

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

TMCE, LLP

*Certified Public Accountants and Consultants*

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.  
TABLE OF CONTENTS**

---

	<u>Page</u>
Independent Accountants' Review Report	1
<u>Financial Statements</u>	
Statements of Financial Position as of December 31, 2019 and 2018	2
Statements of Activities for the Years Ended December 31, 2019 and 2018	3
Statements of Functional Expenses for the Years Ended December 31, 2019 and 2018	4
Statements of Cash Flows for the Years Ended December 31, 2019 and 2018	5-6
Notes to the Financial Statements	7-10
<u>Supplemental Information</u>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	12



## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed 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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

The supplementary information included on page 12 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. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*TMCE, LLP*

TMCE, LLP  
Shreveport, Louisiana  
March 12, 2020

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.**  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

2

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 229,554	\$ 175,894
Accounts receivable, net of allowance	50,083	37,897
Other Assets	7,936	6,753
Property and equipment, net	567,178	405,438
<b>Total Assets</b>	<b>\$ 854,751</b>	<b>\$ 625,982</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 8,682	4,668
Accrued salaries and wages	2,566	11,343
Payroll taxes payable	430	6,481
Compensated absences	24,320	19,011
Note payable	125,000	-
<b>Total Liabilities</b>	<b>160,998</b>	<b>41,503</b>
Net Assets		
Without donor restrictions	657,316	475,167
With donor restrictions		
Grants	36,437	109,312
<b>Total Net Assets</b>	<b>693,753</b>	<b>584,479</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 854,751</b>	<b>\$ 625,982</b>

See accompanying notes and independent accountants' review report

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.**  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

3

	2019	2018
<b>Support and revenue</b>		
Public Support:		
Contributions	\$ 385,009	\$ 38,756
Grants	45,000	-
Other Revenue:		
Fees	510,146	479,821
Interest	1,160	378
Other	44,203	3,150
<b>Total support and revenue</b>	<b>985,518</b>	<b>522,105</b>
<b>Expenses</b>		
Program services		
Interpreting	377,235	329,098
Life skills	101,527	85,227
Education	202,526	167,073
Support Services		
Management and general	85,986	73,455
Fundraising	108,970	10,487
<b>Total Expenses</b>	<b>876,244</b>	<b>665,340</b>
Change in net assets	109,274	(143,235)
Net assets at beginning of year	584,479	727,714
Net assets at end of year	\$ 693,753	\$ 584,479

See accompanying notes and independent accountants' review report

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

4

	Support Services		Program Services			
	Management and General	Fundraising	Interpreting	Life Skills	Education	Total
Salaries and benefits	\$ 76,717	\$ -	\$ 230,151	\$ 76,717	\$ 127,862	\$ 511,447
Activities and education	-	-	-	-	15,142	15,142
Professional fees	1,696	-	15,262	5,087	11,870	33,915
Insurance	326	-	2,937	979	2,284	6,526
Utilities	437	-	3,935	1,312	3,060	8,744
Office expense	1,632	-	13,056	4,896	13,056	32,640
Maintenance	1,682	-	15,140	5,047	11,776	33,645
Miscellaneous Expense	1,342	-	12,081	4,027	9,397	26,847
Depreciation	1,154	-	84,673	3,462	8,079	97,368
Bad debt expense	1,000	-	-	-	-	1,000
Fundraising expense	-	108,970	-	-	-	108,970
Total functional expenses	\$ 85,986	\$ 108,970	\$ 377,235	\$ 101,527	\$ 202,526	\$ 876,244

See accompanying notes and independent accountants' review report

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Support Services		Program Services			
	Management and General	Fundraising	Interpreting	Life Skills	Education	Total
Salaries and benefits	\$ 67,568	\$ -	\$ 202,704	\$ 67,568	\$ 112,613	\$ 450,453
Activities and education	-	-	-	-	12,385	12,385
Professional fees	1,099	-	9,889	3,296	7,692	21,976
Insurance	307	-	2,765	921	2,151	6,144
Utilities	480	-	4,320	1,440	3,360	9,600
Office expense	869	-	6,954	2,608	6,954	17,385
Maintenance	778	-	7,000	2,333	5,445	15,556
Miscellaneous Expense	1,167	-	10,502	3,501	8,168	23,338
Depreciation	1,187	-	84,964	3,560	8,305	98,016
Fundraising expense	-	10,487	-	-	-	10,487
Total functional expenses	\$ 73,455	\$ 10,487	\$ 329,098	\$ 85,227	\$ 167,073	\$ 665,340

