

**OHIO VALLEY VOICES, INC.**  
(A Nonprofit Organization)

**Consolidated Financial Statements  
for the Years Ended  
June 30, 2021 and 2020  
and Independent Auditors' Report**



**LOCEY, MITCHELL**  
— & Associates —  
CERTIFIED PUBLIC ACCOUNTANTS

*Connecting with the Community*



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— & Associates —  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
Ohio Valley Voices, Inc.  
(a nonprofit organization)  
Loveland, Ohio

We have audited the accompanying consolidated financial statements of Ohio Valley Voices, Inc., (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of assets, liabilities, and net assets-modified cash basis as of June 30, 2021 and 2020, and the related consolidated statements of support, revenue, expenses, and changes in net assets-modified cash basis, the consolidated statements of functional expenses-modified cash basis and the consolidated statements of cash flows-modified cash basis for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the modified cash basis of accounting as described in Note 2 to the consolidated financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ohio Valley Voices, Inc. as of June 30, 2021 and 2020, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended based on the modified cash basis of accounting as described in Note 2 to the consolidated financial statements.

### **Basis of Accounting**

We draw attention to Note 2 of the consolidated financial statements, which describes the basis of modified cash basis of accounting used in the preparation of these consolidated financial statements. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Locey, Mitchell & Associates, Ltd.  
Certified Public Accountants  
Cincinnati, Ohio  
August 31, 2021

**OHIO VALLEY VOICES, INC.**  
**(A NONPROFIT CORPORATION)**

**CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2021 AND 2020**

|   | <u>2021</u>                | <u>2020</u>                |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>   |                            |                            |
| <i>Current Assets</i>   |                            |                            |
| Cash  | \$ 368,604                 | \$ 387,198                 |
| Cash Equivalents  | 141,030                    | 156,671                    |
| Total Current Assets  | <u>509,634</u>             | <u>543,869</u>             |
| <i>Long-Term Assets</i>   |                            |                            |
| Long-Term Investments   | 905,614                    | 426,002                    |
| <i>Fixed Assets</i>   |                            |                            |
| Fixed Assets  | 4,183,402                  | 4,183,402                  |
| Less: Accumulated Depreciation                                  | <u>1,783,039</u>           | <u>1,658,665</u>           |
| Fixed Assets, Net   | <u>2,400,363</u>           | <u>2,524,737</u>           |
| Construction in Process   | <u>140,471</u>             | <u>-</u>                   |
| Total Long-Term Assets  | <u>3,446,448</u>           | <u>2,950,739</u>           |
| <b>TOTAL ASSETS</b>   | <u><u>\$ 3,956,082</u></u> | <u><u>\$ 3,494,608</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>                               |                            |                            |
| <i>Current Liabilities</i>                                      |                            |                            |
| Credit Card Payable   | \$ 12,368                  | \$ 8,243                   |
| Current Portion of Refund Advance - Paycheck Protection Program | -                          | 350,700                    |
| Current Maturities of Long-Term Debt                            | 38,687                     | 37,253                     |
| Other Current Liabilities                                       | <u>3,057</u>               | <u>6,253</u>               |
| Total Current Liabilities                                       | 54,112                     | 402,449                    |
| <i>Long-Term Liabilities</i>                                    |                            |                            |
| Long-Term Debt, Net of Current Portion                          | <u>510,452</u>             | <u>548,269</u>             |
| <b>TOTAL LIABILITIES</b>  | <u>564,564</u>             | <u>950,718</u>             |
| <b>NET ASSETS</b>   |                            |                            |
| Assets Without Donor Restrictions                               | 3,010,152                  | 2,449,293                  |
| Assets With Donor Restrictions                                  | <u>381,366</u>             | <u>94,597</u>              |
| <b>TOTAL NET ASSETS</b>   | <u>3,391,518</u>           | <u>2,543,890</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                         | <u><u>\$ 3,956,082</u></u> | <u><u>\$ 3,494,608</u></u> |

See notes to the consolidated financial statements.

