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Center for Hearing and Communication

Financial Statements

Year Ended June 30, 2014

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Independent Auditor's Report

Board of Directors of
Center for Hearing and Communication
New York, New York

We have audited the accompanying financial statements of the Center for Hearing and Communication ("CHC"), which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Hearing and Communication as of June 30, 2014 and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
The financial statements of Center for Hearing and Communication as of June 30, 2013, were audited by other auditors whose report dated September 18, 2013, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

WeiserMazars LLP

October 23, 2014

Center for Hearing and Communication

Statement of Financial Position

June 30, 2014 (with comparative totals for 2013)

	2014	2013
Current Assets:		
Cash and cash equivalents	$ 309,266	$ 203,722
Accounts receivable less allowance for doubtful accounts of $70,741 for 2014 and $166,466 for 2013	189,658	160,873
Contributions receivable, net current portion	379,150	583,700
Grants receivable	237,724	231,629
Listening device inventory	68,289	78,153
Prepaid expenses and other assets	7,266	10,772
Total current assets	1,191,353	1,268,849
Assets limited to use	287,462	280,000
Investments at fair value	3,783,804	3,335,936
Contributions receivable net, less current portion	41,000	170,240
Beneficial interest in trust	636,623	569,206
Fixed assets, net	417,778	494,307
Total assets	$ 6,358,020	$ 6,118,538
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 481,255	$ 548,966
Accrued vacation payable	149,941	167,228
Line of credit	250,000	250,000
Loan payable, current portion	74,615	71,097
Deferred revenue, current portion	-	1,594
Total current liabilities	955,811	1,038,885
Loan payable, net of current portion	51,655	126,129
Deferred rent	237,024	160,080
Deferred revenue, net of current portion	70,441	89,874
Total liabilities	1,314,931	1,414,968
Net assets (deficit)		
Unrestricted	(466,644)	(591,478)
Temporarily restricted	1,087,100	872,603
Permanently restricted	4,422,633	4,422,445
Total net assets	5,043,089	4,703,570
Total liabilities and net assets	$ 6,358,020	$ 6,118,538

The accompanying notes are integral part of these financial statements.

Center for Hearing and Communication

Statement of Activities

Year Ended June 30, 2014 (With Comparative Totals for 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
Revenue					
Fee for service:					
Patient service revenue, net	$ 1,124,429	$ -	$ -	$ 1,124,429	$ 1,264,490
Hearing aid sales, net of cost of goods sold of $745,586 for 2014 and $723,787 for 2013	839,408	-	-	839,408	597,459
Total fee for service	1,963,837	-	-	1,963,837	1,861,949
Public support:					
Government grants and contracts	404,940	-	-	404,940	404,940
Broward county grants and contracts	888,774	-	-	888,774	922,436
Foundation and corporate grants	419,619	192,200	-	611,819	665,506
Contributions-operational support	638,589	67,417	188	706,194	507,248
Special event income, net of direct donor benefit of $171,085 for 2014 and $166,166 for 2013	523,040	-	-	523,040	525,756
Total public support	2,874,962	259,617	188	3,134,767	3,025,886
Net assets released from restrictions	477,530	(477,530)	-	-	-
Investment income and other revenues:					
Interest and dividend income		91,334		91,334	76,149
Net realized and unrealized gain on investments		341,076		341,076	147,288
Other income	20,966		-	20,966	36,354
Total investment income and other revenues	20,966	432,410	-	453,376	259,791
Total revenue	5,337,295	214,497	188	5,551,980	5,147,626
Expenses:					
Program services	4,183,399	-	-	4,183,399	4,179,263
Management and general	539,376	-	-	539,376	738,229
Fundraising	489,686	-	-	489,686	519,692
Total expenses	5,212,461	-	-	5,212,461	5,437,184
Change in net assets	124,834	214,497	188	339,519	(289,558)
Net assets, beginning of year	(591,478)	872,603	4,422,445	4,703,570	4,993,128
Net assets, end of year	$ (466,644)	$ 1,087,100	$ 4,422,633	$ 5,043,089	$ 4,703,570

The accompanying notes are an integral part of these financial statements.

