

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

**Consolidated Financial Statements  
for the Years Ended  
June 30, 2022 and 2021  
and Independent Auditors' Report**



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

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*Connecting with the Community*

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of Ohio Valley Voices, Inc. (a nonprofit organization), which comprise the consolidated statements of assets, liabilities, and net assets-modified cash basis as of June 30, 2022 and 2021, and the related consolidated statements of support, revenue, expenses, and changes in net assets-modified cash basis, functional expenses-modified cash basis and cash flows-modified cash basis for the years then ended, and the related notes to the consolidated financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2 of 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Ohio Valley Voices, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the modified cash basis of accounting as described in Note 2 of the consolidated financial statements, and for the design, implementation, and maintenance of internal

control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ohio Valley Voices, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ohio Valley Voices, 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.

Locey, Mitchell & Associates, Ltd.  
Certified Public Accountants  
Cincinnati, Ohio  
November 29, 2022

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

**CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 787,105	\$ 509,634
Long-Term Investments	1,444,176	905,614
<i>Fixed Assets</i>		
Fixed Assets	4,397,209	4,183,402
Less: Accumulated Depreciation	<u>1,906,226</u>	<u>1,783,039</u>
Fixed Assets, Net	2,490,983	2,400,363
Construction in Process	<u>107,826</u>	<u>140,471</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,830,090</u>	<u>\$ 3,956,082</u>
<b>LIABILITIES AND NET ASSETS</b>		
Credit Card Payable	\$ 10,588	\$ 12,368
Other Current Liabilities	10,985	3,057
Long-Term Debt, Net of Current Portion	<u>513,335</u>	<u>549,139</u>
<b>TOTAL LIABILITIES</b>	<u>534,908</u>	<u>564,564</u>
<b>NET ASSETS</b>		
Assets Without Donor Restrictions	3,296,472	3,010,152
Assets With Donor Restrictions	<u>998,710</u>	<u>381,366</u>
<b>TOTAL NET ASSETS</b>	<u>4,295,182</u>	<u>3,391,518</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,830,090</u>	<u>\$ 3,956,082</u>

See notes to the consolidated financial statements.

OHIO VALLEY VOICES, INC.  
(A NONPROFIT ORGANIZATION)

CONSOLIDATED STATEMENTS OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Without Donor Restrictions	With Donor Restrictions	June 30, 2022 Total	Without Donor Restrictions	With Donor Restrictions	June 30, 2021 Total
<b>CHANGES IN NET ASSETS</b>						
<i>Revenues</i>						
Tuition, Net of Tuition Assistance	\$ 1,414,364	\$ -	\$ 1,414,364	\$ 1,481,235	\$ -	\$ 1,481,235
Audiology Services and Net Merchandise Sales	21,772	-	21,772	17,494	-	17,494
Space Rental	10,100	-	10,100	9,450	-	9,450
Investment Returns, Net	(65,274)	-	(65,274)	52,313	-	52,313
Other Revenues and Gains	9,326	-	9,326	22,571	-	22,571
Total Revenues	1,390,288	-	1,390,288	1,583,063	-	1,583,063
<i>Public Support</i>						
Grants and Contributions of Cash and Other Financial Assets	898,789	955,461	1,854,250	517,639	731,931	1,249,570
Contributions of Nonfinancial Assets	14,310	-	14,310	26,804	-	26,804
Special Events, Net of Direct Expense	291,925	-	291,925	161,673	-	161,673
Total Public Support	1,205,024	955,461	2,160,485	706,116	731,931	1,438,047
Total Public Support and Revenues	2,595,312	955,461	3,550,773	2,289,179	731,931	3,021,110
Paycheck Protection Program Loan Forgiveness	-	-	-	350,700	-	350,700
Net Assets Released from Restrictions	338,117	(338,117)	-	445,162	(445,162)	-
Total Revenue, Support, Loan Forgiveness and Reclassifications	2,933,429	617,344	3,550,773	3,085,041	286,769	3,371,810
<i>Expenses</i>						
Program Services	2,039,085	-	2,039,085	1,891,784	-	1,891,784
Management and General	304,234	-	304,234	361,952	-	361,952
Fundraising	303,790	-	303,790	270,446	-	270,446
Total Expenses	2,647,109	-	2,647,109	2,524,182	-	2,524,182
Change in Net Assets from Activities	\$ 286,320	\$ 617,344	\$ 903,664	\$ 560,859	\$ 286,769	\$ 847,628
<b>NET ASSETS</b>						
Beginning of Year	3,010,152	381,366	3,391,518	2,449,293	94,597	2,543,890
End of Year	\$ 3,296,472	\$ 998,710	\$ 4,295,182	\$ 3,010,152	\$ 381,366	\$ 3,391,518