OHIO VALLEY VOICES, INC.  
(A NONPROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | June 30, 2021<br>Total | Without Donor<br>Restrictions | With Donor<br>Restrictions | June 30, 2020<br>Total |
|--|-------------------------------|----------------------------|------------------------|-------------------------------|----------------------------|------------------------|
| <b>CHANGE IN NET ASSETS</b>                                    |                               |                            |                        |                               |                            |                        |
| <i>Revenues</i>  |                               |                            |                        |                               |                            |                        |
| Tuition, Net of Tuition Assistance                             | \$ 1,490,685                  | \$ -                       | \$ 1,490,685           | \$ 1,383,727                  | \$ -                       | \$ 1,383,727           |
| Audiology Services and Net Merchandise Sales                   | 17,494                        | -                          | 17,494                 | 21,858                        | -                          | 21,858                 |
| Investment Returns, Net  | 52,313                        | -                          | 52,313                 | 2,712                         | -                          | 2,712                  |
| Other Revenues and Gains                                       | 22,571                        | -                          | 22,571                 | 19,410                        | -                          | 19,410                 |
| Total Revenues   | 1,583,063                     | -                          | 1,583,063              | 1,427,707                     | -                          | 1,427,707              |
| <i>Public Support</i>  |                               |                            |                        |                               |                            |                        |
| Grants and Contributions                                       | 517,639                       | 731,931                    | 1,249,570              | 485,857                       | 271,621                    | 757,478                |
| Special Events, Net of Direct Expense                          | 188,477                       | -                          | 188,477                | 194,044                       | -                          | 194,044                |
| Total Public Support   | 706,116                       | 731,931                    | 1,438,047              | 679,901                       | 271,621                    | 951,522                |
| Total Public Support and Revenues                              | 2,289,179                     | 731,931                    | 3,021,110              | 2,107,608                     | 271,621                    | 2,379,229              |
| Paycheck Protection Program Loan Forgiveness                   | 350,700                       | -                          | 350,700                | -                             | -                          | -                      |
| Net Assets Released from Restrictions                          | 445,162                       | (445,162)                  | -                      | 292,882                       | (292,882)                  | -                      |
| Total Revenue, Support, Loan Forgiveness and Reclassifications | 3,085,041                     | 286,769                    | 3,371,810              | 2,400,490                     | (21,261)                   | 2,379,229              |
| <i>Expenses</i>  |                               |                            |                        |                               |                            |                        |
| Program Services   | 1,891,784                     | -                          | 1,891,784              | 1,765,006                     | -                          | 1,765,006              |
| Management and General   | 361,952                       | -                          | 361,952                | 409,864                       | -                          | 409,864                |
| Fundraising  | 270,446                       | -                          | 270,446                | 299,224                       | -                          | 299,224                |
| Total Expenses   | 2,524,182                     | -                          | 2,524,182              | 2,474,094                     | -                          | 2,474,094              |
| Change in Net Assets from Activities                           | \$ 560,859                    | \$ 286,769                 | \$ 847,628             | \$ (73,604)                   | \$ (21,261)                | \$ (94,865)            |
| <b>NET ASSETS</b>  |                               |                            |                        |                               |                            |                        |
| Beginning of Year  | 2,449,293                     | 94,597                     | 2,543,890              | 2,522,897                     | 115,858                    | 2,638,755              |
| End of Year  | \$ 3,010,152                  | \$ 381,366                 | \$ 3,391,518           | \$ 2,449,293                  | \$ 94,597                  | \$ 2,543,890           |

See notes to the consolidated financial statements.

OHIO VALLEY VOICES, INC.  
(A NONPROFIT CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

|  | Program Services  |                   |                       |                          |                        |                        | Support Services       |                   |                        | Total Program and Support Services |
|--|-------------------|-------------------|-----------------------|--------------------------|------------------------|------------------------|------------------------|-------------------|------------------------|------------------------------------|
|  | Learning Program  | Discovery Program | Family Center Program | Audiology-Clinic Program | Other Special Programs | Total Program Services | Management and General | Fundraising       | Total Support Services |                                    |
| Salaries, Taxes and Benefits   | \$ 380,337        | \$ 686,414        | \$ 244,928            | \$ 208,113               | \$ 84,140              | \$ 1,603,932           | \$ 198,970             | \$ 188,624        | \$ 387,594             | \$ 1,991,526                       |
