REEDER & ASSOCIATES, PA
Certified Public Accountants

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

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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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sertoma Speech & Hearing Foundation of Florida, Inc. (Sertoma), which comprise the statements of financial position as of September 30, 2022 and 2021 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sertoma as of September 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sertoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sertoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sertoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, 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 schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023, 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 12, 2023

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Cash	$ 43,764	$ 228,130
Accounts receivable	375,000	40,534
Prepaid expenses	3,926	-
Total Current Assets	422,690	268,664
Beneficial interest in Community Foundation	119,380	155,302
Property and equipment, net of accumulated depreciation of $177,429 and $156,708, respectively	86,869	97,590
Right-of-use asset, operating lease	120,385	-
Other assets	12,823	-
TOTAL ASSETS	$ 762,147	$ 521,556
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payable to subcontractors	$ 255,871	$ 18,852
Payroll liabilities	821	308
Deferred revenue	-	5,328
Operating lease liability, current portion	16,039	-
Paycheck Protection Program loan	-	55,370
Total Current Liabilities	272,731	79,858
Operating lease liability, long-term portion	104,346	-
Total Liabilities	377,077	79,858
Net Assets		
Without donor restrictions:		
Undesignated	178,821	188,806
Designated by the Board for endowment	119,380	155,302
Invested in property and equipment	86,869	97,590
With donor restrictions	-	-
Total Net Assets	385,070	441,698
TOTAL LIABILITIES AND NET ASSETS	$ 762,147	$ 521,556

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, 2022 AND 2021

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenue		
Contributions	$ 64,130	$ 167,227
Grants and contracts	1,427,316	837,833
Program service fees and other income	17,370	24,892
In-kind contributions	8,592	8,042
	1,517,408	1,037,994
Special events	12,787	-
Less: cost of direct benefit to donor	(5,121)	-
	7,666	-
Total Support and Revenue	1,525,074	1,037,994
Expenses		
Program Services	1,472,642	911,835
Support Services		
Management and general	78,781	76,515
Fundraising	8,577	4,488
Total Support Services	87,358	81,003
Total Expenses	1,560,000	992,838
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE OTHER CHANGES	(34,926)	45,156
OTHER CHANGES		
Net investment return	(21,702)	14,190
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(56,628)	59,346
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	-
CHANGE IN NET ASSETS	(56,628)	59,346
NET ASSETS, beginning of the year	441,698	382,352
NET ASSETS, end of year	$ 385,070	$ 441,698

Read Report of Independent Certified Public Accountants.
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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, 2022

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	$ 388,073	$ 8,630	$ 1,800	$ 10,430	$ 398,503
Payroll taxes	31,207	681	138	819	32,026
Employee benefits	43,738	243	61	304	44,042
Total salaries and related expenses	463,018	9,554	1,999	11,553	474,571
Advocacy	-	1,500	-	1,500	1,500
Advertising and promotion	3,776	3,650	-	3,650	7,426
Bank charges	186	65	72	137	323
Conferences and meetings	910	152	-	152	1,062
Consulting fees	5,875	17,625	-	17,625	23,500
Development and training	-	150	-	150	150
Dues and subscriptions	10,867	2,799	27	2,826	13,693
Hearing services and supplies	93,554	-	-	-	93,554
Insurance	28,206	1,713	56	1,769	29,975
Maintenance	859	-	-	-	859
Mileage	3,906	431	-	431	4,337
Miscellaneous	312	1,431	5,442	6,873	7,185
Moving expense	-	12,787	-	12,787	12,787
Office expense	22,710	2,568	179	2,747	25,457
Postage and shipping	2,686	389	30	419	3,105
Professional fees	8,447	14,750	-	14,750	23,197
Rent	18,063	1,702	186	1,888	19,951
Sponsorships and donations	100	3,000	-	3,000	3,100
Storage	3,336	95	144	239	3,575
Subcontractors	727,528	-	-	-	727,528
Travel	28,856	1,555	-	1,555	30,411
Utilities	12,131	113	28	141	12,272
Vehicle	18,667	-	-	-	18,667
Total expenses before interest and depreciation	1,453,993	76,029	8,163	84,192	1,538,185
Interest expense	-	1,094	-	1,094	1,094
Depreciation expense	18,649	1,658	414	2,072	20,721
Total expenses	$ 1,472,642	$ 78,781	$ 8,577	$ 87,358	$ 1,560,000