See notes to the consolidated financial statements.

OHIO VALLEY VOICES, INC.  
(A NONPROFIT ORGANIZATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 374,420	\$ 689,478	\$ 296,263	\$ 265,748	\$ 132,049	\$ 1,757,958	\$ 181,082	\$ 218,942	\$ 400,024	\$ 2,157,982
Occupancy	16,778	29,342	26,377	5,629	1,143	79,269	8,282	1,433	9,715	88,984
Marketing and Development	41	41	-	-	-	82	289	24,307	24,596	24,678
Materials and Supplies	3,078	4,419	2,267	3,312	3,787	16,863	-	-	-	16,863
Cost of Audiology Sales and Rentals	-	-	-	14,598	-	14,598	-	-	-	14,598
Student Food	1,263	2,439	1,263	-	-	4,965	-	-	-	4,965
Training and Travel	98	98	835	268	896	2,195	389	179	568	2,763
Board Expenses	-	-	-	-	-	-	615	(147)	468	468
Professional Services	260	1,611	105	2,688	-	4,664	39,224	45,188	84,412	89,076
Payroll Services	-	-	-	-	-	-	6,576	-	6,576	6,576
Depreciation	23,504	41,058	35,613	7,798	1,601	109,574	11,605	2,008	13,613	123,187
Banking and Credit Card Fees	-	-	-	-	-	-	8,604	9,253	17,857	17,857
Communication	-	1,442	-	1,673	720	3,835	6,680	440	7,120	10,955
Insurance	3,543	6,189	5,369	1,175	241	16,517	1,750	303	2,053	18,570
Office Supplies	1,228	1,852	1,281	1,209	-	5,570	4,299	-	4,299	9,869
Licenses and Professional Dues	86	1,257	1,363	2,095	-	4,801	6,315	1,307	7,622	12,423
Equipment Repairs and Maintenance	2,345	4,097	3,554	6,247	160	16,403	1,872	390	2,262	18,665
Postage and Shipping	-	-	-	-	-	-	826	-	826	826
Interest Expense	-	-	-	-	-	-	24,789	-	24,789	24,789
Miscellaneous	14,580	1,573	236	-	-	16,389	1,037	187	1,224	17,613
Tuition Assistance	14,722	675	15,298	-	-	30,695	-	-	-	30,695
Special Events Cost	-	-	-	-	-	-	-	117,456	117,456	117,456
<b>Total Expenses</b>	<b>\$ 455,946</b>	<b>\$ 785,571</b>	<b>\$ 389,824</b>	<b>\$ 312,440</b>	<b>\$ 140,597</b>	<b>\$ 2,084,378</b>	<b>\$ 304,234</b>	<b>\$ 421,246</b>	<b>\$ 725,480</b>	<b>\$ 2,809,858</b>
Less: Expenses Included with Revenues on the Statement of Activities										
Cost of Audiology Sales	-	-	-	14,598	-	14,598	-	-	-	14,598
Tuition Assistance	14,722	675	15,298	-	-	30,695	-	-	-	30,695
Special Events Costs	-	-	-	-	-	-	-	117,456	117,456	117,456
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b>\$ 441,224</b>	<b>\$ 784,896</b>	<b>\$ 374,526</b>	<b>\$ 297,842</b>	<b>\$ 140,597</b>	<b>\$ 2,039,085</b>	<b>\$ 304,234</b>	<b>\$ 303,790</b>	<b>\$ 608,024</b>	<b>\$ 2,647,109</b>

See notes to the consolidated financial statements.

