REEDER & ASSOCIATES, PA
Certified Public Accountants

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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REEDER & ASSOCIATES, PA
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of Sertoma Speech & Hearing Foundation of Florida, Inc. (Sertoma), which comprise the statement of financial position as of September 30, 2020 and 2019 and the related statements of activities and changes in net assets, statement of functional expenses and statement of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sertoma as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance on page 19, as required by Chapter 10.650, *Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2021, on our consideration of Sertoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sertoma's internal control over financial reporting and compliance.

Reeder & Associates, PA

Certified Public Accountants
January 18, 2021

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets		
Cash	$ 220,397	$ 135,138
Accounts receivable	171,975	174,533
Prepaid expenses	-	940
Total Current Assets	392,372	310,611
Beneficial interest in Community Foundation	57,174	54,562
Property and equipment, net of accumulated depreciation of $139,964 and $124,131, respectively	80,851	96,684
TOTAL ASSETS	$ 530,397	$ 461,857
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payable to subcontractors	$ 92,675	$ 92,675
Deferred revenue	-	5,380
Paycheck Protection Program loan	55,370	-
Total Liabilities	148,045	98,055
Net Assets		
Without donor restrictions:		
Undesignated	244,327	212,556
Designated by the Board for endowment	57,174	54,562
Invested in property and equipment	80,851	96,684
With donor restrictions	-	-
Total Net Assets	382,352	363,802
TOTAL LIABILITIES AND NET ASSETS	$ 530,397	$ 461,857

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenue		
Contributions	$ 53,948	$ 98,373
Grants and contracts	824,417	758,188
Program service fees and other income	13,792	27,192
Investment income, net	2,630	954
In-kind contributions	6,600	6,600
	901,387	891,307
Special events	19,355	14,862
Less: direct costs of special events	(13,722)	(9,622)
	5,633	5,240
Total Support and Revenue	907,020	896,547
Expenses		
Program Services	814,538	784,375
Support Services		
Management and general	68,800	60,573
Fundraising	5,132	5,257
Total Support Services	73,932	65,830
Total Expenses	888,470	850,205
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	18,550	46,342
NET ASSETS, beginning of the year	363,802	317,460
NET ASSETS, end of year	$ 382,352	$ 363,802

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Support Services		Total Support Services	Total
		Management and General	Fundraising		
Salaries and wages	$ 227,989	$ 6,660	$ 1,500	$ 8,160	$ 236,149
Payroll taxes	18,235	520	57	577	18,812
Employee benefits	32,907	104	26	130	33,037
Total salaries and related expenses	279,131	7,284	1,583	8,867	287,998
Advertising	360	4,120	106	4,226	4,586
Bank charges	186	-	123	123	309
Conferences and meetings	4,843	910	-	-	5,753
Consulting fees	-	25,000	-	25,000	25,000
Development and training	-	1,000	-	1,000	1,000
Dues and subscriptions	7,889	4,458	99	4,557	12,446
Hearing services and supplies	51,491	-	-	-	51,491
Insurance	19,916	878	27	905	20,821
Maintenance	872	-	-	-	872
Mileage	2,816	103	26	129	2,945
Miscellaneous	379	3,093	-	3,093	3,472
Office expense	12,917	2,713	124	2,837	15,754
Postage and shipping	1,325	2,649	-	2,649	3,974
Professional fees	3,255	12,800	-	12,800	16,055
Rent	13,750	520	130	650	14,400
Sponsorships and donations	50	812	-	812	862
Storage	-	-	2,556	2,556	2,556
Subcontractor	370,700	-	-	-	370,700
Travel	18,681	991	18	1,009	19,690
Utilities	3,335	202	24	226	3,561
Vehicle	8,392	-	-	-	8,392
Total expenses before depreciation	800,288	67,533	4,816	71,439	872,637
Depreciation expense	14,250	1,267	316	1,583	15,833
Total expenses	$ 814,538	$ 68,800	$ 5,132	$ 73,022	$ 888,470

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of these financial statements.

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	$ 213,159	$ 7,030	$ 1,400	$ 8,430	$ 221,589
Payroll taxes	16,287	558	107	665	16,952
Employee benefits	34,444	938	235	1,173	35,617
Total salaries and related expenses	263,890	8,526	1,742	10,268	274,158
Advocacy	1,500	-	-	-	1,500
Advertising	2,077	3,953	8	3,961	6,038
Bank charges	487	24	92	116	603
Conferences and meetings	14,999	-	-	-	14,999
Consulting fees	-	23,531	-	23,531	23,531
Dues and subscriptions	6,323	2,699	92	2,791	9,114
Hearing services and supplies	75,990	-	-	-	75,990
Insurance	12,732	954	121	1,075	13,807
Maintenance	839	-	-	-	839
Mileage	11,346	250	62	312	11,658
Miscellaneous	55	3,094	-	3,094	3,149
Office expense	15,256	429	107	536	15,792
Postage and shipping	1,188	1,447	-	1,447	2,635
Professional fees	2,115	11,871	-	11,871	13,986
Rent	13,035	572	143	715	13,750
Sponsorships and donations	860	890	-	890	1,750
Storage	-	-	2,556	2,556	2,556
Subcontractor	323,675	-	-	-	323,675
Travel	19,733	150	38	188	19,921
Utilities	3,035	103	26	129	3,164
Vehicle	2,815	-	-	-	2,815
Total expenses before depreciation	772,225	59,493	4,987	64,480	836,705
Depreciation expense	12,150	1,080	270	1,350	13,500
Total expenses	$ 784,375	$ 60,573	$ 5,257	$ 65,830	$ 850,205

