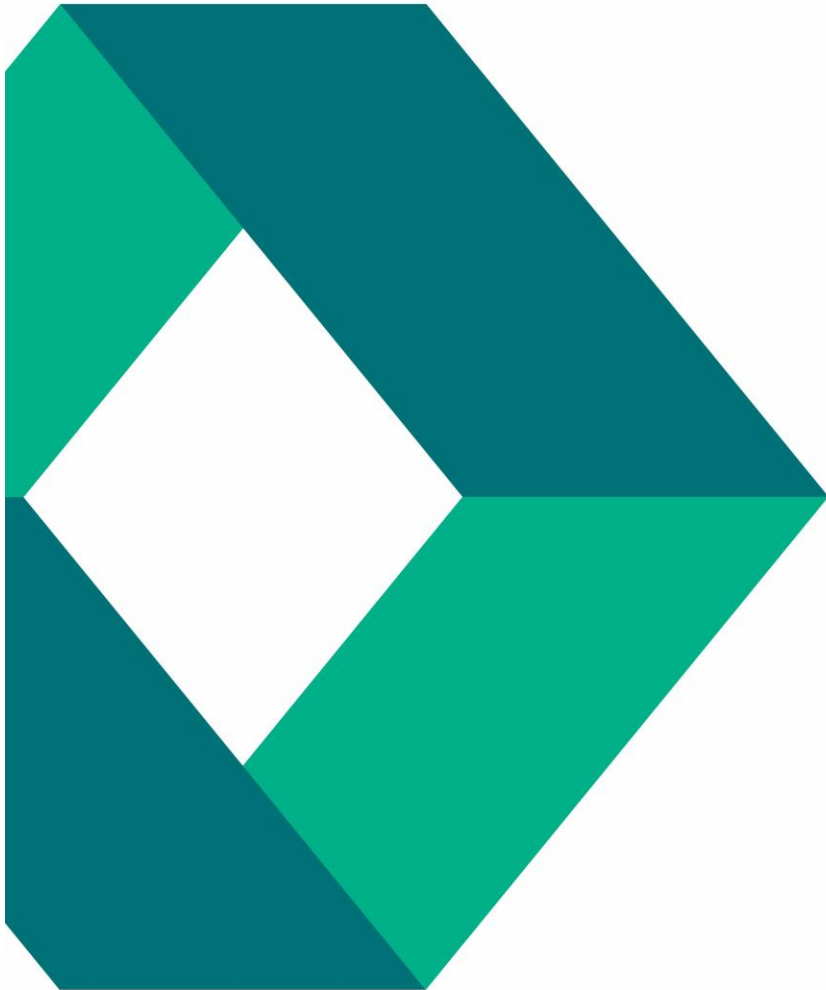


Sertoma Speech & Hearing Foundation of Florida, Inc.

**Financial Statements
For the Year Ended
September 30, 2024**



DGPerry
CPAs + Advisors

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6930 Gall Boulevard
Suite 200
Zephyrhills, FL 33542

813.788.2155
DGPerry.com

Independent Auditors' Report

To the Board of Directors
Sertoma Speech & Hearing Foundation of Florida, Inc.
New Port Richey, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sertoma Speech & Hearing Foundation of Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sertoma Speech & Hearing Foundation of Florida, Inc., as of September 30, 2024, and the changes in its net assets and its cash flows for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sertoma Speech & Hearing Foundation of Florida, 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 and for 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 Sertoma Speech & Hearing Foundation of Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and access the risks of material misstatements to 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 expressing an opinion on the effectiveness of Sertoma Speech & Hearing Foundation of Florida, Inc.'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 Sertoma Speech & Hearing Foundation of Florida, Inc.'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 an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state assistance, as required by *Chapter 10.650, Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and for-Profit Orgnaizations*, is presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state assistance is fairly stated, in all material respects, in relation to the 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 January 16, 2025, on our consideration of Sertoma Speech & Hearing Foundation of Florida, Inc.'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 solely 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 the effectiveness of Sertoma Speech & Hearing Foundation of Florida, Inc.'s 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 Sertoma Speech & Hearing Foundation of Florida, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "DGPerry".

DGPerry, CPAs & Advisors
Zephyrhills, Florida
January 16, 2025

Sertoma Speech & Hearing Foundation of Florida, Inc.