Center for Hearing and Communication

Statement of Functional Expenses

Year Ended June 30, 2014 (With Comparative Totals for 2013)

	Program Services			Supporting Services			Total	
	New York	Florida	Total Program Services	Management and General	Fundraising	Total Supporting Services	2014	2013
Salaries and related expenses:								
Salaries	$ 1,611,077	$ 849,706	$ 2,460,783	$ 252,554	$ 288,598	$ 541,152	$ 3,001,935	$ 3,171,114
Employee benefits and taxes	306,792	138,333	445,125	39,313	56,030	95,343	540,468	617,251
Total salaries and related expenses	1,917,869	988,039	2,905,908	291,867	344,628	636,495	3,542,403	3,788,365
Other expenses:								
Occupancy	537,958	84,382	622,340	72,349	52,185	124,534	746,874	741,658
Professional fees and contracted services	190,408	35,236	225,644	51,410	54,122	105,532	331,176	209,607
Program transportation	32,139	92,402	124,541	1,279	370	1,649	126,190	155,736
Program meals and participants incidentals	3,326	60,062	63,388	-	911	911	64,299	55,969
Supplies	18,117	5,322	23,439	9,730	2,439	12,169	35,608	36,423
Printing and postage	11,361	1,324	12,685	2,568	11,490	14,058	26,743	28,878
Insurance	32,636	6,861	39,497	3,815	4,950	8,765	48,262	48,329
Repairs and maintenance	7,038	193	7,231	3,347	6,748	10,095	17,326	23,067
Telephone	10,448	5,604	16,052	2,611	1,468	4,079	20,131	20,135
Mobile testing unit	17,339	-	17,339	-	-	-	17,339	12,626
Equipment lease expense	16,140	7,928	24,068	1,759	1,864	3,623	27,691	29,410
Miscellaneous expenses	2,778	1,620	4,398	4,334	147	4,481	8,879	4,965
Conference and training	3,013	956	3,969	3,716	2,347	6,063	10,032	13,182
Dues and subscriptions	4,311	1,848	6,159	652	995	1,647	7,806	14,729
Advertising	913	1,912	2,825	731	2,638	3,369	6,194	8,510
Credit card fees and bank charges	49	5,881	5,930	52,280	68	52,348	58,278	59,822
Interest	-	-	-	19,519	-	19,519	19,519	22,402
Bad debts		-	-	-	-	-	-	57,802
Uptown office moving expense	-	-	-	12,689	-	12,689	12,689	-
Total expenses before depreciation	2,805,843	1,299,570	4,105,413	534,656	487,370	1,022,026	5,127,439	5,331,615
Depreciation	76,884	1,102	77,986	4,720	2,316	7,036	85,022	105,569
Total expenses	$ 2,882,727	$ 1,300,672	$ 4,183,399	$ 539,376	$ 489,686	$ 1,029,062	$ 5,212,461	$ 5,437,184

The accompanying notes are an integral part of these financial statements.

Center for Hearing and Communication
Statement of Cash Flows
Year Ended June 30, 2014

	2014	2013
Cash flows from operating activities		
Changes in net assets	$ 339,519	$ (289,558)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	85,022	105,569
Provisions for bad debts, net	-	57,802
Unrealized gains on investments	(340,810)	(134,167)
Realized gains on investments	(266)	(13,121)
Beneficial interest in a trust	(67,417)	(54,856)
(Increase) decrease in present value for contribution receivable	(1,059)	8,988
(Increase) decrease in:		
Accounts receivable	(28,785)	140,868
Contributions receivable	334,849	222,663
Grants receivable	(6,095)	(15,970)
Listening device inventory	9,864	(16,753)
Prepaid expenses and other assets	3,506	38,924
(Increase) decrease in:		
Accounts payable and accrued expenses	(67,711)	(88,695)
Accrued vacation payable	(17,287)	9,799
Deferred rent	76,944	105,483
Deferred revenue	(21,027)	(19,895)
Net cash provided by operating activities	299,247	57,081
Cash flows from investing activities		
Assets limited to use	(7,462)	(90,046)
Purchase of investments	(284,164)	(786,104)
Proceeds from sale of investments	177,372	830,274
Purchase of fixed assets	(8,493)	(13,242)
Net cash used in investing activities	(122,747)	(59,118)
Cash flows from financing activities		
Repayment of line of credit	-	150,000
Principal payments of loan payable	(70,956)	(67,612)
Net cash (used in) provided by financing activities	(70,956)	82,388
Net increase in cash and cash equivalents	105,544	80,351
Cash and cash equivalents, beginning of year	203,722	123,371
Cash and cash equivalents, end of year	$ 309,266	$ 203,722
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 17,004	$ 20,231

The accompanying notes are an integral part of these financial statements.