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 18,550	$ 46,342
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	15,833	13,500
Realized and unrealized gains on beneficial interest in Community Foundation	(2,139)	(391)
(Increase) decrease in accounts receivable	2,558	(27,692)
(Increase) decrease in prepaid expenses	940	8,530
Increase (decrease) in payable to subcontractors	-	15,675
Increase (decrease) in deferred revenue	(5,380)	(102)
Total Adjustments	11,812	9,520
Net Cash Provided by (Used in) Operating Activities	30,362	55,862
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(20,160)
Purchase of beneficial interest in Community Foundation	(473)	(535)
Net Cash Provided by (Used in) Investing Activities	(473)	(20,695)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	55,370	-
Net Cash Provided by (Used in) Financing Activities	55,370	-
NET INCREASE IN CASH	85,259	35,167
CASH, BEGINNING OF YEAR	135,138	99,971
CASH, END OF YEAR	$ 220,397	$ 135,138

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

NOTE A – DESCRIPTION OF ORGANIZATION

Sertoma Speech & Hearing Foundation of Florida, Inc. (Sertoma) is a nonprofit entity incorporated in 1982 under the laws of the State of Florida. Sertoma provides Audiology Services to children and seniors across the State of Florida utilizing our mobile screening vans. We have served over 25,000 children in the state through early intervention programs including free hearing screenings, free evaluations, and low cost fitting and dispensing of hearing aids Our mobile clinic program has also served over 500 seniors with audiology services. We also provide free amplified phones through FTRI (Florida Telecommunications Relay, Inc.), free hearing aid batteries, and loaner aids when hearing aids are broken or lost. Our vision is to have seven vans positioned throughout the state to easily serve everyone who struggles with hearing loss.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Recent Accounting Pronouncement

Sertoma has adopted Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended, and ASU No. 2018-08 – Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, as management believes the standards improve the usefulness and understandability of Sertoma's financial reporting.

Analysis of various provisions of the standards resulted in no significant changes in the way Sertoma recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Sertoma and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that:

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

Sertoma had no net assets with donor restrictions as of September 30, 2020 and 2019.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates
The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents
For purposes of the statement of cash flows, cash is defined as restricted and unrestricted cash on hand and amounts in depository accounts at the bank. Cash equivalents would consist of highly liquid investments available for current use with an initial maturity of three months or less.

Accounts Receivable
Accounts receivable primarily result from services which have been provided pursuant to Sertoma's grants and contracts, but for which reimbursement has not yet been received at September 30, 2020 and 2019. Sertoma does not maintain an allowance for estimated uncollectible accounts as any amounts determined unallowable by the grantor would be deducted from revenue upon notification of the disallowance.

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

Revenues from grants and contracts are recorded based upon terms of the grantor allotment, which may be conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Sertoma has completed performance requirements and/or incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to completing performance requirements and/or incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. As of September 30, 2020 and 2019, one grantor accounted for approximately 72% and 61% of total revenues without donor restrictions, respectively.

Property and Equipment
Sertoma capitalizes property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost and depreciated using the straight-line method over the estimated useful lives ranging from 5 to 10 years. Donations of property and equipment are recorded as contributions at their estimated fair value. 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, Sertoma reports expirations of donor restrictions when the donated or acquired assets are placed in service. Sertoma reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Facilities, Materials and Services

Donated facilities are recorded based on the fair rental value of comparable facilities. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in rent expense.

Donated materials, when received, are reflected as contributions in the financial statements at their estimated fair market values at the date of receipt. The amounts for donated materials are reflected in the accompanying financial statements as in-kind contributions and are offset by like amounts included in expenses.

Donated services are recorded at their approximate value if they create or enhance non-financial assets, are of a specialized nature, are provided by an individual possessing those skills, and would have been purchased if not donated. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. A number of individuals volunteer their time in Sertoma's program services and fundraising campaigns, but these services do not meet the criteria for recognition as donated services.

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses for each year presented. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, or clients served. For the years ended September 30, 2020 and 2019, all expenses which were allocated were done so on the basis of estimates of time and effort.