Statement of Financial Position
For the Year Ended September 30, 2024

Assets

	<u>2024</u>
Current Assets	
Cash and cash equivalents	\$ 905,532
Grants receivable	158,333
Prepaid expenses	5,634
Total Current Assets	<u>1,069,499</u>
Beneficial interest in Community Foundation	191,962
Property and equipment, net of accumulated depreciation 235,472	147,189
Right-of-use asset, operating lease (net)	81,718
Other assets	12,823
Total Other Assets	<u>433,692</u>
Total Assets	<u><u>\$ 1,503,191</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable and accrued liabilities	\$ 72,508
Children's hearing aid program - deferred revenue	-
Line of credit payable	29,328
Payroll payable	10,448
Operating lease liability, current portion	24,303
Payable to subcontractors	76,603
Total Current Liabilities	<u>213,190</u>
Operating lease liability, long-term portion	<u>61,276</u>
Total Liabilities	<u>274,466</u>
Net Assets	
Without donor restrictions:	
Undesignated	889,574
Invested in property and equipment	147,189
Board designated for endowment	191,962
With donor restrictions	-
Total Net Assets	<u>1,228,725</u>
Total Liabilities and Net Assets	<u><u>\$ 1,503,191</u></u>

See Independent Auditors' Report and Notes to Financial Statements

Sertoma Speech & Hearing Foundation of Florida, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2024

	<u>2024</u>
Changes in Net Assets Without Donor Restrictions	
Support and Revenue	
Contributions	\$ 85,175
Grants and contracts	3,291,648
Program service fees and other income	55,959
In-kind contributions	32,064
Special events	3,211
	<hr/>
Total Support and Revenue	3,468,057
	<hr/>
Expenses	
Program services	2,951,327
Support Services	
Management and general	30,254
Fundraising	41,493
Total Support Services	71,747
	<hr/>
Total Expenses	3,023,074
	<hr/>
Increase (Decrease) in Net Assets Before Other Changes	444,983
Other Changes	
Investment return, net of expenses	23,420
	<hr/>
Changes in Net Assets Without Donor Restrictions	468,403
	<hr/>
Changes in Net Assets With Donor Restrictions	-
	<hr/>
Changes in Net Assets	468,403
	<hr/>
Net Assets, beginning of year	760,332
	<hr/>
Net Assets, end of year	\$ 1,228,735
	<hr/> <hr/>

See Independent Auditors' Report and Notes to Financial Statements

Sertoma Speech & Hearing Foundation of Florida, Inc.

Statement of Functional Expenses For the Year Ended September 30, 2024

	Support Services				Total
	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries and wages	\$ 821,353	\$ 2,332	\$ 190	\$ 2,522	\$ 823,875
Payroll taxes				-	-
Employee benefits	191,869	3,738	505	4,243	196,112
Total salaries and related expenses	1,013,222	6,070	695	6,765	1,019,987
Advocacy	-	-	-	-	-
Advertising and promotion	34,770	182	39	221	34,991
Bank charges	921	359	248	607	1,528
Conferences and meetings	650	6,519	70	6,589	7,239
Consulting fees	25,000	-	-	-	25,000
Development and training	923	35	280	315	1,238
Dues and subscriptions	12,062	1,123	543	1,666	13,728
Fundraising	-	-	4,581	4,581	4,581
Hearing services and supplies	626,220	-	-	-	626,220
In-Kind expense	-	-	32,064	32,064	32,064
Insurance	22,328	79	20	99	22,427
Maintenance	952	-	-	-	952
Mileage	2,635	68	5	73	2,708
Miscellaneous	867	720	1,864	2,584	3,451
Office expense	36,698	7	59	66	36,764
Postage and shipping	8,442	490	2	492	8,934
Professional fees	27,527	35	8	43	27,570
Rent	32,987	-	-	-	32,987
Sponsorships and donations	-	953	-	953	953
Storage	6,252	-	-	-	6,252
Subcontractors	919,612	-	-	-	919,612
Travel	61,429	677	242	919	62,348
Utilities	48,549	209	52	261	48,810
Vehicle	36,834	11	-	11	36,845
Total expenses before interest and depreciation	2,918,880	17,537	40,772	58,309	2,977,189
Interest	-	9,833	-	9,833	9,833
Depreciation	32,447	2,884	721	3,605	36,052
Total Functional Expenses	\$ 2,951,327	\$ 30,254	\$ 41,493	\$ 71,747	\$ 3,023,074

See Independent Auditors' Report and Notes to Financial Statements

Sertoma Speech & Hearing Foundation of Florida, Inc.