OHIO VALLEY VOICES, INC.  
(A NONPROFIT ORGANIZATION)

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
Tuition Assistance	-	50,715	6,555	-	-	57,270	-	-	4,052	61,322
Special Events Cost	-	-	-	-	-	-	5	81,029	81,034	81,034
<b>Total Expenses</b>	<b>\$ 453,377</b>	<b>\$ 832,343</b>	<b>\$ 328,953</b>	<b>\$ 257,895</b>	<b>\$ 91,892</b>	<b>\$ 1,964,460</b>	<b>\$ 361,957</b>	<b>\$ 351,475</b>	<b>\$ 721,536</b>	<b>\$ 2,685,996</b>
Less: Expenses Included with Revenues on the Statement of Activities										
Cost of Audiology Sales	-	-	-	15,406	-	15,406	-	-	-	15,406
Tuition Assistance	-	50,715	6,555	-	-	57,270	-	-	-	4,397
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>\$ 640,502</b>	<b>\$ 2,532,286</b>

See notes to the consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 903,664	\$ 847,628
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	123,187	124,374
Unrealized Loss (Gain) on Marketable Securities	73,416	(66,313)
Stock Donation	(17,329)	(38,881)
Paycheck Protection Program Loan Forgiveness	-	(350,700)
Contributions for Fixed Assets	(534,255)	(327,734)
<i>(Decrease) Increase in Operating Liabilities:</i>		
Credit Card Payable	(1,780)	4,125
Other Current Liabilities	7,928	(3,196)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>554,831</u>	<u>189,303</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(181,162)	(140,471)
Proceeds from Sales of Investments	1,737,502	242,458
Purchases of Investments	(2,332,151)	(616,876)
Net Cash and Cash Equivalents Used for Investing Activities	<u>(775,811)</u>	<u>(514,889)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions for Fixed Assets	534,255	327,734
Repayment of Principal on Long-Term Debt	(35,804)	(36,383)
Net Cash and Cash Equivalents Provided by Financing Activities	<u>498,451</u>	<u>291,351</u>
Net Increase (Decrease) in Cash and Cash Equivalents	277,471	(34,235)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of Year	<u>509,634</u>	<u>543,869</u>
End of Year	<u>\$ 787,105</u>	<u>\$ 509,634</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, 2022 AND 2021**

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**1. ORGANIZATION**

Ohio Valley Voices, Inc. (OVV) and an affiliate (Family Speech and Hearing Clinic, LLC), is located in Loveland, Ohio and was organized in February 1999. These two entities consolidated are considered to be the "Organization." 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. No new locations were opened as of the time of this audit.

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; and as a wholly owned and controlled entity qualifies for consolidation with Ohio Valley Voices, Inc. 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 capitalizing and recording depreciation on fixed assets, recording bad debt expense when amounts are deemed uncollectible, adjusting investments for unrealized gains and losses, recording credit card liabilities, recording long-term debt, 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 consolidated 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 that is not subject to donor-imposed restrictions may be used by the Organization at its own discretion. Board designated assets are included in this category.

Net Assets With Donor Restrictions are recorded for cash received that is 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 in conformity with the modified cash basis of accounting as outlined above 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 (FSHC) is fully consolidated with the operations of Ohio Valley Voices, Inc. FSHC is wholly owned and controlled by OVV.