See accompanying notes and independent accountants' review report

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.**  
STATEMENTS OF CASH FLOWS  
DECEMBER 31, 2019 AND 2018

6

	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 109,274	\$ (143,235)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	97,368	98,016
Bad debt expense	1,000	
(Increase) decrease in:		
Accounts receivable	(13,186)	34,033
Other assets	(1,183)	(4,007)
Increase (decrease) in:		
Accounts payable	4,014	(10,178)
Accrued salaries and wages	(8,777)	1,958
Payroll taxes payable	(6,051)	2,086
Accrued compensated absences	5,309	2,381
Net cash provided (used) by operating activities	187,768	(18,946)
<b>Cash flows from investing activities</b>		
Capital expenditures	(259,108)	(23,211)
Net cash (used) by investing activities	(259,108)	(23,211)
<b>Cash flows from financing activities</b>		
Proceeds from note payable	125,000	-
Net cash provided by financing activities	125,000	-
<b>Net increase (decrease) in cash and cash equivalents</b>	53,660	(42,157)
<b>Cash and cash equivalents at beginning of year</b>	175,894	218,051
<b>Cash and cash equivalents at end of year</b>	\$ 229,554	\$ 175,894

See accompanying notes and independent accountants' review report



**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 2019 and 2018, volunteers contributed approximately 9,244 and 10,183 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 2019 and 2018. 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 \$1,000 and \$-0- as of December 31, 2019 and 2018.

**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, 2019 and 2018 totaled \$24,320 and \$19,011.

**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 2019 and 2018, approximately \$355,212 and \$400 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.

**Date of Management Review**

Subsequent events have been evaluated through March 12, 2020 which is the financial statement issuance date.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncement**

During the year ended December 31, 2018, the Center adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. The Update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is a change in the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with restrictions. A footnote on liquidity and availability of financial assets has also been added to the financial statements (Note 6).

**NOTE 2 – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment, at cost less accumulated depreciation at December 31, 2019 and 2018:

	2019	2018
Buildings	\$ 105,155	\$ 105,155
Building improvements	336,096	102,507
Furniture and fixtures	15,738	-
Office equipment	1,190,890	1,181,109
Land-non depreciable	55,227	55,227
	<u>1,703,106</u>	<u>1,443,998</u>
Less accumulated depreciation	(1,135,928)	(1,038,560)
Property and equipment, net	<u>\$ 567,178</u>	<u>\$ 405,438</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$97,368 and \$98,016. Of the total property and equipment, \$36,437 and \$109,312 was classified as net assets with donor restrictions, for financial statement purposes, for the years ended December 31, 2019 and 2018.

**NOTE 3 – NOTE PAYABLE**

The Center entered into a loan agreement with Phillips Property Management, LLC (a related party) for \$125,000 on August 15, 2019, to fund renovations of the building. The Chair of the Board of the Center owns Phillips Property Management, LLC. Principal is due on January 1, 2022. The interest rate on note is 1.91%. All payments on the loan apply to accrued interest first and any remainder in payment of principal. At December 31, 2019 and 2018, the Center had a balance outstanding totaling \$125,000 and \$0-, respectively.

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

10

**NOTE 3 – NOTE PAYABLE (Continued)**

The future scheduled maturities of long-term debt are as follows for the years ending December 31:

	2019	2018
2019	\$ -	\$ -
2020	21,100	-
2021	21,100	-
2022	82,800	-
2023	-	-
2024	-	-
<b>Total</b>	<b>\$ 125,000</b>	<b>\$ -</b>

**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, 2019 and 2018. 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 \$4,459 and \$3,919 to the plan for the years ended December 31, 2019 and 2018, respectively.

**NOTE 5 – FUNDRAISING COSTS**

During the years ended December 31, 2019 and 2018, the Center incurred fundraising costs of \$108,970 and \$10,487.

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Center's financial assets as December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Amounts available does 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.

	2019	2018
Financial assets, at year-end:		
Cash and cash equivalents	\$ 229,554	\$ 175,894
Accounts receivable	50,083	37,897
<b>Total financial assets</b>	<b>279,637</b>	<b>213,791</b>
Less amounts not available to be used within one year:		
Long-term debt (current portion)	(21,100)	-
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 258,537</b>	<b>\$ 213,791</b>

**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, 2019

---

12

Agency Head: David Hylan

Salary	\$	100,525
Benefits-retirement	\$	2,908
Benefits-life insurance	\$	346
Benefits-dental	\$	643