Statement of Cash Flows For the Year Ended September 30, 2024

	2024
Cash Flows from Operating Activities	
Change in net assets	\$ 468,403
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	36,052
Realized and unrealized (gains) losses on beneficial interest in Community Foundation	(23,281)
(Increase) decrease in grants receivable	(33,333)
(Increase) decrease in other assets	17,985
Increase (decrease) in accounts payable and accrued liabilities	(919)
Increase (decrease) in payable to subcontractors	87
Increase (decrease) in payroll liabilities	6,316
Increase (decrease) in deferred revenue	(346,313)
Net Cash Provided (Used) by Operating Activities	124,997
Cash Flows from Investing Activities	
Purchase of property and equipment	-
Distribution from beneficial interest in Community Foundation	9,153
Purchase of beneficial interest in Community Foundation	-
Net Cash Provided (Used) by Investing Activities	9,153
Cash Flows from Financing Activities	
Borrowings on line of credit	(29,328)
Net Cash Provided by (Used In) Noncapital Financing Activities	(29,328)
Net increase (decrease) in cash and cash equivalents	104,822
Cash and cash equivalents, beginning of year	800,710
Cash and cash equivalents, end of year	\$ 905,532
Supplementary Cash Flow Disclosures	
Cash paid for interest expense	\$ 9,833
Non-cash lease liability from obtaining right of use asset	\$ 85,579

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note A - Summary of Significant Accounting Policies

Nature of Organization

Sertoma Speech & Hearing Foundation of Florida, Inc. (Sertoma) is a nonprofit entity incorporated in 1982 under the laws of the State of Florida. Sertoma provides Audiology Services to children and seniors across the State of Florida utilizing our mobile screening vans. Sertoma has served over 50,000 children in the state through early intervention programs including free hearing screenings, free evaluations, and low cost fitting and dispensing of hearing aids. The mobile clinic program has also served over 3,000 adults with audiology services. Sertoma also provides free amplified phones through FTRI (Florida Telecommunications Relay, Inc.), free hearing aid batteries, and loaner aids when hearing aids are broken or lost. Sertoma's vision is to have seven vans positioned throughout the state to easily serve everyone who struggles with hearing loss.

Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accrual basis accounting allows for revenue to be recognized when earned and expenses to be recognized when goods or services are received, without regard to the receipt or payment of cash. 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 Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board may designate assets without donor restrictions for specific operational purposes from time to time.

Designations of net assets without donor restrictions are summarized as follows:

- Invested in property and equipment is equal to the net book value of property and equipment.
- Designated for endowment is the level of investments designated by the board of directors to earn interest and appreciation with the long-term goal of growth.

Net Assets with Donor Restrictions

Net assets subject to donor (or certain grantor-imposed) restrictions.

- May or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- Are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, Sertoma had no net assets with donor restrictions as of September 30, 2024.

Use of Accounting Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note A - Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards

Allowance for Credit Losses

The Organization adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and subsequent amendments (collectively, the Current Expected Credit Losses, "CECL" standard), as of October 1, 2023. The CECL standard requires the Project to measure credit losses on financial assets measured at amortized cost based on an estimate of the expected credit losses over the remaining life of the asset, rather than the incurred losses under the previous standard.

The Organization applied the CECL standard to accounts receivable trade balances, which are the only financing asset measured at amortized cost in its statement of financial position. The Organization did not have any available-for-sale debt securities or off-statement-financial-position credit exposures that were subject to the CECL standard.

The Organization determined that the adoption of the CECL standard did not have a material impact on its financial statements. The Organization assessed the collectability of its receivables using various sources of information, such as the creditworthiness of the tenants, the payment history, the contractual terms, and the economic conditions. The Organization concluded that its receivables are fully collectible and no allowance for credit losses is required. Therefore, the Organization did not record a cumulative-effect adjustment to the opening balance of net assets as of October 1, 2023. The Organization also did not disclose the methods, assumptions, and data used to estimate the expected credit losses on its receivables, as such disclosures are not required for immaterial items. The Organization will continue to monitor the collectability of its receivables and the materiality of the impact of the CECL standard on its financial statements in future periods.