| Occupancy  | 21,594            | 33,580            | 29,280                | 6,368                    | 1,298                  | 92,120                 | 9,351                  | 1,628             | 10,979                 | 103,099                            |
| Marketing and Development  | 5                 | -                 | -                     | 53                       | -                      | 58                     | 217                    | 36,478            | 36,695                 | 36,753                             |
| Materials and Supplies   | 3,775             | 3,444             | 1,574                 | 7,802                    | 350                    | 16,945                 | -                      | -                 | -                      | 16,945                             |
| Cost of Audiology Sales and Rentals  | -                 | -                 | -                     | 15,406                   | -                      | 15,406                 | -                      | -                 | -                      | 15,406                             |
| Student Food   | 1,098             | 2,196             | 1,098                 | -                        | -                      | 4,392                  | 5                      | -                 | 5                      | 4,397                              |
| Training and Travel  | -                 | 175               | -                     | 475                      | 1,125                  | 1,775                  | 167                    | -                 | 167                    | 1,942                              |
| Board Expenses   | -                 | -                 | -                     | -                        | -                      | -                      | 43                     | 61                | 104                    | 104                                |
| Professional Services  | 444               | (237)             | 160                   | 3,334                    | -                      | 3,701                  | 79,983                 | 33,425            | 113,408                | 117,109                            |
| Payroll Services   | -                 | -                 | -                     | -                        | -                      | -                      | 5,275                  | -                 | 5,275                  | 5,275                              |
| Depreciation   | 23,730            | 41,454            | 35,956                | 7,873                    | 1,617                  | 110,630                | 11,717                 | 2,027             | 13,744                 | 124,374                            |
| Banking and Credit Card Fees   | -                 | -                 | -                     | -                        | -                      | -                      | 7,244                  | 6,403             | 13,647                 | 13,647                             |
| Communication  | -                 | 1,139             | -                     | 1,558                    | 660                    | 3,357                  | 6,411                  | 240               | 6,651                  | 10,008                             |
| Insurance  | 3,596             | 6,282             | 5,449                 | 1,193                    | 245                    | 16,765                 | 1,777                  | 307               | 2,084                  | 18,849                             |
| Office Supplies  | 832               | 1,637             | 329                   | 330                      | -                      | 3,128                  | 2,673                  | -                 | 2,673                  | 5,801                              |
| Licenses and Professional Dues   | 575               | 1,691             | 202                   | 2,923                    | 167                    | 5,558                  | 3,623                  | 420               | 4,043                  | 9,601                              |
| Equipment Repairs and Maintenance  | 2,125             | 3,713             | 3,220                 | 2,467                    | 145                    | 11,670                 | 2,359                  | 224               | 2,583                  | 14,253                             |
| Postage and Shipping   | 3                 | -                 | -                     | -                        | -                      | 3                      | 1                      | 343               | 344                    | 347                                |
| Interest Expense   | -                 | -                 | -                     | -                        | -                      | -                      | 28,350                 | -                 | 28,350                 | 28,350                             |
| Miscellaneous  | 15,263            | 140               | 202                   | -                        | 2,145                  | 17,750                 | 3,786                  | 266               | 4,052                  | 21,802                             |
| Special Events Cost  | -                 | -                 | -                     | -                        | -                      | -                      | 5                      | 81,029            | 81,034                 | 81,034                             |
| <b>Total Expenses</b>  | <b>\$ 453,377</b> | <b>\$ 781,628</b> | <b>\$ 322,398</b>     | <b>\$ 257,895</b>        | <b>\$ 91,892</b>       | <b>\$ 1,907,190</b>    | <b>\$ 361,957</b>      | <b>\$ 351,475</b> | <b>\$ 713,432</b>      | <b>\$ 2,620,622</b>                |
| Less: Expenses Included with Revenues on the Statement of Activities                 |                   |                   |                       |                          |                        |                        |                        |                   |                        |                                    |
| Cost of Audiology Sales  | -                 | -                 | -                     | 15,406                   | -                      | 15,406                 | -                      | -                 | -                      | 15,406                             |
| Special Events Costs   | -                 | -                 | -                     | -                        | -                      | -                      | 5                      | 81,029            | 81,034                 | 81,034                             |
| <b>Total Expenses Included in the Expense Section on the Statement of Activities</b> | <b>\$ 453,377</b> | <b>\$ 781,628</b> | <b>\$ 322,398</b>     | <b>\$ 242,489</b>        | <b>\$ 91,892</b>       | <b>\$ 1,891,784</b>    | <b>\$ 361,952</b>      | <b>\$ 270,446</b> | <b>\$ 632,398</b>      | <b>\$ 2,524,182</b>                |