As of and for the years ended June 30, 2022 and 2021, Family Speech and Hearing Clinic, LLC reported the following amounts:

	For the year ended <u>June 30, 2022</u>	For the year ended <u>June 30, 2021</u>
Assets (Cash and fixed assets)	\$ 258,642	\$ 263,548
Liabilities	-	-
Net asset deficit (all without donor restrictions)	(2,170,695)	(1,972,026)
Revenues	175,857	108,157
Expenses	374,526	322,398

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 and classified by the Internal Revenue Service as other than a private foundation. 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 purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less 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. Cash and cash equivalents are as follows for the years ended:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash	\$ 132,678	\$ 368,604
Cash Equivalents	<u>654,427</u>	<u>141,030</u>
Cash and Cash Equivalents on the Consolidated Statements of Cash Flows-Modified Cash Basis	<u>\$ 787,105</u>	<u>\$ 509,634</u>

Investments and Marketable Securities – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position-modified cash basis. Unrealized gains and losses are included in the change in net assets on the consolidated statements of support, revenues, expenses and changes in net assets-modified cash basis. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions 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. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Donated securities or investments are recorded at the fair market value at the date received as determined by readily available market information.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP (as adopted by the Organization as part of reporting on a modified cash basis) establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an organization's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Fixed Assets – Fixed assets are capitalized at the cost to purchase the asset and are depreciated using the straight-line basis over the estimated useful lives ranging from three to thirty-nine years. Maintenance and repairs expense are expensed as incurred. Cost of major additions, improvements, and renewals are accumulated and capitalized when placed into service.

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization

reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Asset Impairment – Financial Accounting Standards Codification requires that long-lived assets and certain identifiable intangible assets 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, 2022 or 2021.

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 of Tuition Assistance on the consolidated statements of support, revenue, expenses, and changes in net assets-modified cash basis for the years ended:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
School District Payments on Behalf of Students	\$ 1,031,776	\$ 1,261,731
Parent, Outside Scholarship, and Other Funds	413,283	286,224
Less: OVV Tuition Assistance	<u>(30,695)</u>	<u>(57,270)</u>
Total Tuition, Net of Tuition Assistance	<u>\$ 1,414,364</u>	<u>\$ 1,490,685</u>

The Organization recognizes as part of public support on the consolidated statements of support, revenue, expenses, and changes in net assets-modified cash basis 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 financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include certain personnel costs for shared personnel based on estimated time spent on each program, administrative or fundraising support. Occupancy and maintenance costs are allocated based on square footage. Materials and supplies, training and travel, board services, professional services, payroll services, communication, office supplies, licenses and professional dues, post and shipping, and miscellaneous expenses, not specifically identified as relating to a specific function, are allocated based on time and effort spent by personnel. Allocations made based on estimates made by management such as square footage, usage of item, or time spent by personnel.

### 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 debt and equity securities.

Each year the Organization reviews the cost of tuition per student in order to set tuition at amounts that generate 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, 2022</u>	<u>June 30, 2021</u>
Cash and Cash Equivalents	\$ 787,105	\$ 509,634
Long-Term Investments	1,444,176	905,614
Less: Assets with Donor Restrictions (see note 12)	(998,710)	(381,366)
Less: Board Designated Assets (see note 13)	<u>(357,880)</u>	<u>(379,716)</u>
Total Assets not Designated for a Specific Purpose	<u>\$ 874,691</u>	<u>\$ 654,166</u>

The Organization's Board of Directors designated investments for long-term use of \$357,880 and \$379,716 at June 30, 2022 and 2021, respectively, are available to be spent with board approval for the designated 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 NONCASH FINANCIAL AND NONFINANCIAL ASSETS

Donated stock is included as part of grants and contributions of cash and other financial assets on the consolidated statements of support, revenues, expenses, and changes in net assets-modified cash basis. Donated stock for the years ended June 30, 2022 and June 30, 2021 were \$17,329 and \$38,881, respectively. The stock is valued at the fair market value as of the date of receipts and cashed out as soon as administratively feasible. The cash out value is recorded as part of assets with donor restrictions, when designed for a specific purpose by the donor. The amounts of donated stock designed by donors for a specific purpose, tuition assistance, is as follows for the years ended June 30, 2022 and 2021 is \$11,971 and \$32,726, respectively. All other donated amounts were included in net assets without donor restrictions.