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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, 2021

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	$ 276,425	$ 16,714	$ 1,285	$ 17,999	$ 294,424
Payroll taxes	24,888	1,336	110	1,446	26,334
Employee benefits	39,411	1,829	22	1,851	41,262
Total salaries and related expenses	340,724	19,879	1,417	21,296	362,020
Advocacy	-	1,500	-	1,500	1,500
Advertising and promotion	7,257	3,862	27	3,889	11,146
Bank charges	354	2	95	97	451
Conferences and meetings	4,733	510	-	510	5,243
Consulting fees	5,875	17,625	-	17,625	23,500
Development and training	-	1,244	-	1,244	1,244
Dues and subscriptions	7,682	2,445	103	2,548	10,230
Hearing services and supplies	63,557	-	-	-	63,557
Insurance	17,171	1,099	34	1,133	18,304
Maintenance	879	-	-	-	879
Mileage	1,540	86	5	91	1,631
Miscellaneous	1,931	981	545	1,526	3,457
Office expense	15,181	2,453	231	2,684	17,865
Postage and shipping	2,329	148	51	199	2,528
Professional fees	5,419	14,425	-	14,425	19,844
Rent	8,950	8,042	-	8,042	16,992
Sponsorships and donations	-	408	-	408	408
Storage	1,025	-	1,571	1,571	2,596
Subcontractors	359,577	-	-	-	359,577
Travel	20,454	-	-	-	20,454
Utilities	11,386	466	75	541	11,927
Vehicle	20,741	-	-	-	20,741
Total expenses before depreciation	896,765	75,175	4,154	79,329	976,094
Depreciation expense	15,070	1,340	334	1,674	16,744
Total expenses	$ 911,835	$ 76,515	$ 4,488	$ 81,003	$ 992,838

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (56,628)	$ 59,346
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	20,721	16,744
Realized and unrealized (gains) losses on beneficial interest in Community Foundation	23,156	(13,270)
(Increase) decrease in accounts receivable	(334,466)	131,441
(Increase) decrease in prepaid expenses	(3,926)	-
(Increase) decrease in other assets	(12,823)	-
Increase (decrease) in payable to subcontractors	237,019	(73,823)
Increase (decrease) in payroll liabilities	513	308
Increase (decrease) in deferred revenue	(5,328)	5,328
Total Adjustments	(75,134)	66,728
Net Cash Provided by (Used in) Operating Activities	(131,762)	126,074
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(10,000)	(33,483)
Distribution from beneficial interest in Community Foundation	14,208	-
Purchase of beneficial interest in Community Foundation	(1,442)	(84,858)
Net Cash Provided by (Used in) Investing Activities	2,766	(118,341)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Paycheck Protection Program loan	(55,370)	-
Net Cash Provided by (Used in) Financing Activities	(55,370)	-
NET INCREASE (DECREASE) IN CASH	(184,366)	7,733
CASH, BEGINNING OF YEAR	228,130	220,397
CASH, END OF YEAR	$ 43,764	$ 228,130
DISCLOSURE OF SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 1,094	$ -
Non-cash lease liability from obtaining right-of-use asset	$ 121,617	$ -

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. Sertoma has served over 27,000 children in the state through early intervention programs including free hearing screenings, free evaluations, and low cost fitting and dispensing of hearing aids The mobile clinic program has also served over 900 seniors with audiology services. Sertoma also provides free amplified phones through FTRI (Florida Telecommunications Relay, Inc.), free hearing aid batteries, and loaner aids when hearing aids are broken or lost. Sertoma's vision is to have seven vans positioned throughout the state to easily serve everyone who struggles with hearing loss.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Recent Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842;* ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors – Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

Sertoma elected to early adopt these ASUs effective October 1, 2021 due to entering into a new long-term lease during the year ended September 30, 2022. The adoption had a material impact on Sertoma's statement of financial position for the recognition of an operating lease ROU asset and lease liability, but did not have a material impact on the statement of activities.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 and 2021.