See notes to the consolidated financial statements.

OHIO VALLEY VOICES, INC.  
(A NONPROFIT CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

|  | Program Services  |                   |                       |                          |                        |                        | Support Services       |                   |                        | Total Program and Support Services |
|--|-------------------|-------------------|-----------------------|--------------------------|------------------------|------------------------|------------------------|-------------------|------------------------|------------------------------------|
|  | Learning Program  | Discovery Program | Family Center Program | Audiology-Clinic Program | Other Special Programs | Total Program Services | Management and General | Fundraising       | Total Support Services |                                    |
| Salaries, Taxes and Benefits   | \$ 358,399        | \$ 583,809        | \$ 329,726            | \$ 169,985               | \$ 118,145             | \$ 1,560,064           | \$ 200,096             | \$ 132,117        | \$ 332,213             | \$ 1,892,277                       |
| Occupancy  | 826               | 1,803             | 805                   | 620                      | -                      | 4,054                  | 74,204                 | -                 | 74,204                 | 78,258                             |
| Marketing and Development  | 329               | 131               | -                     | -                        | 90                     | 550                    | -                      | 95,062            | 95,062                 | 95,612                             |
| Materials and Supplies   | 2,002             | 3,623             | 696                   | 26,407                   | 2,923                  | 35,651                 | 98                     | -                 | 98                     | 35,749                             |
| Cost of Audiology Sales and Rentals  | -                 | -                 | -                     | 3,895                    | -                      | 3,895                  | -                      | -                 | -                      | 3,895                              |
| Student Food   | 2,162             | 4,315             | 2,157                 | -                        | -                      | 8,634                  | -                      | -                 | -                      | 8,634                              |
| Training and Travel  | 138               | 447               | 451                   | 2,073                    | 511                    | 3,620                  | 534                    | 25                | 559                    | 4,179                              |
| Board Expenses   | -                 | -                 | -                     | -                        | -                      | -                      | 303                    | 24                | 327                    | 327                                |
| Professional Services  | 278               | (700)             | 491                   | 12,416                   | -                      | 12,485                 | 34,330                 | 62,190            | 96,520                 | 109,005                            |
| Payroll Services   | -                 | -                 | -                     | 106                      | -                      | 106                    | 4,967                  | -                 | 4,967                  | 5,073                              |
| Depreciation   | 23,036            | 40,241            | 34,904                | 7,642                    | 1,570                  | 107,393                | 11,373                 | 1,968             | 13,341                 | 120,734                            |
| Banking and Credit Card Fees   | -                 | -                 | -                     | -                        | -                      | -                      | 6,052                  | 7,356             | 13,408                 | 13,408                             |
| Communication  | -                 | 1,140             | -                     | 1,214                    | 360                    | 2,714                  | 6,116                  | 240               | 6,356                  | 9,070                              |
| Insurance  | -                 | -                 | -                     | -                        | -                      | -                      | 17,531                 | -                 | 17,531                 | 17,531                             |
| Office Supplies  | 781               | 1,651             | 480                   | 7,174                    | 83                     | 10,169                 | 3,975                  | -                 | 3,975                  | 14,144                             |
| Licenses and Professional Dues   | 377               | 2,181             | 642                   | 1,483                    | -                      | 4,683                  | 3,816                  | 781               | 4,597                  | 9,280                              |
| Equipment Repairs and Maintenance  | 370               | -                 | -                     | 4,607                    | -                      | 4,977                  | 11,286                 | -                 | 11,286                 | 16,263                             |
| Postage and Shipping   | 12                | 69                | -                     | -                        | -                      | 81                     | 660                    | -                 | 660                    | 741                                |
| Interest Expense   | -                 | -                 | -                     | -                        | -                      | -                      | 30,189                 | -                 | 30,189                 | 30,189                             |
| Miscellaneous  | 7,521             | 601               | 688                   | 1,015                    | -                      | 9,825                  | 4,334                  | (539)             | 3,795                  | 13,620                             |
| Special Events Cost  | -                 | -                 | -                     | -                        | -                      | -                      | -                      | 125,445           | 125,445                | 125,445                            |
| <b>Total Expenses</b>  | <b>\$ 396,231</b> | <b>\$ 639,311</b> | <b>\$ 371,040</b>     | <b>\$ 238,637</b>        | <b>\$ 123,682</b>      | <b>\$ 1,768,901</b>    | <b>\$ 409,864</b>      | <b>\$ 424,669</b> | <b>\$ 834,533</b>      | <b>\$ 2,603,434</b>                |
| Less: Expenses Included with Revenues on the Statement of Activities                 |                   |                   |                       |                          |                        |                        |                        |                   |                        |                                    |
| Cost of Audiology Sales  | -                 | -                 | -                     | 3,895                    | -                      | 3,895                  | -                      | -                 | -                      | 3,895                              |
| Special Events Costs   | -                 | -                 | -                     | -                        | -                      | -                      | -                      | 125,445           | 125,445                | 125,445                            |
| <b>Total Expenses Included in the Expense section on the Statement of Activities</b> | <b>\$ 396,231</b> | <b>\$ 639,311</b> | <b>\$ 371,040</b>     | <b>\$ 234,742</b>        | <b>\$ 123,682</b>      | <b>\$ 1,765,006</b>    | <b>\$ 409,864</b>      | <b>\$ 299,224</b> | <b>\$ 709,088</b>      | <b>\$ 2,474,094</b>                |

See notes to the consolidated financial statements.

**OHIO VALLEY VOICES, INC.**  
**(A NONPROFIT CORPORATION)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

|   | <u>2021</u>       | <u>2020</u>       |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                   |
| Change in Net Assets  | \$ 847,628        | \$ (94,865)       |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash and Cash Equivalents Provided by Operating Activities: |                   |                   |
| <i>Non-Cash Items</i>   |                   |                   |
| Depreciation  | 124,374           | 120,734           |
| Unrealized (Gain) Loss on Marketable Securities   | (47,995)          | 2,350             |
| Stock Donation  | (38,881)          | (35,171)          |
| Paycheck Protection Program Loan Forgiveness  | (350,700)         | -                 |
| <i>Increase in Operating Assets</i>   |                   |                   |
| Other Current Assets  | -                 | 2,827             |
| <i>Increase (Decrease) in Operating Liabilities:</i>  |                   |                   |
| Refundable Advance - Paycheck Protection Program  | -                 | 350,700           |
| Credit Card Payable   | 4,125             | (5,922)           |
| Other Current Liabilities   | (3,196)           | 5,969             |
| Net Cash and Cash Equivalents Provided by Operating Activities  | <u>535,355</u>    | <u>346,622</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                   |
| Purchases of Fixed Assets   | (140,471)         | (87,446)          |
| Net Investment Activity   | <u>(392,736)</u>  | <u>178,266</u>    |
| Net Cash and Cash Equivalents (Used for) Provided by Investing<br>Activities  | (533,207)         | 90,820            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                   |
| Repayment of Principal on Long-Term Debt  | <u>(36,383)</u>   | <u>(34,544)</u>   |
| Net Cash and Cash Equivalents Used for Financing Activities   | <u>(36,383)</u>   | <u>(34,544)</u>   |
| Net (Decrease) Increase in Cash and Cash Equivalents  | (34,235)          | 402,898           |
| <b>CASH AND CASH EQUIVALENTS</b>  |                   |                   |
| Beginning of Year   | <u>543,869</u>    | <u>140,971</u>    |
| End of Year   | <u>\$ 509,634</u> | <u>\$ 543,869</u> |

See notes to the consolidated financial statements.