In-kind special events costs, special event fundraising materials, and audiology materials are report in contributions of nonfinancial assets 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 of event space are valued based on the facility's standard market rental rate. Special event fundraising materials are items auctioned or raffled to raise funds. These items are valued based on information provided by the donor considering the standard wholesale rate of the

donated items. Special events items are used or auctioned/raffled annually to raise money at the specific date of the event for which the item/space was donated and are not retained for future periods. All of these donated items were received without donor restrictions.

Donated academic program items are valued based on wholesale market prices of such items for purchasing or selling these goods in their principal market. The donated academic program item is absorbed and utilized by the program activities only. In this case, it was donated extra hearing aids that are loaned to students for use on campus only as needed. The donation was mad without donor restrictions.

Contributions of nonfinancial assets were as follows for the years ended:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Donated Academic Program Items	\$ 2,755	\$ -
In-kind Special Event Costs and Fundraising Materials	<u>11,555</u>	<u>26,804</u>
Total Contributions of Nonfinancial Assets	<u>\$ 14,310</u>	<u>\$ 65,685</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:

2023	<u>4,760</u>
Total	<u>\$ 4,760</u>

## 6. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Organization holds short-term investments based on expected capital needs for the next twelve months. There are no short-term investments as of June 30, 2022. The Organization holds long-term investments to support the Organization's long-term financial health of the Organization. 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 measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2022 and 2021, are as follows:

June 30, 2022:

<u>Description</u>	<u>Fair Value (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Observable Inputs (Level 3)</u>
Equity Securities	\$ 629,470	\$ -	\$ -
U.S. Treasury Notes	403,362	-	-
U.S. Agency Bonds	266,446		
Bond Fund Equity Securities	<u>144,898</u>	<u>-</u>	<u>-</u>
Total Long-term Investments	<u>\$ 1,444,176</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2021:

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

The fair values of equity securities, U.S. treasury notes, U.S. agency bonds, and bond fund equity securities were determined using Level 1 inputs, which were based on quoted prices in active markets. Management believes the fair values of investments to be a reasonable approximation of their exit price.

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

	<u>June 30, 2022</u> Without Donor <u>Restrictions</u>	<u>June 30, 2021</u> Without Donor <u>Restrictions</u>
Dividend and Interest Income	\$ 12,208	\$ 7,733
Realized Gains (Losses)	10,714	(55)
Investments Fees	(3,946)	(3,360)
Unrealized (Losses) Gains	<u>(84,250)</u>	<u>47,995</u>
Investment Returns, Net	<u>\$ (65,274)</u>	<u>\$ 52,313</u>

## 7. FIXED ASSETS

Fixed assets consist of the following at:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 97,150	\$ 97,150
Outdoor Learning Center	31,305	31,305
Building	874,435	874,435
Building Improvements	2,798,610	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	4,397,209	4,183,402
Less: Accumulated Depreciation	<u>1,906,226</u>	<u>1,783,039</u>
Fixed Assets, Net	<u>\$ 2,490,983</u>	<u>\$ 2,400,363</u>
Construction in Process	\$ 107,826	\$ 140,471

## 8. COMPREHENSIVE CAMPAIGN

In 2020, the board of trustees developed a fundraising and operating strategy called the "Comprehensive Campaign." This campaign focuses on the growth of the Organization and the expanding needs of the students of the Organization. There are three goals for the Comprehensive Campaign. One main goal is to increase resources available to students for financial aid to ensure no student is denied admission or comprehensive education and therapeutic support; the second goal is to service more children by expansion of the main campus building and providing services in Dayton and other identified locations; and the third goal is to raise funds for an endowment. For the year ended June 30, 2022, the goals of the Comprehensive Campaign resulted in increased restricted funds as outlined in Note 13, debt that will be incurred to build on to the existing building as discussed in Note 9, and increased Fixed Assets per Note 7 including a growing construction in process balance that will likely be capitalized during the years ended June 30, 2023 and/or 2024.