Accounting Policy for Leases

The Organization leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use (ROU) assets, other current liabilities, and operating lease expense on the statement of functional expense. Operating lease assets are recorded net of accumulated amortization and were \$81,718 at September 30, 2024.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

The Organization uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Some leases may include one or more options to renew, with renewal terms that can extend the lease. The exercise of lease renewal options is at the Organization's sole discretion. Lease expense for lease payments is recognized on the straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization may have entered into lease commitments after the year-end.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note A - Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable result from services which have been provided pursuant to the Organization's grants, but for which reimbursement has not yet been received at September 30, 2024. No allowance was set up for these grants as any amount determined unallowable by the grantor are deducted from revenue upon notification of the disallowance. No material amounts were subsequently disallowed with respect to the amounts recorded as receivables at September 30, 2024.

Investments

The Organization follows ASC 958-320-35, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under this provision, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated items used in operations, at fair value on the date received. Acquisitions of property and equipment in excess of \$5,000 that provide a long-term benefit are capitalized.

Depreciation of property and equipment is provided for by the use of the straight-line method over the estimated useful lives of each asset. Property and equipment and accumulated depreciation are relieved upon retirement or sale and the related gain or loss is included in the statement of activities and changes in net assets. See also Note D.

Donated Materials and Services

The Organization records various types of in-kind contributions. Contributions of goods and property are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property or inventory.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization recognized donated services of \$0 for 2024.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. Unless otherwise disclosed in the notes to the financial statements, the carrying values of financial instruments, including cash, receivables, and other short-term assets and liabilities, approximate fair value.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Organization places its deposits with high quality, credit-worthy financial institutions and investment companies. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of the FDIC limit totaled \$632,708 for the year ended September 30, 2024. The Organization reviews its cash positions to minimize its exposure and mitigate its risk of loss.

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note A - Summary of Significant Accounting Policies (continued)

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other contributions with donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires or the restrictions are met in the same reporting period, contributions are reported as net assets without donor restrictions in the accompanying statement of activities. Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period or are restricted by the grantor or donor for specific purposes are reported as restricted support.

Advertising

The Organization expenses advertising costs as incurred. Advertising and promotion expense for 2024 was \$34,991.

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, or clients served. For the year ended September 30, 2024, all expenses which were allocated were done so on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Management is not aware of any activities that would jeopardize the Organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty.

Subrecipient

Allocation expense is recognized when the commitment is made to pay allocations to participating organizations.

New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958, *Not-for-Profit Entities*). The objective of ASU 2020-07 is to increase transparency about contributed non-financial assets through enhancements to financial statement presentation and disclosure. Nonfinancial assets include land, buildings, use of facilities or utilities, materials and supplies, intangible assets, or services.

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note A - Summary of Significant Accounting Policies (continued)

The updated guidance now requires contributed non-financial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Further, disclosures must contain qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, the Organization's policy (if any) about monetizing rather than utilizing the contributed nonfinancial assets, a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, a description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with requirements in Topic 820 Fair Value Measurement at initial recognition, and a description of the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this update are required to be applied retrospectively to each prior reporting period presented. The ASU has been applied retrospectively to all periods presented. The implementation had no impact on previously reported net assets.

The Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* as of July 1, 2021, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Revenue Recognition

Sertoma recognizes contributions when cash, other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give (those with a measurable performance or other barriers and a right of return) are not recognized until the conditions on which they depend have been met.

Revenues from grants and contracts are recorded based upon the terms of the grantor allotment, which may be conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Sertoma has completed performance requirements and/or incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to completing performance requirements and/or incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. As of September 30, 2024, two grantors accounted for approximately 95% of total revenues without donor restrictions.

Most not-for-profit organizations receive significant support from sources that are outside the scope of FASB ASC 606, including contributions, nonreciprocal grants and contracts, and investment income.

Note B - Liquidity and Availability of Financial Assets

The following reflects Sertoma's financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date:

Financial Assets:	
Cash and cash equivalents	\$ 905,532
Grants receivable	158,333
Beneficial interest in Community Foundation	<u>191,962</u>
	1,255,827
Less those unavailable for general expenditure within one year due to:	
Payable to subcontractors	(76,603)
Other accrued payables	<u>(136,587)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,042,637</u>

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note B - Liquidity and Availability of Financial Assets (continued)

All deposits are held in accounts in the name of Sertoma.