**OHIO VALLEY VOICES, INC.**  
**(a nonprofit organization)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**1. ORGANIZATION**

Ohio Valley Voices, Inc. and an affiliate (Family Speech and Hearing Clinic, LLC), is located in Loveland, Ohio and was organized in February 1999. The Organization is a nonprofit corporation with a mission to teach children who are deaf or hard of hearing to listen and talk. The Organization includes an early intervention program, an academic program and a clinic that provides various services, including audiology and speech therapy, to its students and graduates as required by their medical condition. In 2021, the Organization began working on an expansion project with Dayton Children's Hospital to expand into the Dayton, Ohio area.

Ohio Valley Voices, Inc. is the sole member of Family Speech and Hearing Clinic, LLC, an entity formed for the purpose of providing medical services to the children enrolled in the Organization's programs. Services such as regularly checking each child's audiological equipment; speech therapy; implant mapping; annual sound access assessments; and auditory-verbal testing to measure each child's language development are essential to the program's success. The Family Speech and Hearing Clinic, LLC qualifies as a disregarded entity under IRS regulations. Accordingly, the assets, liabilities, revenues and expenses of the entity are included in the accompanying consolidated financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting – The accompanying consolidated financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recognized when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligations have been incurred. Modifications to the cash basis of accounting relate to recording depreciation on fixed assets, bad debt expense, adjusting investments for unrealized gains and losses, recording credit card liabilities, recording the property mortgage, and recognition of non-cash donations.

Basis of Presentation – Under the modified cash basis of accounting as described above, the Organization is required to report information regarding their financial position and activities according to two classes of net assets. Net assets, public support and revenues are classified based on the existence or absence of donor-imposed restrictions and when the cash is received by the Organization.

Net Assets Without Donor Restrictions are recorded for cash received and that are not subject to donor-imposed restrictions and as such may be used by the Organization solely at its own discretion. Board designated assets are included in this category.

Net Assets With Donor Restrictions are recorded for cash received and that are subject to donor-imposed restrictions which may be fulfilled by the actions of the Organization in meeting the restricted purpose or through the passage of time.

Reclassifications – Certain amounts reported in the prior year consolidated financial statements have been reclassified to conform to the June 30, 2021 presentation.

Estimates – The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Consolidated Financial Statements – The Family Speech and Hearing Clinic, LLC is fully consolidated with the operations of Ohio Valley Voices, Inc. As of and for the years ended June 30, 2021 and 2020, Family Speech and Hearing Clinic, LLC reported the following amounts:

|             | For the year ended<br><u>June 30, 2021</u> | For the year ended<br><u>June 30, 2020</u> |
|-------------|--|--|
| Assets      | \$ 263,548                                 | \$ 272,680                                 |
| Liabilities | -  | -  |
| Revenues    | 108,157                                    | 101,531                                    |
| Expenses    | 322,398                                    | 371,040                                    |

Intercompany transactions and balances, if any, have been eliminated in the consolidation.

Income Tax Status – As a nonprofit corporation, the profits and losses of the Organization are subject to taxation under 501(c)(3) of the Internal Revenue Code. The Organization is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Organization has no other tax position which must be considered for disclosure. The Organization holds no uncertain tax positions and, therefore, has no policy for evaluating them.

Cash and Cash Equivalents – For consolidated financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization considers all short-term money market savings accounts, cash held in long-term investment accounts and cash held sweep accounts that are held in long-term investment accounts to be cash equivalents.

|  | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|--|----------------------|----------------------|
| Cash   | \$ 368,604           | \$ 387,198           |
| Cash Equivalents   | <u>141,030</u>       | <u>156,671</u>       |
| Cash and Cash Equivalents on the Statements<br>Of Cash Flows-Modified Cash Basis | <u>\$ 509,634</u>    | <u>\$ 543,869</u>    |

Investments and Marketable Securities – Donated securities or investments are recorded at the fair market value at the date received as determined by readily available market information. Unrealized gains and losses are included in the change in net assets. Realized gains and losses are calculated based on the cost of securities sold under specific identification.

Fixed Assets – Fixed assets are capitalized at the cost to purchase the asset and are depreciated on the straight-line basis over the estimated useful lives ranging from three to thirty-nine years. Donations of property and equipment are recorded as contributions at their estimated fair market values. Such donations are reported as contributions without donor restrictions unless the donor

has restricted the donated asset to a specific purpose. Maintenance and repairs expense are expensed as incurred. Major additions, improvements, and renewals are capitalized.

Asset Impairment – Financial Accounting Standards Codification requires that long-lived assets and certain identifiable intangibles held and used by an Organization be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There was no impairment recorded for the years ended June 30, 2021 or 2020.

Revenue and Support - The Organization recognizes revenue for each revenue stream based on the modified cash basis of accounting. Revenues are recognized as cash is received.

Revenue from tuition for students is paid by parents, school districts, scholarships from the Organization (tuition assistance), outside scholarships, and other grants. The following amounts are included as part of Tuition, Net on the consolidated statements of support, revenue, expenses, and changes in net assets-modified cash basis for the years ended:

|  | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|--|----------------------|----------------------|
| School District Payments on Behalf of Students | \$ 1,261,731         | \$ 1,186,239         |
| Parent, Outside Scholarship, and Other Funds   | 286,224              | 339,401              |
| Less: OVV Tuition Assistance                   | <u>(57,270)</u>      | <u>(141,913)</u>     |
| Total Tuition, Net of Tuition Assistance       | <u>\$ 1,490,685</u>  | <u>\$ 1,383,727</u>  |

The Organization recognizes as part of public support on the consolidated statements of support, revenue, expenses, and changes in net assets-modified cash contributions of cash, securities or other assets as the cash is received, securities are transferred or other assets are delivered.