1. Description of Organization

The Center for Hearing and Communication ("CHC") provides a wide range of hearing health care services and emotional wellness treatment to people of all ages who have a hearing loss and/or listening challenges, regardless of ability to pay. With offices in New York City and Florida, CHC meets hearing, communication and mental health needs through professional services that offer the highest level of clinical expertise and use of state-of-the-art technology. CHC provides many services including hearing screenings, complete hearing evaluations, hearing aid fittings and sales, auditory-oral training for children who are deaf and hard of hearing, auditory training and speech reading therapy for adults, tinnitus retraining therapy, emotional health and wellness, and the evaluation and treatment of auditory processing disorders.

CHC is the sole shareholder of Westside Listening and Learning, Inc. ("WLL") a for-profit corporation established in 2013, which provides speech and language therapy and education remediation for people with auditory processing disorders and other listening challenges. The activity of WLL which commenced operations in December 2013 is excluded from CHC's financial statements. Neither the revenues and expenses, nor assets and liabilities, are material in relation to CHC taken as a whole.

2. Summary of Significant Accounting Policies

General

The financial statements have been prepared on an accrual basis. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

Financial Statement Presentation

The classification of CHC's net assets is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

(i) Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by CHC is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CHC.

(ii) Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by CHC is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of CHC pursuant to those stipulations.

(iii) Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in that period.

Income from investment gains and losses, including unrealized gains and losses, dividends and interest relating to investments that are permanently restricted are reported as increases (or decreases) in temporarily restricted net assets and are released into unrestricted net assets in accordance with CHC's endowment fund spending policy unless the use of the income received is limited by donor-imposed restrictions.

Cash and Cash Equivalents
CHC considers all highly liquid financial instruments with maturity dates of three months or less from the date purchased to be cash equivalents, excluding assets whose use is restricted by donors.

Investments
Investments in money market funds, equity securities and mutual funds with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Fair Value Measurements
Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures", establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as CHC would use in pricing CHC's asset or liability based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of CHC are traded. CHC estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers administering each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities and publicly-traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2 – Valuation based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices. Examples include corporate bonds (investment grade, high yield), mortgage-backed securities, bank loans, loan commitments, less liquid listed equities, municipal bonds and certain over-the-counter derivatives.

Level 3 – Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

Allowance for Doubtful Accounts
CHC maintains an allowance for potentially uncollectible accounts. This allowance is set up as a reserve based on the balances in the various aging categories and historical losses experienced relative to those categories. When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged against the allowance. Subsequent recoveries of amounts previously written-off are credited directly to revenue.

Promises to Give
Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Listening Device Inventory
Hearing aids are stated at the lower of cost (determined on a first-in, first-out basis) or market. Purchases of consumer ancillary supplies are considered expensed within the current fiscal year.

Fixed Assets
Fixed assets are stated at cost, or if donated, at fair market value as of the date of the gift. The cost of fixed assets is depreciated over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the assets are as follows:

	Years
Scientific equipment	5-10
Furniture, fixtures and equipment	3-10
Mobile unit	10

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvement.

Impairment of Long-Lived Assets
CHC follows the provisions of ASC 360-10-35, "Accounting for the Impairment or Disposal of Long-Lived Assets", which requires CHC to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less that the carrying amount of that asset. For the year ended June 30, 2014, there have been no such losses.

Deferred Rent
CHC recognized rent expense on a straight-line basis, based on the total rental payments due during the lease term. CHC records a deferred rent obligation to reflect the excess of rent expense over payments required according to the term of the lease since its inception.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Patient Service Revenue, Including Third-Party Reimbursement
CHC has a broad base of clients with various types of medical coverage. CHC processes its own patient service claims of Medicare, Medicaid, commercial insurance carriers, and others.

Insurance revenue is recorded at published charges with contractual allowances deducted to arrive at net patient services revenue.

Certain income from government agencies is recognized when expenses are incurred under approved contracts. These contracts are primarily budget based and revenue is determined by allowable expenditures in contract periods. Costs are subject to audit by third-party payors and changes, if any, are recognized in the year known.

Income Taxes
CHC was incorporated in the State of New York and is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, CHC has been determined by the Internal Revenue Service ("IRS") not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2014. CHC is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2011.

Accounting for Uncertainty in Income Taxes
Under ASC 740, "Income Taxes", an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. CHC does not believe there are any material uncertain tax positions and, accordingly, they have not recognized any liability for unrecognized tax benefits. CHC has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended June 30, 2014, there was no interest or penalties recorded or included in the statement of activities.