Sertoma structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds, or other short-term investments.

Sertoma receives significant grants and contributions restricted by funders and donors. Sertoma considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Note C - Fair Value Measurements

The Fair Value Measurements Topic of FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The Organization measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1 Fair Value Measurements

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Fair Value Measurements

Inputs in other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Fair Value Measurements

Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable input and minimize the use of unobservable inputs.

Investments in beneficial interest in Community Foundation - valued at the fair value of the assets underlying the trust.

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note C - Fair Value Measurements (continued)

Investments, as of September 30, 2024, are carried at fair value based on quoted prices in active markets (all Level 3 measurements) and consist of the following:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Beneficial interest in Community Foundation	\$ 191,962	\$ -	\$ -	\$ 191,962

Note D - Property and Equipment

The following is a summary of property and equipment as of September 30, 2024:

	Estimated Useful Life	Cost
Equipment	5-10	\$ 173,406
Vehicles	7	207,380
Sign	10	1,875
		382,661
Less accumulated depreciation		(235,472)
Net Property and Equipment		\$ 147,189

Depreciation totaled \$36,052 for the year.

Note E - Beneficial Interest in Community Foundation

The Community Foundation of Tampa Bay, Inc. (Community Foundation) holds endowment funds for which the earnings have been restricted for the benefit of Sertoma. Assets contributed to the Community Foundation for the benefit of Sertoma are recorded as assets of Sertoma in accordance with professional standards. These "organization restricted funds" are pooled with the other assets of the Community Foundation for investment purposes.

Organization restricted funds which were established for Sertoma within the Community Foundation had fair market value of \$191,962 at September 30, 2024. These funds are recorded by Sertoma as follows:

Beneficial interest in Community Foundation as of September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Sertoma Speech & Hearing Foundation of Florida	\$ 191,962	\$ -	\$ 191,962

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note E - Beneficial Interest in Community Foundation (continued)

Changes in Beneficial Interest in Community Foundation for the Fiscal Year Ended September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 131,018	\$ -	\$ 131,018
Contributions	42,893	-	42,893
Realized and unrealized	14,434	-	14,434
Investment Income	3,617	-	3,617
Endowment net assets, end of year	<u>\$ 191,962</u>	<u>\$ -</u>	<u>\$ 191,962</u>

Interpretation of Relevant Law

The Board of Directors has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by Sertoma for the donor's intended purpose. In accordance with the Florida Uniform Prudent Management of Institutional Funds Act, Sertoma considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The purposes of Sertoma and the donor-restricted endowment fund
- 2) General economic conditions
- 3) The possible effect of inflation and deflation
- 4) The expected total return from income and the appreciation of investments
- 5) Other resources of Sertoma
- 6) The investment policies of Sertoma

Return Objectives and Risk Parameters

Assets contributed to the Community Foundation for the benefit of Sertoma are recorded as assets of Sertoma in accordance with professional standards. These "organization restricted funds" are pooled with the other assets of the Community Foundation for investment purposes.

Spending Policy

The Community Foundation can make annual distributions to Sertoma of 5% of the fund's fair market value as of December 31 of the previous year upon request from Sertoma. For the years ended September 30, 2024, Sertoma has reinvested earnings into respective funds. If Sertoma chooses to request the funds, they must be used for the purpose defined in the endowment.

Note F - Lines of Credit

During the year ended September 30, 2024, Sertoma continued a Business Line of Credit with the same commercial bank it maintains certain of its deposit accounts that allows Sertoma to borrow up to \$50,000 through MasterCard advances. Interest is payable monthly and had a rate of 13.75% with a balance of \$29,328 outstanding at September 30, 2024.

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note G - Lease Agreements

Sertoma is a party to one operating lease for office space. As disclosed in Note A, Sertoma early adopted ASC 842 due to entering into a new long-term lease during the fiscal year. The new lease is the only lease required to be included on the statement of financial position under FASB ASC 842. As a result, adopting FASB ASC 842 had no impact to prior year's statement of financial position information, and because the lease is an operating lease, the adoption of this standard has no impact on the results of Sertoma's operations.