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, 2022 and 2021. 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, 2022, one grantor accounted for approximately 81% of total revenues without donor restrictions. As of September 30, 2021, two grantors accounted for approximately 73% (59% and 14%) of total revenues without donor restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Sertoma capitalizes property and equipment over $5,000. 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.

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.

Leases

Sertoma leases certain office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under Accounting Standards Codification (ASC) 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Sertoma uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments for leases that do not provide an implicit rate.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sertoma has elected to apply the short-term lease exception to all leases with a term of one year or less.

Lease agreements with lease and non-lease components are accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

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, 2022 and 2021, 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, 2019.

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.

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, 2022 and 2021, 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:

	2022	2021
Financial assets:		
Cash	$ 43,764	$ 228,130
Accounts receivable	375,000	40,534
Beneficial interest in Community Foundation	119,380	155,302
	538,144	423,966
Less those unavailable for general expenditure within one year due to:		
Payable to subcontractors	(255,871)	(18,852)
Beneficial interest in Community Foundation	(119,380)	(155,302)
Financial assets available to meet cash needs for general expenditures within one year	$ 162,893	$ 249,812

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, 2022 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in Community Foundation	$ 119,380	$ -	$ -	$ 119,380

NOTE D – FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at September 30, 2021 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in Community Foundation	$ 155,302	$ -	$ -	$ 155,302

	Level 3
September 30, 2020	$ 57,174
Grants and settlements	-
Contributions	83,953
Change in value of funds held in trust	14,175
Transfers in and/or out of Level 3	-
September 30, 2021	155,302
Grants and settlements	(14,208)
Contributions	-
Change in value of funds held in trust	(21,714)
Transfers in and/or out of Level 3	-
September 30, 2022	$ 119,380

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, 2022	September 30, 2021
Equipment	$ 147,145	$ 147,145
Vehicles	115,278	105,278
Sign	1,875	1,875
	264,298	254,298
Less: Accumulated depreciation	(177,429)	(156,708)
	$ 86,869	$ 97,590

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 $119,380 and $155,302 at September 30, 2022 and 2021. These funds are recorded by Sertoma as follows:

Beneficial interest in Community Foundation as of September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Sertoma Speech & Hearing Foundation of Florida	$ 119,380	$ -	$ 119,380

Beneficial interest in Community Foundation as of September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Sertoma Speech & Hearing Foundation of Florida	$ 155,302	$ -	$ 155,302

NOTE F – BENEFICIAL INTEREST IN COMMUNITY FOUNDATION (continued)

Changes in Beneficial Interest in Community Foundation for the year ended September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 155,302	$ -	$ 155,302
Contributions	-	-	-
Grants	(14,208)	-	(14,208)
Investment Income	1,442	-	1,442
Net depreciation (realized and unrealized)	(23,156)	-	(23,156)
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ 119,380	$ -	$ 119,380

Changes in Beneficial Interest in Community Foundation for the year ended September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 57,174	$ -	$ 57,174
Contributions	83,953	-	83,953
Grants	-	-	-
Investment Income	905	-	905
Net appreciation (realized and unrealized)	13,270	-	13,270
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ 155,302	$ -	$ 155,302

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, 2022 and 2021 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 two years, an interest rate of 1%, and initial loan payments are deferred. The loan can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Sertoma was fortunate to obtain funding for these costs during the forgiveness calculation period. The full amount of the loan was repaid in monthly installments of principal and interest of $7,039 during fiscal 2022.

NOTE H – LINE OF CREDIT

During the year ended September 30, 2022, Sertoma obtained a Business Line of Credit with the same commercial bank it maintains certain of its deposit accounts that allows Sertoma to borrow up to $50,000 through MasterCard advances. Interest is payable monthly and had a rate of 13.75% with a zero balance outstanding at September 30, 2022.

