

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility 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.

### **Auditors' Responsibility**

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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

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, 2020 and 2019, 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.

## 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 11, 2021, 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 11, 2021

THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

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	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 178,653	\$ 229,554
Accounts receivable, net of allowance	29,092	50,083
Other assets	10,294	7,936
Property and equipment, net	521,346	567,178
<b>Total Assets</b>	<b>\$ 739,385</b>	<b>\$ 854,751</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 1,536	\$ 8,682
Accrued salaries and wages	5,167	2,566
Payroll taxes payable	865	430
Compensated absences	21,106	24,320
Note payable	103,800	125,000
<b>Total Liabilities</b>	<b>132,474</b>	<b>160,998</b>
Net Assets		
Without donor restrictions	606,911	657,316
With donor restrictions		
Grants	-	36,437
<b>Total Net Assets</b>	<b>606,911</b>	<b>693,753</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 739,385</b>	<b>\$ 854,751</b>

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, 2020 AND 2019**

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	2020	2019
<b>Support and revenue</b>		
Public Support:		
Contributions	\$ 30,627	\$ 385,009
Grants	104,754	45,000
Other Revenue:		
Fees	373,221	510,146
Interest	1,473	1,160
Other	4,144	44,203
<b>Total support and revenue</b>	<b>514,219</b>	<b>985,518</b>
<b>Expenses</b>		
Program services		
Interpreting	287,436	377,235
Life skills	83,960	101,527
Education	158,202	202,526
Support Services		
Management and general	71,131	85,986
Fundraising	332	108,970
<b>Total Expenses</b>	<b>601,061</b>	<b>876,244</b>
<b>Change in net assets</b>	<b>(86,842)</b>	<b>109,274</b>
<b>Net assets at beginning of year</b>	<b>693,753</b>	<b>584,479</b>
<b>Net assets at end of year</b>	<b>\$ 606,911</b>	<b>\$ 693,753</b>

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, 2020

	Support Services		Program Services			
	Management and General	Fundraising	Interpreting	Life Skills	Education	Total
Salaries and benefits	\$ 64,717	\$ -	\$ 194,150	\$ 64,717	\$ 107,861	\$ 431,445
Activities and education	-	-	-	-	4,566	4,566
Professional fees	1,034	-	9,305	3,102	7,237	20,678
Insurance	344	-	3,099	1,033	2,410	6,886
Utilities	332	-	2,993	998	2,328	6,651
Office expense	877	-	7,010	2,629	7,010	17,526
Maintenance	1,069	-	9,620	3,207	7,483	21,379
Miscellaneous Expense	1,024	-	9,215	3,072	7,168	20,479
Depreciation	1,584	-	50,692	4,751	11,087	68,114
Bad debt expense	-	-	-	-	-	-
Fundraising expense	-	332	-	-	-	332
Interest expense	150	-	1,352	451	1,052	3,005
Total functional expenses	\$ 71,131	\$ 332	\$ 287,436	\$ 83,960	\$ 158,202	\$ 601,061

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, 2019**

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	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
<b>Total functional expenses</b>	<b>\$ 85,986</b>	<b>\$ 108,970</b>	<b>\$ 377,235</b>	<b>\$ 101,527</b>	<b>\$ 202,526</b>	<b>\$ 876,244</b>

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, 2020 AND 2019**

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	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (86,842)	\$ 109,274
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	68,114	97,368
Bad debt expense	-	1,000
(Increase) decrease in:		
Accounts receivable	20,991	(13,186)
Other assets	(2,358)	(1,183)
Increase (decrease) in:		
Accounts payable	(7,146)	4,014
Accrued salaries and wages	2,601	(8,777)
Payroll taxes payable	435	(6,051)
Accrued compensated absences	(3,214)	5,309
Net cash (used) provided by operating activities	(7,419)	187,768
<b>Cash flows from investing activities</b>		
Capital expenditures	(22,282)	(259,108)
Net cash (used) by investing activities	(22,282)	(259,108)
<b>Cash flows from financing activities</b>		
Proceeds from note payable	-	125,000
Payments on note payable	(21,200)	-
Net cash (used) provided by financing activities	(21,200)	125,000
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(50,901)</b>	<b>53,660</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>229,554</b>	<b>175,894</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 178,653</b>	<b>\$ 229,554</b>

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 2020 and 2019, volunteers contributed approximately -0- and 9,244 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 2020 and 2019. 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 \$-0- and \$1,000 as of December 31, 2020 and 2019.

**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, 2020 and 2019 totaled \$21,106 and \$24,320.

**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 2020 and 2019, approximately \$-0- and \$355,212 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, 2020 through June 11, 2021, which is the financial statement issuance date. During this period there were no material subsequent events requiring disclosure except for the new loan disclosed in Note 7.

**NOTE 2 – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment, at cost less accumulated depreciation at December 31, 2020 and 2019:

	2020	2019
Buildings	\$ 105,155	\$ 105,155
Building improvements	336,096	336,096
Furniture and fixtures	29,942	15,738.00
Office equipment	1,198,967	1,190,890
Land-non depreciable	55,227	55,227
	<u>1,725,387</u>	<u>1,703,106</u>
Less accumulated depreciation	<u>(1,204,041)</u>	<u>(1,135,928)</u>
Property and equipment, net	<u>\$ 521,346</u>	<u>\$ 567,178</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$68,114 and \$97,368. Of the total property and equipment, \$-0- and \$36,347 was classified as net assets with donor restrictions, for financial statement purposes, for the years ended December 31, 2020 and 2019.

**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, 2020 and 2019, the Center had a balance outstanding totaling \$103,800 and \$125,000, respectively.

**THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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

	2020	2021
2019	\$ -	\$ -
2020	-	21,100
2021	21,100	21,100
2022	82,700	82,800
2023	-	-
2024	-	-
2025	-	-
<b>Total</b>	<b>\$ 103,800</b>	<b>\$ 125,000</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, 2020 and 2019. 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 \$4,471 and \$4,459 to the plan for the years ended December 31, 2020 and 2019, respectively.

**NOTE 5 – FUNDRAISING COSTS**

During the years ended December 31, 2020 and 2019, the Center incurred fundraising costs of \$332 and \$10,487.

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

The following reflects the Center's financial assets as December 31, 2020 and 2019, 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.

	2020	2019
Financial assets, at year-end:		
Cash and cash equivalents	\$ 178,653	\$ 229,554
Accounts receivable	29,092	50,083
<b>Total financial assets</b>	<b>207,745</b>	<b>279,637</b>
Less amounts not available to be used within one year:		
Long-term debt (current portion)	(21,100)	(21,100)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 186,645</b>	<b>\$ 258,537</b>

**NOTE 6 – COVID-19 Pandemic**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while this may negatively impact the Center’s operating results, the related financial impact and duration cannot be reasonably estimated at this time.

**NOTE 7 – PAYCHECK PROTECTION PROGRAM**

On April 14, 2020, the Center was granted a loan from Citizens National Bank, in the amount of \$78,900, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Center was granted forgiveness of the loan on May 10, 2021. The Center recognized the amount of the loan of \$78,900 as a governmental grant for year ended December 31, 2020.

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.

**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, 2020

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Agency Head: David Hylan

Salary	\$	97,952
Benefits-retirement	\$	2,916
Benefits-life insurance	\$	435
Benefits-dental	\$	643



## 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 statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, have issued our report thereon dated June 11, 2021.

**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.

## **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 11, 2021

THE BETTY AND LEONARD PHILLIPS  
DEAF ACTION CENTER OF LOUISIANA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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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 2020.

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, 2020**

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There were no findings for the year ended December 31, 2019.