Accounts receivable, net of allowance	38,761	65,949
Other assets	15,584	7,700
Property and equipment, net	520,961	528,845
Total Assets	\$ 643,835	\$ 866,913
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 3,185	\$ 14,992
Accrued salaries and wages	6,470	6,070
Payroll taxes payable	1,045	1,006
Compensated absences	10,403	26,885
Total Liabilities	21,103	48,953
Net Assets		
Without donor restrictions	622,732	817,960
Total Net Assets	622,732	817,960
Total Liabilities and Net Assets	\$ 643,835	\$ 866,913

The accompanying notes are an integral part of these financial statements

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.**
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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	2022	2021
Support and revenue		
Public Support:		
Contributions	\$ 42,963	\$ 461,497
Grants	25,000	80,213
Other Revenue:		
Fees	391,584	360,868
Interest	263	621
Other	8,623	8,479
Total support and revenue	468,433	911,678
Expenses		
Program services		
Interpreting	284,653	251,138
Life skills	95,255	84,015
Education	184,031	164,449
Support Services		
Management and general	79,830	69,788
Fundraising	19,892	131,239
Total Expenses	663,661	700,629
Change in net assets	(195,228)	211,049
Net assets at beginning of year	817,960	606,911
Net assets at end of year	\$ 622,732	\$ 817,960

The accompanying notes are an integral part of these financial statements

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.**
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

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	Support Services		Program Services			
	Management and General	Fundraising	Interpreting	Life Skills	Education	Total
Salaries and benefits	\$ 72,117	\$ -	\$ 216,352	\$ 72,117	\$ 120,195	\$ 480,781
Activities and education	-	-	-	-	8,731	8,731
Professional fees	1,459	-	13,130	4,377	10,212	29,178
Insurance	334	-	3,004	1,001	2,336	6,675
Utilities	450	-	4,052	1,351	3,151	9,004
Office expense	1,116	-	8,932	3,349	8,931	22,328
Maintenance	887	-	7,981	2,660	6,208	17,736
Miscellaneous Expense	1,513	-	13,614	4,538	10,588	30,253
Depreciation	1,954	-	17,588	5,862	13,679	39,083
Bad debt expense	-	-	-	-	-	-
Fundraising expense	-	19,892	-	-	-	19,892
Interest expense	-	-	-	-	-	-
Total functional expenses	\$ 79,830	\$ 19,892	\$ 284,653	\$ 95,255	\$ 184,031	\$ 663,661

The accompanying notes are an integral part of these financial statements

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.**
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Support Services		Program Services			
	Management and General	Fundraising	Interpreting	Life Skills	Education	Total
Salaries and benefits	\$ 62,674	\$ -	\$ 188,024	\$ 62,674	\$ 104,458	\$ 417,830
Activities and education	-	-	-	-	9,289	9,289
Professional fees	1,409	-	12,676	4,226	9,859	28,170
Insurance	370	-	3,328	1,109	2,589	7,396
Utilities	383	-	3,450	1,150	2,684	7,667
Office expense	906	-	7,246	2,718	7,246	18,116
Maintenance	831	-	7,480	2,493	5,818	16,622
Miscellaneous Expense	1,221	-	10,989	3,663	8,548	24,421
Depreciation	1,903	-	17,127	5,709	13,322	38,061
Bad debt expense	-	-	-	-	-	-
Fundraising expense	-	131,239	-	-	-	131,239
Interest expense	91	-	818	273	636	1,818
Total functional expenses	\$ 69,788	\$ 131,239	\$ 251,138	\$ 84,015	\$ 164,449	\$ 700,629

The accompanying notes are an integral part of these financial statements

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.**
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (195,228)	\$ 211,049
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	39,083	38,061
Bad debt expense	-	270
(Increase) decrease in:		
Accounts receivable	27,188	(37,127)
Other assets	(7,884)	2,594
Increase (decrease) in:		
Accounts payable	(11,807)	13,456
Accrued salaries and wages	400	903
Payroll taxes payable	39	141
Accrued compensated absences	(16,482)	5,779
Net cash (used) provided by operating activities	(164,691)	235,126
Cash flows from investing activities		
Capital expenditures	(31,199)	(45,560)
Net cash (used) by investing activities	(31,199)	(45,560)
Cash flows from financing activities		
Payments on note payable	-	(103,800)
Net cash (used) by financing activities	-	(103,800)
Net (decrease) increase in cash and cash equivalents	(195,890)	85,766
Cash and cash equivalents at beginning of year	264,419	178,653
Cash and cash equivalents at end of year	\$ 68,529	\$ 264,419

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Betty and Leonard Phillips Deaf Action Center of Louisiana, Inc. (the Center), is a not-for-profit corporation organized under the laws of the State of Louisiana. The Center's purpose is to provide comprehensive services to deaf, hearing-impaired, and multiple handicapped individuals and their families, and to promote public awareness of this disability.

Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Contributed Services

The Center recognizes contribution revenue for certain services received at the fair value of those services, provided those services created or enhanced nonfinancial assets or required specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During 2022 and 2021, volunteers contributed approximately 437 and 300 hours; however, these services do not meet the requirements of ASC Topic 958, NPO Entities, therefore, no revenue for these services has been recognized.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. There were no donor-imposed restrictions on contributions in 2022 and 2021. Certain grant contributions received in prior years, were used for the purchase of equipment. The net book value of such equipment is shown as net assets with donor restrictions on the statement of financial position.