Income Tax Status

Sertoma is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. Sertoma is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. Sertoma accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize Sertoma's tax-exempt status. Sertoma is not aware of any tax positions that is has taken that are subject to a significant degree of uncertainty. Sertoma believes it is no longer subject to income tax examinations for fiscal years ending prior to September 30, 2017.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimated fair value of certain financial instruments. Sertoma's significant financial instruments are cash, accounts receivable and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments which potentially subject Sertoma to concentrations of credit risk consist principally of cash. Sertoma places its cash with creditworthy, high quality financial institutions. Sertoma has not experienced any losses from its deposits. At September 30, 2020 and 2019, Sertoma's cash held with financial institutions did not exceed the federally insured limit of $250,000.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2020	2019
Financial assets:		
Cash	$ 220,397	$ 135,138
Accounts receivable	171,975	174,533
Beneficial interest in Community Foundation	57,174	54,562
	449,546	364,233
Less those unavailable for general expenditure within one year due to:		
Payable to subcontractors	(92,675)	(92,675)
Beneficial interest in Community Foundation	(57,174)	(54,562)
Financial assets available to meet cash needs for general expenditures within one year	$ 299,697	$ 216,996

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

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

NOTE D – FAIR VALUE MEASUREMENTS

Professional standards establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional standards are described below:

Level 1

- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Sertoma has the ability to access.

Level 2

Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

Fair values of assets measured on a recurring basis at September 30, 2020 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in Community Foundation	$ 57,174	$ -	$ -	$ 57,174

NOTE D – FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at September 30, 2019 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in Community Foundation	$ 54,562	$ -	$ -	$ 54,562

	Level 3
September 30, 2017	$ 53,636
Grants and settlements	-
Change in value of funds held in trust	926
Transfers in and/or out of Level 3	-
September 30, 2019	54,562
Grants and settlements	-
Change in value of funds held in trust	2,612
Transfers in and/or out of Level 3	-
September 30, 2020	$ 57,174

The change in value of funds held in trust is attributable to unrealized gains/(losses) and interest and dividend yields.

NOTE E – PROPERTY AND EQUIPMENT

	September 30, 2020	September 30, 2019
Equipment	$ 142,461	$ 142,461
Vehicles	76,479	76,479
Sign	1,875	1,875
	220,815	220,815
Less: Accumulated depreciation	(139,964)	(124,131)
	$ 80,851	$ 96,684

NOTE F – BENEFICIAL INTEREST IN COMMUNITY FOUNDATION

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

"Agency restricted funds" which were established for Sertoma within the Community Foundation had fair market values of $57,174 and $54,562 at September 30, 2020 and 2019. These funds are recorded by Sertoma as follows:

Beneficial interest in Community Foundation as of September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Sertoma Speech & Hearing Foundation of Florida	$ 57,174	$ -	$ 57,174

Beneficial interest in Community Foundation as of September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Sertoma Speech & Hearing Foundation of Florida	$ 54,562	$ -	$ 54,562

NOTE F – BENEFICIAL INTEREST IN COMMUNITY FOUNDATION (continued)

Changes in Beneficial Interest in Community Foundation for the Year Ended September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 54,562	$ -	$ 54,562
Contributions	-	-	-
Grants	-	-	-
Investment Income	473	-	473
Net appreciation (realized and unrealized)	2,139	-	2,139
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ 57,174	$ -	$ 57,174

Changes in Beneficial Interest in Community Foundation for the Year Ended September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 53,636	$ -	$ 53,636
Contributions	-	-	-
Grants	-	-	-
Investment Income	535	-	535
Net appreciation (realized and unrealized)	391	-	391
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ 54,562	$ -	$ 54,562

NOTE F – BENEFICIAL INTEREST IN COMMUNITY FOUNDATION (continued)

Interpretation of Relevant Law

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

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

Return Objectives and Risk Parameters

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

Spending Policy

The Community Foundation can make annual distributions to Sertoma of 5% of the fund's fair market value as of December 31 of the previous year upon request from Sertoma. For the years ended September 30, 2020 and 2019 Sertoma has reinvested earnings into respective funds. If Sertoma chooses to request the funds they must be used for the purpose defined in the endowment.

NOTE G – PAYCHECK PROTECTION PROGRAM

During the year ended September 30, 2020, Sertoma obtained a Paycheck Protection Program (PPP) loan under the CARES Act in the amount of $55,370 to help keep the workforce employed during the COVID-19 crisis. The loan has a maturity of 2 years, an interest rate of 1% and initial loan payments are deferred for ten months. The loan can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Until the forgiveness provision is determined, the full amount of the loan is included in current liabilities in the accompanying statement of financial position. As of the financial statement date, the PPP loan was still under its calculation period.

