

DEAF CENTERS OF NEVADA

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2017
TOGETHER WITH AUDIT REPORT OF
INDEPENDENT PUBLIC ACCOUNTANT**

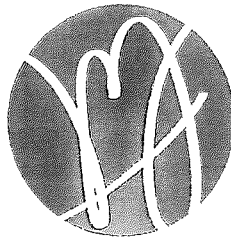
DEAF CENTERS OF NEVADA

JUNE 30, 2017

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MONETA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Deaf Centers of Nevada

I have audited the accompanying financial statements of Deaf Centers of Nevada (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deaf Centers of Nevada as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Julie Zerga, CPA

Las Vegas, Nevada
July 26, 2018

**Deaf Centers of Nevada
Statement of Financial Position
June 30, 2017**

ASSETS

CURRENT ASSETS	Unrestricted	Temporarily Restricted	Totals 2017
Cash	\$ 2,696	\$ 44,593	\$ 47,289
Funds Held on Behalf of Organization		75,000	\$ 75,000
Grants and Other Receivable	115,955		115,955
Equipment for Distribution	29,796		29,796
Prepaid Expenses	12,653		12,653
Refundable Deposits	7,441		7,441
Total Current Assets	168,541	119,593	288,134
PROPERTY AND EQUIPMENT, NET	42,936		42,936
Total Assets	\$ 211,477	\$ 119,593	\$ 331,070

LIABILITIES AND NET ASSETS

LIABILITIES			
Accounts Payable	\$ 38,496		\$ 38,496
Accrued Wages and Payroll Liabilities	33,673		33,673
Funds Held Payable to Organization		75,000	75,000
Total Liabilities	72,169	75,000	147,169
NET ASSETS			
Unrestricted			
Invested in Property and Equipment, net	72,732		72,732
Undesignated	66,576		66,576
Temporarily Restricted		44,593	44,593
Total Net Assets	139,308	44,593	183,901
Total Liabilities and Net Assets	\$ 211,477	\$ 119,593	\$ 331,070

**Deaf Centers of Nevada
Statement of Activities
For the Year Ended June 30, 2017**

	Unrestricted	Temporarily Restricted	Totals 2017
REVENUE AND OTHER SUPPORT			
Grants	\$ 1,419,444	\$ 36,135	\$ 1,455,579
Contributions	17,083	1,860	18,943
Events Income	16,923	41,133	58,056
Other Income	440	1,600	2,040
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	52,571	(52,571)	-
Total Revenue and Other Support	<u>1,506,461</u>	<u>28,157</u>	<u>1,534,618</u>
EXPENSES			
Program Services:			
Communication Services Programs	1,338,091	-	1,338,091
Events	22,681	-	22,681
Supportive Services:			
General and Administrative	34,073	-	34,073
Total Expenses	<u>1,394,845</u>	<u>-</u>	<u>1,394,845</u>
Change in Net Assets	111,616	28,157	139,773
NET ASSETS, July 1, 2016	<u>27,692</u>	<u>16,436</u>	<u>44,128</u>
NET ASSETS, June 30, 2017	<u>\$ 139,308</u>	<u>\$ 44,593</u>	<u>\$ 183,901</u>

**Deaf Centers of Nevada
Statement of Functional Expenses
For the Year Ended June 30, 2017**

	<u>Program Services</u>		
	<u>Communication Services Programs</u>	<u>Events</u>	<u>Total Program Services</u>
	Salaries and Wages	\$ 751,487	\$ -
Employee Benefits and Payroll Taxes	231,752		231,752
Total Personnel Costs	983,239	-	983,239
Advertising	746		746
Bank Charges	179		179
Dues and Subscriptions	2,079	20	2,099
Equipment Rent and Maintenance	14,776	570	15,346
Insurance	6,321		6,321
Miscellaneous	280	3,845	4,125
Office Expense	15,332	129	15,461
Postage and Delivery	1,764		1,764
Printing and Reproduction	7,873		7,873
Professional Services	70,333	525	70,858
Program Fees	14,475	14,651	29,126
Occupancy	139,000		139,000
Supplies	220	596	816
Telephone	22,689		22,689
Travel and Entertainment	49,264	2,345	51,609
Total Expenses Before Non-Cash Expense	1,328,570	22,681	1,351,251
Non-Cash Expense			
Depreciation	9,521		9,521
Total Expenses	\$ 1,338,091	\$ 22,681	\$ 1,360,772