## 9. DEBT

Mortgage – On December 28, 2005, Ohio Valley Voices, Inc. entered into a loan agreement with 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 and February 17, 2022, the loan was refinanced. The terms of the mortgage as of and for the years ended June 30, 2022 and 2021 are as follows:

Original amount - \$1,002,357

Refinanced loan amount at July 18, 2017 – \$683,390

Refinanced loan amount at February 17, 2022 – \$528,752

Maturity date – July 18, 2032

Interest rate – 4.90% fixed per annum until February 17, 2022 when rate was decreased to 3.90% fixed per annum

Monthly installments (principal and interest) - \$5,394 per month through February 2022, beginning April 2022 monthly payment is \$5,168

Balance June 30, 2021 - \$549,139

Balance June 30, 2022 - \$513,335

Construction Loan – In June 2022, the Organization entered into a \$1,800,000 construction loan for the purpose of funding construction on expansion of the existing location. The loan is available to be drawn on at the request of the Organization after the Organization uses \$1,389,900 of its own capital. Interest only payments are due monthly based on a floating rate, the base rate plus 0.50%, until the loan is converted to a permanent fixed rate mortgage. Conversion occurs at the later of the completion and certificate of occupancy of the expansion or December 2023.

Available amount - \$1,800,000

Interest rate at June 30, 2022 – 5.25%

Interest paid during the year ended June 30, 2022 – \$0

Balance June 30, 2022 - \$0



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

2023	\$ 42,756
2024	44,454
2025	46,219
2026	48,054
2027	49,962
Thereafter	<u>281,890</u>
	<u>\$ 513,335</u>

**10. 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 a 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.

On June 23, 2021, the 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. No additional PPP Funding was obtained during the year ended June 30, 2022.

**11. 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, 2022 and 2021, was \$4,080 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.

**12. 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, 2022 and 2021 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 29% and 42% of the Organization’s Total Public Support and Revenue for the years ended June 30, 2022, and 2021, respectively.

Long-term investments are exposed to various risks such as interest rate, market and credit risk. Due to these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of assets, liabilities, and net assets-modified cash basis. Although fair values of investments are subject to fluctuation, we believe that the Organization’s investment policies and guidelines are prudent for the long-term welfare of the Organization. Unrealized losses incurred subsequent to the year ended June 30, 2022 were a result of market fluctuations and reduced the market value of the assets reported as long-term investments on the consolidated statements of assets, liabilities, and net assets-modified cash basis at June 30, 2022. Impairment of these assets was not required to be recorded for the year ended June 30, 2022.

### 13. ASSETS WITH DONOR RESTRICTIONS

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Building Capital Campaign	\$ 596,856	\$ 243,763
Tuition Assistance	306,186	132,723
Satellite Expansion	95,000	-
Technology	-	3,726
Equipment and Supplies	668	544
Building and Grounds	<u>-</u>	<u>610</u>
Total Assets with Donor Restrictions	<u>\$ 998,710</u>	<u>\$ 381,366</u>

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Audiology Suite Capital Campaign	\$ -	\$ 7,532
Audiology Operating and Supplies	13,066	13,000
Decision Advocacy	-	22,512
Building Capital Campaign	181,163	140,471
Tuition Assistance	30,695	57,270
Satellite Expansion	5,000	50,000
Technology	3,726	1,274
Equipment and Supplies	576	5,709
COVID-19	-	36,044
General Operations	3,350	80,500
Family Center	87,500	23,850
Building and Grounds	610	3,500
Extended Day Services	11,431	-
Other	<u>1,000</u>	<u>3,500</u>
Net Assets Released from Restriction	<u>\$ 338,117</u>	<u>\$ 445,162</u>

#### 14. 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, 2022 and 2021 for the Echo Campaign are as follows:

	For the year ended <u>June 30, 2022</u>	For the year ended <u>June 30, 2021</u>
Beginning Balance	\$ 379,716	\$ 300,917
Board Designated Contributions	-	32,637
Investment Return, Net	1,495	1,912
Unrealized (Losses) Gains	<u>(23,331)</u>	<u>44,250</u>
Echo Campaign Board Designated Assets	<u>\$ 357,880</u>	<u>\$ 379,716</u>

#### 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 November 29, 2022, the date that the consolidated financial statements were available to be issued.