As of September 30, 2024, the ROU asset had a balance of \$85,579 and the lease liability had current portion (\$24,303) and noncurrent portion (\$61,276) balances as shown on the statement of financial position. The lease asset and liability were calculated utilizing Sertoma's incremental borrowing rate of 13.75% identified in Note A. Sertoma had no short-term lease commitments at September 30, 2024.

The components of lease expense for the year ended September 30, 2024, were as follows:

Operating:

Operating leases, included in general and administrative expenses	\$ 32,877
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Other information related to leases for the year ended September 30, 2024, were as follows:

Lease Term and Discount Rate:

Weighted average remaining lease term - Operating Leases (in years)	3.08
Weighted-average discount rate	13.75%

Sertoma is obligated under a lease agreement with CMDL Investments, LLC to lease real property consisting of office space located in New Port Richey, Florida. The lease term began September 1, 2022, and ends August 31, 2027.

Minimum future base rental payments, the next five years under operating leases having remaining terms in excess for one year as of September 30, 2024, are estimated as follows:

Year ended	Amount
September 30,	
2025	\$ 34,192
2026	35,560
2027	<u>31,225</u>
Total minimum lease payments	100,977
Less imputed Interest	<u>(15,399)</u>
Present value of minimum lease payments	85,578
Less current portion	<u>(24,303)</u>
Long-term portion	<u><u>\$ 61,275</u></u>

As part of the lease agreement for office space, the Organization is required to contribute toward common area maintenance, insurance, and real estate taxes of the lessors. These amounts vary each year and are excluded in the monthly rental payments.

In the normal course of business, operating leases are generally renewed or replaced by other leases. Rent expense for the year ending September 30, 2024, was \$32,987.

The Organization may have entered into additional leases that have not yet commenced. The impact of any new leases has not been determined.

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to Financial Statements
For the Year Ended September 30, 2024

Note H - Retirement Plan

Sertoma participates in a Simple IRA Plan for all its employees. Elective deferrals permitted under this plan are pre-tax and are limited to a percentage or dollar amount not to exceed the limits imposed by IRC 401(k), 402(g), 404 and 405. Sertoma makes matching contributions on these elective deferrals up to 3% for the year. During the year ended September 30, 2024, the amount contributed by Sertoma was \$13,044.

Note I - Commitments and Contingencies

Sertoma is the recipient of grants and other third party reimbursement funds that are subject to special compliance audits by the granting agency and other third party agencies that provide these reimbursements. These audits may result in disallowed expense amounts. Disallowed amounts, if any, would constitute a contingent liability for Sertoma. Accordingly, such liabilities are not reflected in the financial statements. Sertoma does not believe contingent liabilities, if any, to be material.

Note J - Subsequent Events

Management has evaluated subsequent events through January 16, 2025, the date the financial statements were available to be issued.

Sertoma Speech & Hearing Foundation of Florida, Inc.

Schedule of Expenditures of State Financial Assistance For the Year Ended September 30, 2024

<i>State Grantor/Pass-Through Grantor/ Program Title</i>	<i>State CSFA</i>	<i>Contract Number</i>	<i>State Expenditures</i>	<i>Transfer to Subrecipients</i>
State of Florida Department of Health				
Auditory-Oral Early Intervention	64.150	COHCG-R1	\$ 1,125,000	\$ 689,804
Auditory-Oral Early Intervention	64.150	COHCG-R1A1	375,000	229,808
Children's Hearing Aid Program	N/A	COQCD	781,404	-
Children's Hearing Aid Program	64.150	COQCD	292,357	-
Subtotal State CSFA 64.150			2,573,761	919,612
<i>Passed through Florida Association of Free and Charitable Clinics:</i>				
Florida Association of Free and Charitable Clinics	64.136	N/A	142,000	-
Total State of Florida Department of Health			2,715,761	919,612
State of Florida Department of Highway Safety and Motor Vehicles				
Children's Hearing Help Fund	76.09	N/A	27,078	-
Total State of Florida Department of Highway Safety and Motor Vehicles			27,078	-
Total Expenditures of State Project Awards			\$ 2,742,839	\$ 919,612

Sertoma Speech & Hearing Foundation of Florida, Inc.

Notes to the Schedule of Expenditures of
State Financial Assistance
For the Year Ended September 30, 2024

Note A - Basis of Presentation

The accompanying schedule of expenditures of state assistance (the "Schedule") includes the state grant activity of the Sertoma Speech & Hearing Foundation of Florida, Inc., under programs of the state governments for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of the *Rules of the Auditor General* of the State of Florida Chapter 10.650. Because the Schedule presents only a selected portion of the operations of Sertoma Speech & Hearing Foundation of Florida, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of the Sertoma Speech & Hearing Foundation of Florida, Inc.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. There were no amounts passed through to other entities during the year.