**Deaf Centers of Nevada
Statement of Functional Expenses
For the Year Ended June 30, 2017**

	Supporting Services	
	General and Administrative	Totals 2017
Salaries and Wages	\$ 12,221	\$ 763,708
Employee Benefits and Payroll Taxes	-	231,752
Total Personnel Costs	12,221	995,460
Advertising		746
Bank Charges	428	607
Dues and Subscriptions	44	2,143
Equipment Rent and Maintenance		15,346
Insurance		6,321
Miscellaneous	2,877	7,002
Office Expense	52	15,513
Postage and Delivery	61	1,825
Printing and Reproduction		7,873
Professional Services	6,118	76,976
Program Fees		29,126
Occupancy	1,373	140,373
Supplies	324	1,140
Telephone		22,689
Travel and Entertainment	10,575	62,184
Total Expenses Before Non-Cash Expense	34,073	1,385,324
Non-Cash Expense		
Depreciation		9,521
Total Expenses	\$ 34,073	\$ 1,394,845

**Deaf Centers of Nevada
Statement of Cash Flows
For the Year Ended June 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 139,773
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	9,521
Decrease (increase) in -	
Grants and other accounts receivable	(69,676)
Prepaid expenses	414
Refundable deposits	(5,000)
Equipment for distribution	(29,796)
Increase (decrease) in -	
Accounts payable	18,597
Accrued liabilities	14,090
Reimbursable grants	<u>(36,135)</u>
Net Cash Provided (Used) by Operating Activities	<u>41,788</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures, net	<u>(34,330)</u>
Net Cash Provided (Used) by Investing Activities	<u>(34,330)</u>
Net Change in Cash	7,458
CASH - Beginning of year	<u>39,831</u>
CASH - End of year	<u><u>47,289</u></u>

DEAF CENTERS OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – NATURE OF OPERATIONS

Deaf Centers of Nevada (DCNV) provides advocacy, education, and support services to the deaf and hard of hearing community of Nevada.

DCNV is exempt from Federal income taxes as a not-for-profit organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Donors may deduct contributions made to the organization within the IRC regulations.

Program services rendered by DCNV can be summarized as follows:

- Direct consumer assistance
- Education support services
- School-to-school/Work translation
- Interpretive services and sign language programs
- English and ASL translation
- Communication technology
- Video relay and on-line services
- Workshops and training
- Employment access/ADA
- Resource loaner library
- Camp SignShine

Camp SignShine sponsors a week long recreational and educational enrichment program for the deaf and hard of hearing youth, their siblings, and hearing children of deaf adults. The program is staffed by volunteers. Special activities focus on the development of social skills communication enhancement in a comfortable and safe learning environment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

See independent auditor's report

DEAF CENTERS OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation:

Net assets, revenue and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by DCNV.

Temporarily Restricted Net Assets – Net assets subject to legal or donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of DCNV pursuant to those stipulations.

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents:

Cash is composed of available cash balances. DCNV maintains its cash in bank deposit accounts. Cash in excess of FDIC and similar insurance coverages are subject to the usual banking risks of funds in excess of those limits. DCNV has not experienced any losses in such accounts and management believes that DCNV is not exposed to any significant risk on cash.

For the purposes of the statement of financial position and the statement of cash flows, DCNV considers all short-term investments with an original maturity date of three months or less when purchased to be cash equivalents. DCNV did not have any cash equivalents as of June 30, 2017.

Inventories:

Inventories consist of equipment available for loan to the to the deaf and hard of hearing community of Nevada. It is listed as Equipment for Distribution on the Statement of Financial Position. The equipment is valued at cost and is expensed when deemed lost, damaged or obsolete.

See independent auditor's report

DEAF CENTERS OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

Property and equipment are recorded at cost. Additions with a cost or fair value of less than \$500 are expensed. Donated property and equipment are recorded at estimated fair market value at the time of donation. Improvements and betterments that materially extend the lives of the assets are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives:

Leasehold improvements	Lesser of lease term or useful life
Computer and office equipment	3 – 5 years

Revenue Recognition:

Most of DCNV's revenues are derived from a state agency grant. Under this grant, DCNV is reimbursed for substantially all of their expenditures. DCNV recognizes grant revenue over the period covered by the grant as services are provided and costs are incurred. Unrestricted grants and contributions are recorded when unconditionally pledged or received.

Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purposed restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

DCNV reports gifts of furniture and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about the length of time those long-lived assets must be maintained, DCNV reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

See independent auditor's report

DEAF CENTERS OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services:

DCNV receives donated services from unpaid volunteers. U.S. generally accepted accounting principles require that a not-for-profit organization recognize services if the services received created or enhanced a non-financial asset or require specialized skills. Contributed services and promises to give services that do not meet this criterion shall not be recognized. No amounts have been recognized by DCNV during the fiscal year ending June 30, 2017 because the criteria for recognition has not been satisfied.