Comparative Financial Information
The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CHC's financial statements for the year ended June 30, 2013 from which summarized information was derived.

Functional Allocation of Expenses
The cost of providing the various programs and other activities has been summarized on an individual basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Endowment Funds
The CHC's endowment fund consists of investments that are permanently restricted. CHC follows the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as they relate to its permanently restricted contributions and net assets, effective upon New York State's enactment of the legislation in September 2010. Previously, CHC followed the requirements of the Uniform Prudent Management of Institutional Funds Act of 1972 ("UPMIFA").

This law made significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The new law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. This should provide some relief to organizations that, due to the recent economic downturn, have found themselves with underwater endowments. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impractical or wasteful.

The following applies to the endowment fund:

*Interpretation of Relevant La*w
The Board of Directors of CHC have interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, CHC classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent fund, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The investment income earned on the accumulations to the permanently restricted endowment funds is classified based on donor stipulations as either unrestricted or temporarily restricted net assets until the donor-imposed restrictions have been met.

Investment and Spending Policies
CHC has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that CHC must hold in perpetuity. Under this policy, as approved by the Finance Committee and Board of Directors of CHC, the endowment assets are invested in vehicles such as money market funds, fixed income securities, mutual funds, government and equity securities, as well as certificates of deposit that are intended to produce moderate to high rates of return while assuming a moderate to low level of investment risk.

CHC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the funds;
- availability of other funding sources;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation/depreciation of investments.
- purposes of donor-restricted endowment fund; and
- the investment and spending policies of CHC's endowment investment returns distribution policy, which applies to CHC and allows for expenditures of investment return only at a rate not to exceed 6% of the permanently restricted net asset balance on an annual basis.

3. Financial Instruments and Fair Value

CHC's holdings consist of money market funds, short-term, equity and fixed income securities carried at their aggregate market value that is determined by quoted market prices. Each of the above investments can be liquidated daily. The valuation of the above is based on Level 1 inputs within the hierarchy used in measuring fair value.

Interests in fixed income securities are carried at the stated unit values provided by the investment manager of the funds. The investment manager provides observable detailed information about the underlying securities, all of which are publicly-traded securities (equities, treasuries and bonds). These investments can be liquidated upon maturity date. Given the fact that a small portion of these securities do not have quoted market prices and are auctioned on a quarterly basis, their valuation is based on Level 2 inputs within the hierarchy used in measuring fair value.

CHC's cost and fair value of investments for June 30, 2014 are summarized as follows:

	Fair Value	Cost
Mutual funds:		
International funds	$ 602,877	$ 539,165
Stock funds	1,374,254	952,881
Bond funds	1,366,448	1,366,446
Short-term funds	249,003	249,005
Sallie Mae Corporate bond	191,222	200,349
	$ 3,783,804	$ 3,307,846

Below sets forth the table of assets measured at fair value as of June 30, 2014:

	Fair Value Measurement at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance as of June 30, 2014
Mutual funds:				
International funds	$ 602,877	$ -	$ -	$ 602,877
Stock funds	1,374,254	-	-	1,374,254
Bond funds	1,366,448	-	-	1,366,448
Short-term funds	249,003	-	-	249,003
Sallie Mae Corporate bond	-	191,222	-	191,222
Beneficial interest in a trust	-	-	636,623	636,623
	$ 3,592,582	$ 191,222	$ 636,623	$ 4,420,427

During the fiscal year ended June 30, 2014, there were no changes to the classification of investments within the fair value hierarchy. At June 30, 2014, CHC's financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) represent the fair value of CHC's beneficial interest in a trust of $636,623. There currently is no market in which beneficial interest in trusts trade; therefore, no observable exit price exists for a beneficial interest in a trust.

The following table represents the reconciliation of the beginning and ending balances of CHC's financial assets measured at fair value on a recurring basis using significant unobservable inputs during the year ended June 30, 2014:

		Beneficial Interest in a Trust
Beginning balance at July 1, 2013	$	569,206
Unrealized appreciation		67,417
Ending balance at June 30, 2014	$	636,623

As of June 30, 2014, CHC accounted for all securities which were in an unrealized loss position as temporarily impaired. Such conclusion was based on the ability and intent of CHC to retain the investment for sufficient time to allow an anticipated recovery in value and the absence of specific adverse events related to the issuer of the security.