Contributed Services from Volunteers – The Organization has a substantial number of unpaid volunteers which have made significant contributions of time and service to the Organization’s programs. No amounts have been recorded in the consolidated financial statements as these services do not create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed.

Functional Allocation of Expenses – The consolidated statements of support, revenues, expenses, and changes in net assets-modified cash basis presents the Organization’s expenses in total by type of expense. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management such as square footage, usage of item, or time spent by personnel. Allocated expenses include certain personnel costs, materials and supplies, training and travel, board services, professional services, payroll services, depreciation, communication, office supplies, licenses and professional dues, post and shipping, and miscellaneous expenses.

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash, cash equivalents, and marketable equity securities.

Each year the Organization reviews the cost of tuition per student in order to set tuition at amounts that generates sufficient revenue to cover the next twelve months of general expenditures not expected to be covered by donor-restricted resources. The Organization considers all expenditures related to its ongoing activities undertaken to support its activities to be general expenditures.

The following tables shows the total financial assets held by the Organization. The amounts of these financial assets could readily be made available within twelve months of the balance sheet date to meet general expenditures:

|  | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|--|----------------------|----------------------|
| Cash and Cash Equivalents                          | \$ 509,634           | \$ 543,869           |
| Less: Assets with Donor Restrictions (see note 12) | <u>(381,366)</u>     | <u>(94,597)</u>      |
| Total Liquidity Available to Meet General Needs    | <u>128,268</u>       | <u>449,272</u>       |
| Long-Term Investments                              | 905,614              | 426,002              |
| Less: Board Designated Assets (see note 13)        | <u>(379,716)</u>     | <u>(300,917)</u>     |
| Total not Designated for a Specific Purpose        | <u>\$ 525,898</u>    | <u>\$ 125,085</u>    |

The Organization's Board of Directors designated investments for long-term use of \$379,716 and \$300,917 at June 30, 2021 and 2020, respectively, are subject to board approval on for spending on a specific purpose. Although the Organization does not intend to use these funds to meet the general needs of the Organization, they are available for general use if deemed necessary by management and approved by the Board of Directors.

### 4. DONATED GOODS AND SERVICES

Donated stock is included as part of grants and contributions revenue on the consolidated statements of support, revenues, expenses, and changes in net assets-modified cash basis. In-kind special events costs are included in special events revenue, net of direct expense on the consolidated statements of support, revenues, expenses and changes in net assets-modified cash basis and as part of the special events cost expense on the consolidated statements of functional expenses-modified cash basis. Donations are valued at the fair market value on the date of the donation.

Non-cash donations were as follows for the years ended:

|                                  | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|----------------------------------|----------------------|----------------------|
| Donated Stock                    | \$ 38,881            | \$ 35,171            |
| In-kind Special Event Costs      | <u>26,804</u>        | <u>60,790</u>        |
| Total Donated Goods and Services | <u>\$ 65,685</u>     | <u>\$ 95,961</u>     |

## 5. EQUIPMENT LEASE

In March 2018, the Organization signed a five-year lease for its copier terminating in March, 2023. The lease calls for monthly minimum lease payments of \$595; \$7,140 annually. The lease is accounted for as an operating lease in the consolidated financial statements of the Organization. Future payments on this lease are as follows for the years ended June 30:

|       |                  |
|-------|------------------|
| 2022  | 7,140            |
| 2023  | <u>4,760</u>     |
| Total | <u>\$ 11,900</u> |

## 6. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Organization holds long-term investments to support the Organization's operations. Investments are primarily held and managed with the objective of achieving long-term appreciation of assets while providing a relatively predictable and growing stream of annual distributions in support of the Organization.

The fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2021 and 2020, are as follows:

### June 30, 2021:

| <u>Description</u>          | <u>Fair Value (Level 1)</u> | Significant Observable<br><u>Inputs (Level 2)</u> | Significant Observable<br><u>Inputs (Level 3)</u> |
|-----------------------------|-----------------------------|---|---|
| Equity Securities           | \$ 638,976                  | \$ -  | \$ -  |
| Bond Fund Equity Securities | <u>266,638</u>              | -   | -   |
| Total Long-term Investments | <u>\$ 905,614</u>           | <u>\$ -</u>                                       | <u>\$ -</u>                                       |

### June 30, 2020:

| <u>Description</u>          | <u>Fair Value (Level 1)</u> | Significant Observable<br><u>Inputs (Level 2)</u> | Significant Observable<br><u>Inputs (Level 3)</u> |
|-----------------------------|-----------------------------|---|---|
| Equity Securities           | \$ 213,225                  | \$ -  | \$ -  |
| Bond Fund Equity Securities | <u>212,777</u>              | -   | -   |
| Total Long-term Investments | <u>\$ 426,002</u>           | <u>\$ -</u>                                       | <u>\$ -</u>                                       |

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2021 and 2020. Equity securities and bond fund equity securities are reported at fair value on a recurring basis determined by reference to quoted market prices.