Fees

All fees are derived primarily from interpretive services as well as workshops and training classes.

Cash and Cash Equivalents

The Center's policy is to report all highly-liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded net of an allowance for uncollectibles. Management conducts a detailed review of receivable balances at year-end, and those receivables considered potentially uncollectible are set up as an allowance for uncollectible accounts. The allowance for doubtful accounts was \$270 as of December 31, 2022 and 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Center capitalizes individual items with a costs of \$1,000 or more. Assets purchased are recorded at cost and donated assets are recorded at fair market value. Buildings and building improvements are depreciated using straight-line method over the estimated useful lives of the respective assets. Beginning in 2011, all assets are depreciated using the straight-line method.

Compensated Absences

The Center's policy allows full-time employees to accrue up to a maximum of thirty-five days of vacation. The accrued compensated absences for the years ended December 31, 2022 and 2021 totaled \$10,403 and \$26,885.

Income Taxes

The Center is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. Therefore, the Center files U.S. federal Form 990 for informational purposes. The Center is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. The Center does not expect its tax position to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Center's accounting records.

Public Support

The Center receives contributions from the public through membership drives during the course of the year. In addition, in every odd year, the Center hosts the Las Vegas Night fundraiser. During 2022 and 2021, approximately \$-0- and \$425,497 in contributions were made by donors at this event. Las Vegas Night revenue is included in Public support – contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets, and the reported amounts of revenue and expenses. Actual results could vary from the estimates that were used.

Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Expense by function have been allocated between programs and supporting services classifications on the basis of time records and on estimates made by the Center's management.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management Review

The Center has evaluated all events or transactions that occurred after December 31, 2022 through June 16, 2023, which is the financial statement issuance date. During this period there were no material subsequent events requiring disclosure.

NOTE 2 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, at cost less accumulated depreciation at December 31, 2022 and 2021:

	2022	2021
Buildings	\$ 105,155	\$ 105,155
Building improvements	336,096	336,096
Furniture and fixtures	29,942	29,942
Office equipment	1,249,476	1,244,527
Land-non depreciable	81,477	55,227
	<u>1,802,146</u>	<u>1,770,947</u>
Less accumulated depreciation	<u>(1,281,185)</u>	<u>(1,242,102)</u>
Property and equipment, net	<u>\$ 520,961</u>	<u>\$ 528,845</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$39,083 and \$38,061.

NOTE 4 – RETIREMENT PLAN

The Center provides a retirement plan for its employees. The plan is a 403(b) Tax-Sheltered Annuity Plan in which all contributions are made by employees. The plan is available to all eligible full-time employees. Employees are fully vested in the plan immediately upon participation. The Center made no payments related to the 403(b) plan for the years ended December 31, 2022 and 2021. During 2011, the Center began providing a Simple IRA Plan. The plan is available to all eligible full-time employees. The Center matches up to 3% of employee contributions, and made payments totaling \$4,593 and \$4,306 to the plan for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 – FUNDRAISING COSTS

During the years ended December 31, 2022 and 2021, the Center incurred fundraising costs of \$19,892 and \$131,329.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center’s financial assets as December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Amounts available do not include donor restricted amounts that are available for general expenditure in the following year as the net assets with restrictions was included in Property and Equipment.

	2022	2021
Financial assets, at year-end:		
Cash and cash equivalents	\$ 68,529	\$ 264,419
Accounts receivable	38,761	65,949
Financial assets available to meet cash needs for general expenditures within one year	\$ 107,290	\$ 330,368

NOTE 7 – PAYCHECK PROTECTION PROGRAM

On January 26, 2021, the Center was granted a loan from Citizens National Bank, in the amount of \$78,963, pursuant to the Paycheck Protection Program (the “PPP”) under the Economic Aid Act, which was enacted December 27, 2020. The Center was granted forgiveness of the loan on August 10, 2021. The Center recognized the amount of the loan of \$78,963 as a governmental grant for the year ended December 31, 2021.

SUPPLEMENTARY INFORMATION

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.**
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2022

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Agency Head: David Hylan

Salary	\$	100,990
Benefits-retirement	\$	2,943
Benefits-life insurance	\$	435
Benefits-dental	\$	643

The accompanying notes are an integral part of these financial statements

OTHER REPORTS



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

The Betty and Leonard Phillips
Deaf Action Center of Louisiana, Inc.
Shreveport, Louisiana

We have audited, 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, the financial statements of The Betty and Leonard Phillips Deaf Action Center of Louisiana, Inc. (the "Center") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years ended, and the related notes to the financial statements, have issued our report thereon dated June 16, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies on internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TMCE, LLP

TMCE, LLP
Shreveport, Louisiana
June 16, 2023

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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I. **Summary of Audit Results**

1. The auditors' report expressed an unmodified opinion on the basic financial statements of The Betty and Leonard Phillips Deaf Action Center of Louisiana, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements were noted.
3. No instances of noncompliance material to the financial statements of the The Betty and Leonard Phillips Deaf Action Center of Louisiana, Inc. were disclosed during the audit.
4. The Betty and Leonard Phillips Deaf Action Center of Louisiana, Inc. is not subject to a Federal Single Audit for 2022.

II. **Findings – Financial Statement Audit**

No matters were reported.

III. **Findings and Questioned Costs– Major Federal Award Programs**

Not applicable.

**THE BETTY AND LEONARD PHILLIPS
DEAF ACTION CENTER OF LOUISIANA, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

There were no findings for the year ended December 31, 2021.