Grants Receivable:

Support under contracts and grants are recorded over the period covered as services are provided and costs are incurred. The grants receivable are reimbursable grants. DCNV does not anticipate any collection losses with respect to the receivable balances. Therefore, DCNV has deemed the entire grants receivable to be fully collectable and no allowance was established at June 30, 2017.

Functional Allocation of Expenses:

The statements of activities and changes in net assets reflect expenses on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services functions. Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates, making it reasonably possible that a change in these estimates could occur in the near term.

See independent auditor's report

DEAF CENTERS OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingencies:

Certain conditions may exist as of the date the financial statements are issued which may result in a loss to DCNV, and will only be resolved when one or more future events occur or fail to occur. DCNV's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgement in assessing loss contingencies related to legal proceedings that are pending against DCNV or un-asserted claims that may result in such proceedings, DCNV's legal counsel evaluates the perceived merits of any legal proceedings or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in DCNV's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they arise from guarantees, in which case the guarantees would be disclosed.

DCNV receives a significant portion of its funding from a grant awarded by the state of Nevada. Payments to DCNV are subject to audit by the applicable state agency. In the opinion of management, the results of such audits will not have a material effect on the financial position of DCNV as of June 30, 2017.

As of June 30, 2017, DCNV has not recorded any contingencies.

Recently Issued Accounting Standards:

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is assessing the impact this standard will have on its financial statements.

See independent auditor's report

DEAF CENTERS OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

DCNV is a not-for-profit organization, exempt from federal income tax under Internal Revenue Code Section 501(c)(3). DCVN does not engage in activities that would be taxed as unrelated business income. Accordingly, the accompanying financial statements do not reflect any provision for income taxes. DCVN has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2017.

Generally the Internal Revenue Service may examine an information return for three years from the date it is filed. The 2013 through the current period returns are still subject to examinations as of June 30, 2017.

NOTE 3 – GRANTS RECEIVABLE

At June 30, 2017, DCVN had \$112,850, substantially all due from the State of Nevada for grant expenditures expended. DCVN received funding for these expenditures after June 30, 2017. This income was properly recognized in the year ended June 30, 2017.

NOTE 4 – NET ASSETS RELEASED FROM RESTRICTIONS

Program restrictions were satisfied by incurring expenses for the restricted purposes specified by the donors in the amount of \$16,436.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2017:

Events	<u>\$ 44,593</u>
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NOTE 6 – FUNDS HELD

DCNV entered an agreement to hold \$75,000 belonging to Las Vegas Deaf Seniors non-profit organization as it underwent a complete reorganization. The money was held in an FDIC bank account and was returned to the agency in January 2018.

DEAF CENTERS OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 – OPERATING LEASES

DCNV has entered into several operating lease agreements, some of which contain a provision for future rent increases. In accordance with Topic ASC 840, *Leases*, accounting principles generally accepted in the United States of America require that rental income and expenses relating to an operating lease be recognized over the periods in which the lessee derives benefit from the physical usage of the leased property. The total amount of rental payments due over the lease term is being charged to occupancy expense.

The Las Vegas facility entered a non-cancellable lease on May 22, 2013 which will expire on September 1, 2018. In addition, an addendum to the lease for an additional suite was entered on July 8, 2016. DCNV does not intend to renew this lease and will continue on a month-to-month upon expiration.

The Reno facility entered a non-cancellable lease on August 3, 2016 which will expire on August 31, 2018 at \$5,000 per month. DCNV does not intend to renew this lease and will continue on a month-to-month upon expiration.

Lease expense for these facilities for the year ended June 30, 2017 totaled \$120,192.

At June 30, 2017, future minimum operating lease payments are as follows:

Year Ending <u>June 30</u>	
2018	\$ 90,838
2019	26,687
2020	4,303
2021	4,303
2022	<u>4,303</u>
	<u>\$130,434</u>

NOTE 8 – CONCENTRATION OF CREDIT RISK

DCNV receives a substantial portion of its revenue from contracts/grants administered by federal and state agencies. Revenue from contracts/grants is considered earned as funds are expended or as services are provided. DCNV's operations are significantly dependent upon this revenue. Most of these grants are subject to spending restrictions. If it were ultimately determined by the grantor that the funds had not been expended for the purposes intended, DCNV could be liable for a refund of all part or all of such grant funds.

DCNV does not anticipate any liabilities of this nature as of June 30, 2017.

See independent auditor's report

DEAF CENTERS OF NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 – SUBSEQUENT EVENTS

DCNV evaluated subsequent events through July 25, 2018, the date these financial statements were issued. There are no material subsequent events that required recognition or additional disclosure in these financial statements.

See independent auditor's report