The following schedule summarizes investment returns and their classification in the consolidated statements of support, revenues, expenses and changes in net assets-modified cash for the years ended:

June 30, 2021:

|                              | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>     |
|------------------------------|---------------------------------------|------------------------------------|------------------|
| Dividend and Interest Income | \$ 7,733                              | \$ -                               | \$ 7,733         |
| Realized Losses              | (55)                                  |                                    | (55)             |
| Investments Fees             | (3,360)                               | -                                  | (3,360)          |
| Unrealized Gains             | <u>47,995</u>                         | <u>-</u>                           | <u>47,995</u>    |
| Investment Returns, Net      | <u>\$ 52,313</u>                      | <u>\$ -</u>                        | <u>\$ 52,313</u> |

June 30, 2020:

|                              | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>    |
|------------------------------|---------------------------------------|------------------------------------|-----------------|
| Dividend and Interest Income | \$ 8,153                              | \$ -                               | \$ 8,153        |
| Realized Losses              | (317)                                 |                                    | (317)           |
| Investments Fees             | (2,774)                               | -                                  | (2,774)         |
| Unrealized Losses            | <u>(2,350)</u>                        | <u>-</u>                           | <u>(2,350)</u>  |
| Investment Returns, Net      | <u>\$ 2,712</u>                       | <u>\$ -</u>                        | <u>\$ 2,712</u> |

**7. FIXED ASSETS**

The Organization has capitalized amounts as fixed assets as of June 30, 2021 and 2020 as follows:

|                                  | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|----------------------------------|----------------------|----------------------|
| Land                             | \$ 97,150            | \$ 97,150            |
| Outdoor Learning Center          | 31,305               | 31,305               |
| Building                         | 874,435              | 874,435              |
| Building Improvements            | 2,584,803            | 2,584,803            |
| Signage/Fencing and Outbuildings | 53,654               | 53,654               |
| Equipment/Tools and Appliances   | 5,379                | 5,379                |
| Audiology Equipment              | 249,516              | 249,516              |
| Playground                       | 20,904               | 20,904               |
| Office Furniture and Equipment   | 101,258              | 101,258              |
| Program Equipment                | 164,773              | 164,773              |
| Other                            | <u>225</u>           | <u>225</u>           |
| Total Fixed Assets               | 4,183,402            | 4,183,402            |
| Less: Accumulated Depreciation   | <u>1,783,039</u>     | <u>1,658,665</u>     |
| Fixed Assets, Net                | <u>\$ 2,400,363</u>  | <u>\$ 2,524,737</u>  |
| Construction in Process          | \$ 140,471           | \$ -                 |

**8. LONG-TERM DEBT**

On December 28, 2005, Ohio Valley Voices, Inc. entered into a loan agreement with PNC Bank, for the purpose of financing the construction of new school facilities. The loan is secured by the property located at 6642 Branch Hill Guinea Pike, Loveland, Ohio. On July 18, 2017, the loan was refinanced. The terms of the mortgage as of and for the years ended June 30, 2021 and 2020 are as follows:

Original amount - \$1,002,357  
Refinanced loan amount at July 18, 2017 – \$683,390  
Maturity date – July 18, 2032  
Interest rate – 4.90% fixed  
Monthly installments (principal and interest) - \$5,394 per month  
Balance June 30, 2020 - \$585,522  
Balance June 30, 2021 - \$549,139

Five-year maturities of the long-term debt are as follows for the years ended June 30,

|            |                   |
|------------|-------------------|
| 2022       | \$ 38,687         |
| 2023       | 40,625            |
| 2024       | 42,661            |
| 2025       | 44,799            |
| 2026       | 47,045            |
| Thereafter | <u>335,322</u>    |
|            | <u>\$ 549,139</u> |

**9. REFUND ADVANCE – PAYCHECK PROTECTION PROGRAM FUNDING**

In May 7, 2020, the Organization received funding in the amount of \$350,700 through the Small Business Association (SBA) and PNC Bank, under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable within a 24-week period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels along with possible reduction in forgiveness based on eligible expenses and other designated thresholds. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for six months or until the date that the lender receives the forgiveness amount from the SBA. The Organization used the proceeds for purposes consistent with the PPP. The Organization accounts for the PPP Funding in accordance with ASC 958-605 Revenue Recognition for Nonprofit Entities. Revenue on the refundable advance was deferred until it was forgiven in June 2021 by the SBA and processed by the lender, PNC Bank.

On June 23, 2021, PNC Bank and the SBA forgave the loan in full. The loan forgiveness is recorded on the consolidated statements of support, revenues, expenses, and changes in net assets-modified cash basis for the year ended June 30, 2021.

**10. 401(K) PLAN**

In January 2010, the Organization established a 401(k) plan for the benefit of the employees. Employees may contribute to the plan with limitations as prescribed by the Internal Revenue

Service. Employer matching contributions are at the discretion of Ohio Valley Voices. The employer matching contribution for the years ended June 30, 2021, and 2020, was \$4,000 and \$4,000, respectively.

The 401(k) plan has a five-year incremental vesting schedule for employer matching contributions from 0% vesting after 1 year of service to 100% vesting after 5 years of service. Any changes made to the 401(k) matching amounts or vesting schedules are at the discretion of the board of trustees.