Note C - Indirect Cost Rate

Sertoma Speech & Hearing Foundation of Florida, Inc., has elected to use the 10-percent de minimis indirect rate allowed under the Uniform Guidance.

6930 Gall Boulevard
Suite 200
Zephyrhills, FL 33542

813.788.2155
DGPerry.com

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*

To the Board of Directors of
Sertoma Speech & Hearing Foundation of Florida, Inc.
New Port Richey, Florida

We have audited, in accordance with the 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 Sertoma Speech & Hearing Foundation of Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sertoma Speech & Hearing Foundation of Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sertoma Speech & Hearing Foundation of Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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 in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sertoma Speech & Hearing Foundation of Florida, Inc.'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 direct and material effect on the financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "DGPerry". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

DGPerry, CPAs & Advisors
Zephyrhills, Florida
January 16, 2025

6930 Gall Boulevard
Suite 200
Zephyrhills, FL 33542

813.788.2155
DGPerry.com

**Independent Auditors' Report on Compliance for Each Major State Project
and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650
*Rules of The Auditor General***

To the Board of Directors
Sertoma Speech & Hearing Foundation of Florida, Inc.
New Port Richey, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Sertoma Speech & Hearing Foundation of Florida, Inc.'s ("Sertoma") compliance with the types of compliance requirements identified as subject to audit in the Department of Financial Services State Projects *Compliance Supplemented* that could have a direct and material effect on each of Sertoma's major state projects for the year ended September 30, 2024. Sertoma's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sertoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2024.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Chapter 10.650, Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and for-Profit Organizations*, Rules of the Auditor General. Our responsibilities under those standards and the Chapter 10.650 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Sertoma Speech & Hearing Foundation of Florida, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of Sertoma Speech & Hearing Foundation of Florida, Inc., compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sertoma Speech & Hearing Foundation of Florida, Inc.'s state projects.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sertoma Speech & Hearing Foundation of Florida Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Sertoma Speech & Hearing Foundation of Florida, Inc.'s compliance with the requirements of each major state project as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Sertoma Speech & Hearing Foundation of Florida, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sertoma Speech & Hearing Foundation of Florida, Inc.'s internal control over compliance relevant to an audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sertoma Speech & Hearing Foundation of Florida, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designated for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "DGPerry". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

DGPerry, CPAs & Advisors
Zephyrhills, Florida
January 16, 2025

Sertoma Speech & Hearing Foundation of Florida, Inc.

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2024

I. Summary of Auditors' Results

Financial Statements

1. We have audited the financial statements of Sertoma Speech & Hearing Foundation of Florida, Inc. as of and for the year ended September 30, 2024, and issued an unqualified opinion dated January 16, 2025.
2. Internal Control over Financial Reporting:
 - a. Material weaknesses identified? No
 - b. Significant deficiencies identified not considered to be a material weakness? No
3. Noncompliance material to the financial statements noted? No

State Assistance

4. Internal Control over Major Programs:
 - a. Material weaknesses identified? No
 - b. Significant deficiencies identified not considered to be a material weakness? No
5. The auditors' report on compliance with requirements to the major state projects expresses an unqualified opinion.
6. Our audit disclosed no findings required to be reported to state projects required to be disclosed under Chapter 10.656, *Rules of the Auditor General*.
7. The programs/projects tested as major programs/projects included the following:

<u>State Project</u>	<u>State CSFA No.</u>
Auditory-Oral Early Intervention & Children's Hearing Aid Program	64.150
8. The threshold used for distinguishing Type A and Type B programs was \$588,431 for major state projects.
9. Sertoma Speech & Hearing Foundation of Florida, Inc. did qualify as a low-risk auditee under the provisions of 2 CFR Part 200, Support F.
10. *Rules of the Auditor General* 10.656(3)(e) - A management letter was not required.
11. *Rules of the Auditor General* 10.650(1)(i) - There were no prior audit findings to be reported.

II. Findings Related to the Financial Statements Required to be Reported.

None

III. Findings and Questioned Costs for Major State Projects.

None