NOTE I – LEASES

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

As of September 30, 2022, the ROU asset had a balance of $120,385 and the lease liability had current portion ($16,039) and noncurrent portion ($104,346) balances as shown on the statement of financial position. The lease asset and liability were calculated utilizing Sertoma's incremental borrowing rate of 13.75% identified in Note H. The lease agreement also contains a non-lease component for common area maintenance/utilities (CAM) of $1,500 per month. CAM expense may be adjusted based on changes in actual costs after a thirty day prior written notice from the Lessor. Sertoma ended its short-term lease for office space and moved during the year ended September 30, 2022. As a result, Sertoma had no short-term lease commitments at September 30, 2022.

Additional information about Sertoma's operating lease as of September 30, 2022 is as follows:

Lease costs:	**Program Services**	**Management and General**	**Fund-raising**	**Total**
Operating lease cost (rent)	$ 2,000	$ 959	$ -	$ 2,959
Short-term lease cost (rent)	8,330	56	14	8,400
Non-lease component (utilities)	1,167	-	-	1,167

Other Information:

Cash paid for amounts included in measuring operating lease liabilities – Operating cash flows from operating leases	$ 2,959
Lease assets obtained in exchange for lease obligations – Operating leases	$ 121,617
Weighted-average remaining lease term (months)	59
Weighted-average discount rate	13.75%

Maturities of the operating lease liability as of September 30, 2022 are as follows:

Year ending September 30:	
2023	$ 31,613
2024	32,877
2025	34,192
2026	35,560
2027	33,788
Total lease payments	168,030
Less interest	(47,645)
Present value of operating lease liability	$ 120,385

NOTE J – DONATED FACILITIES

In-kind contributions totaled $8,592 and $8,042 for the years ended September 30, 2022 and 2021, respectively. In-kind expenses included in the accompanying statement of functional expenses are as follows:

September 30, 2022	Program Services	Management and General	Fund-raising	Total
Rent	$ 7,733	$ 687	$ 172	$ 8,592

September 30, 2021	Program Services	Management and General	Fund-raising	Total
Rent	$ -	$ 8,042	$ -	$ 8,042

NOTE K – 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 $6,761 and $4,572 for the years ended September 30, 2022 and 2021, respectively.

NOTE L – 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 M – RELATED-PARTY TRANSACTIONS

Sertoma rented certain office space at a discounted rate from one of its board members. The total amount of rent paid during the years ended September 30, 2022 and 2021 was $8,400 and $8,950, respectively. The amount of donated facilities included in Note J relates to this office space. Sertoma moved out of this office space during the year ended September 30, 2022.

NOTE N – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 12, 2023, the date the financial statements were available to be issued.

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, 2022

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	COHCG	$ 842,916	$ 495,380
Auditory-Oral Early Intervention	64.150	COHCG-R1	375,000	232,148
Subtotal CSFA 64.150			1,217,916	727,528
Passed through Florida Association of Free and Charitable Clinics:				
Florida Association of Free and Charitable Clinics	64.136	n/a	115,000	-
Total State of Florida Department of Health			1,332,916	727,528
State of Florida Department of Highway Safety and Motor Vehicles				
Children's Hearing Help Fund Voluntary Contribution	76.090	n/a	30,520	-
Total State of Florida Department of Highway Safety and Motor Vehicles			30,520	-
Total Expenditures of State Project Awards			$ 1,363,436	$ 727,528

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*

To the 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, 2022, 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 12, 2023.

Report on 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.

Report on 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 12, 2023

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

Report on Compliance for Each Major State Project

Opinion

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, 2022. Sertoma's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sertoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major State Project

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

We are required to be independent of Sertoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of Sertoma's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sertoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sertoma's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sertoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sertoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of Sertoma's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Reader & Associates, PA
Certified Public Accountants
January 12, 2023

SERTOMA SPEECH & HEARING FOUNDATION OF FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

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 $1,217,916

8. The threshold for distinguishing Type A and Type B projects was $409,031 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, STATE OF FLORIDA*

NOT APPLICABLE AS NO ITEMS REPORTED

G. CORRECTIVE ACTION PLAN

NOT APPLICABLE AS NO ITEMS REPORTED