## 11. CONCENTRATION OF RISKS AND UNCERTAINTIES

The Organization includes a clinic that provides various medical services to its students and graduates. As a healthcare provider, the clinic operates in an environment regulated by the U.S. Department of Health and Human Services. Recent legislative changes, specifically, the *Health Insurance Portability and Accountability Act of 1996 (HIPAA)*, require the adoption of standards for electronic health care transactions and code sets, unique health identifiers, and security. Failure by the clinic to comply with these regulations, in the prescribed timeline, may result in penalties to the Organization. Administrative directives, rules, and regulations surrounding the implementation of this law are subject to change by an act of Congress or administrative change mandated by the U.S. Department of Health and Human Services. Such changes may occur with little notice and depending on the circumstances, funding may not be available to pay for the related cost and administrative burden to comply with the change.

The Organization maintains cash accounts in a financial institution which is insured by the FDIC up to \$250,000. At times during the years ended June 30, 2021 and 2020 the Organization may hold cash in excess of the insured limit and has not experienced any losses.

The Organization contracts with various school districts in southwestern Ohio and southeastern Indiana to provide deaf education services under Individual Education Plans. The support received for the education programs from the associated school districts during the year represented approximately 42% and 50% of the Organization's Total Public Support and Revenue for the years ended June 30, 2021, and 2020, respectively.

## 12. ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, all of which are subject to expenditure for special purposes, as of June 30, 2021 and 2020 consisted of the following:

|                                      | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|--------------------------------------|----------------------|----------------------|
| Audiology Suite Capital Campaign     | \$ -                 | \$ 7,532             |
| Decision Advocacy                    | -                    | 22,512               |
| Equipment and Supplies               | 544                  | 5,553                |
| Building and Grounds                 | 610                  | 2,500                |
| Building Capital Campaign            | 243,763              | 56,500               |
| Tuition Assistance                   | 132,723              | -                    |
| Technology                           | <u>3,726</u>         | <u>-</u>             |
| Total Assets with Donor Restrictions | <u>\$ 381,366</u>    | <u>\$ 94,597</u>     |



The special purposes of the donor restrictions were met for assets during the years ending:

|                                      | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|--------------------------------------|----------------------|----------------------|
| Audiology Suite Capital Campaign     | \$ 7,532             | \$ 74,559            |
| Audiology Operating and Supplies     | 13,000               | -                    |
| Decision Advocacy                    | 22,512               | 701                  |
| Equipment and Supplies               | 5,709                | 3,187                |
| Building and Grounds                 | 3,500                | 2,275                |
| Building Capital Campaign            | 140,471              | -                    |
| Graduate Services                    | -                    | 15,000               |
| Tuition Assistance                   | 57,270               | 141,913              |
| Technology                           | 1,274                | -                    |
| Student Affected by Drugs            | -                    | 53,100               |
| COVID-19                             | 36,044               | -                    |
| Satellite Expansion                  | 50,000               | -                    |
| General Operations                   | 80,500               | -                    |
| Family Center                        | 23,850               | -                    |
| Other                                | <u>3,500</u>         | <u>2,147</u>         |
| Net Assets Released from Restriction | <u>\$ 445,162</u>    | <u>\$ 292,882</u>    |

### 13. BOARD DESIGNATED ASSETS

During the year ended June 30, 2014, Ohio Valley Voices, Inc. began a five-year strategic initiative (known as the Echo Campaign) to raise funds for future need-based tuition relief scholarships. The board designated certain contributions and earnings on these contributions for the Echo Campaign. Contributions set aside by the board for this campaign are shown as revenues without donor restrictions on the consolidated statements of support, revenues, expenses, and changes in net assets-modified cash basis, and have been placed in its own investment account to be used in future periods.

The activity and balances for the years ended June 30, 2021 and 2020 for the Echo Campaign are as follows:

|                                       | <u>For the year ended<br/>June 30, 2021</u> | <u>For the year ended<br/>June 30, 2020</u> |
|---------------------------------------|---|---|
| Beginning Balance                     | \$ 300,917                                  | \$ 268,944                                  |
| Board Designated Contributions        | 32,637                                      | 31,477                                      |
| Investment Return, Net                | 1,912                                       | 2,849                                       |
| Unrealized Gains (Losses)             | <u>44,250</u>                               | <u>(2,353)</u>                              |
| Echo Campaign Board Designated Assets | <u>\$ 379,716</u>                           | <u>\$ 300,917</u>                           |

### 14. COVID-19 PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) has spread to many countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. During the fiscal year ended June 30, 2020, the state ordered remote learning for all students from March 16, 2020 until the end of the school year. For the year ended June 30, 2021 students had mostly in-person learning with some remote learning during the year. The remote student learning and additional health requirements related in-person learning required additional purchases of materials and supplies for students and staff.

Future potential impacts may include disruptions or restrictions on our employees' ability to work, student's ability to pay the required tuition, changes in the way special events are held or availability of funding/grants available for current and future projects.

**15. DATE OF MANAGEMENT'S REVIEW**

In preparing the consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 31, 2021, the date that the consolidated financial statements were available to be issued.