NOTE H – IN-KIND CONTRIBUTIONS

In-kind contributions received during the years ended September 30, 2020 and 2019 were for the following:

	2020	2019
Donated facilities – discounted office space	$ 6,600	$ 6,600

NOTE I – RETIREMENT PLAN

Sertoma has adopted a SIMPLE IRA Plan for its employees. Sertoma makes matching contributions in accordance with the terms of the plan document. Retirement plan expense was $4,828 and $4,436 for the years ended September 30, 2020 and 2019, respectively.

NOTE J – COMMITMENTS AND CONTINGENCIES

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

NOTE K – RELATED-PARTY TRANSACTIONS

Sertoma leases its office space at a discounted rate from one of its board members. The total amount of rent paid during the years ended September 30, 2020 and 2019 was $7,800 and $7,150 respectively. The amount of donated facilities included in Note H relates to this office space.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 18, 2021, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which may negatively impact revenue and support. Sertoma has maintained their major grant contracts which is allowing them to continue to provide services to those who struggle with hearing loss. As Sertoma continues to evaluate its response and the community's response to COVID-19, there could be additional impact which is unknown at this time.

SUPPLEMENTARY INFORMATION
AND
OTHER REPORTS

SERTOMA SPEECH HEARING FOUNDATION OF FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

State Grantor/Pass-Through Grantor/Program Title	*State CSFA Number*	*Contract Number*	*State Expenditures*	*Transfers to Subrecipients*
State of Florida Department of Health				
Auditory-Oral Early Intervention	64.150	COHQ2	$ 650,000	$ 370,700
Passed through Florida Association of Free and Charitable Clinics:				
Florida Association of Free and Charitable Clinics	64.136	n/a	95,500	-
Total State of Florida Department of Health			745,500	370,700
State of Florida Department of Highway Safety and Motor Vehicles				
Children's Hearing Help Fund Voluntary Contribution	76.090	n/a	31,167	-
Total State of Florida Department of Highway Safety and Motor Vehicles			31,167	-
Total Expenditures of State Project Awards			$ 776,667	$ 370,700

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Sertoma Speech & Hearing Foundation of Florida, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

REEDER & ASSOCIATES, PA
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sertoma Speech & Hearing Foundation of Florida, Inc. (Sertoma), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sertoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sertoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Sertoma's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sertoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sertoma's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sertoma's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reeder & Associates, PA

Certified Public Accountants
January 18, 2021

REEDER & ASSOCIATES, PA
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

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

Report on Compliance for Each Major State Project

We have audited Sertoma Speech & Hearing Foundation of Florida, Inc.'s (Sertoma) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Sertoma's major state projects for the year ended September 30, 2020. Sertoma's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sertoma's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations*. Those standards and Chapter 10.650, *Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Sertoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of Sertoma's compliance.

Opinion on Each Major State Project

In our opinion, Sertoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of Sertoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sertoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sertoma's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations*. Accordingly, this report is not suitable for any other purpose.

Reeder & Associates, PA

Certified Public Accountants
January 18, 2021

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the basic financial statements of Sertoma Speech & Hearing Foundation of Florida, Inc. (Sertoma) were prepared in accordance with GAAP.

2. No significant deficiencies were disclosed during the audit of the basic financial statements and no material weaknesses are reported.

3. No instances of noncompliance material to the basic financial statements of Sertoma were disclosed during the audit.

4. No significant deficiencies were disclosed during the audit of the major state project and no material weaknesses are reported.

5. The auditor's report on compliance for the major state project for Sertoma expresses an unmodified opinion on the major state project.

6. There were no audit findings relative to the major state project of Sertoma that are required to be reported.

7. The state project tested as a major project was:

   64.150 Auditory-Oral Early Intervention $650,000

8. The threshold for distinguishing Type A and Type B projects was $300,000 for major state projects.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS

NONE

D. OTHER ISSUES

NONE

E. PRIOR YEAR FINDINGS

NONE

F. MANAGEMENT LETTER – CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

ONE ITEM REPORTED ON PAGE 25

G. CORRECTIVE ACTION PLAN

NOT APPLICABLE AS NO ITEMS REPORTED

REEDER & ASSOCIATES, PA
Certified Public Accountants

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the accompanying financial statements of Sertoma Speech & Hearing Foundation of Florida, Inc. (Sertoma) as of and for the fiscal year ended September 30, 2020 and have issued our report thereon dated January 18, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; Report of Independent Certified Public Accountants on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.650, Rules of The Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 18, 2021, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings. However, our audit disclosed the following matter to be disclosed:

> During our audit, we noted that Sertoma's general ledger and financial reporting system is not being utilized to its fullest potential to be able to provide certain financial reports directly from its system without additional reconciliation. At a minimum, we recommend cost center sub-classes be created to improve tracking and financial reporting.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Reeder & Associates, PA

Certified Public Accountants
January 18, 2021