Investment earnings are comprised of the following:

Realized gains on investments	$	266
Unrealized gain on investments		340,810
Interest and dividends on investments		91,334
	$	432,410

4. Beneficial Interest in a Trust

CHC was named as a beneficiary in a Charitable Remainder Unitrust (the "Trust"). CHC is not the trustee of the Trust nor is it able to exercise control over assets contributed to the Trust. Under the Trust agreement, life beneficiaries will receive 5% of the fair market value of the Trust assets each year for the remainder of their lives. CHC will receive 25% of the remaining assets after the last beneficiary has expired (the "life tenant"). As of June 30, 2014, the fair value of net assets held in the Trust amounted to $3,566,853.

The present value of the future cash flows is expected to be paid to the life tenants over their estimated lives. In each taxable year of the Trust, the trustee of the Trust shall pay to life tenants, a unitrust amount equal to 5% of the fair market value of the assets of the Trust valued as of the first day of each taxable year of the Trust (the "valuation date"). Thus, as the market value of the Trust fluctuates, so do the annuities payable to the life tenants. As of June 30, 2014, the present value of future payments due to the life tenants amounted to $1,020,360.

Since CHC is not the trustee of the Trust nor is it able to exercise control over the assets, CHC has recorded the expected amount due from the Trust as "Beneficial interest in trust" on the statement of financial position which was $636,623 as of June 30, 2014.

5. Contributions Receivable, Net

The net present value of contributions receivable was calculated using a discount rate equal to the risk-free interest rate, which is the U.S. Treasury note interest rate in effect at the time contributions are made and equal in duration to the length of time that the contribution is expected to be paid over.
The following represents future payments due:

Amounts due in		
Within one year	$	379,150
Within two to five years, net of present value discount of $561		41,000
Net present value of contributions receivable at June 30, 2014	$	420,150

For the year ended June 30, 2014, the net present value blended discount rate was .45%.

6. Fixed Assets, Net

Fixed assets, net, stated at cost, consists of the following:

Leasehold improvements	$	953,259
Scientific equipment		559,032
Furniture, fixture and equipment		226,513
Mobile units		183,753
Total fixed assets		1,922,557
Less: Accumulated depreciation and amortization		(1,504,779)
Fixed assets, net	$	417,778

7. Line of Credit

In February 2011, CHC entered into a $250,000 line of credit with a financial institution which is payable on demand. Interest payments on all unpaid principal are due on a monthly basis. Interest is charged at the bank's prime rate (3.25% at June 30, 2014) plus .25%. The line of credit is collateralized by all personal property of CHC. The outstanding borrowings at June 30, 2014 were $250,000.

8. Loan Payable

CHC has a loan payable with a financial institution maturing on February 17, 2016. Payments of $6,578 are due monthly, including interest of 4.77%. The loan is secured by all business assets. The outstanding loan balance at June 30, 2014 was $126,270, inclusive of $74,615 due during the next fiscal year which is reported as a current liability on the statement of financial position.

Principal repayments of loan payable are as follows:

Year Ending June 30,		
2015	$	70,956
2016		55,314
	$	126,270

9. Temporarily Restricted Net Assets and Net Assets Released From Restrictions

Temporarily restricted net assets consist of funds available for the following purposes:

Center for Hearing and Aging	$	30,000
Evaluations APD		2,588
Donor Imposed Time Restrictions		637,156
Investment Income		417,356
	$	1,087,100

The amounts of temporarily restricted net assets released from restrictions during the year ended June 30, 2014 are as follows:

Senior Hearing Program	$	74,652
Center for Hearing and Aging		97,833
Mobile Unit-Hearing Testing		39,814
Evaluations APD		22,412
Job training		619
Investment income		100,000
Family Resource Center		50,000
IT Infrastructure		10,000
Communication outreach		25,000
Turning Points workshop		2,200
Audiology and BHTC Services		55,000
	$	477,530

10. Permanently Restricted Net Assets

CHC's permanently restricted net assets consist of donor-restricted endowment funds that have been established for various purposes. For the year ended June 30, 2014, permanently restricted net assets included:

General support	$ 2,850,105
Various program purposes	1,572,528
	$ 4,422,633

11. Retirement Plans

CHC sponsors two retirement plans: a 401(a) profit-sharing plan and a 403(b) plan. The 401(a) profit-sharing plan is available to all employees who have completed 1,000 hours of service in one year and have attained the age of 21. For the year ended June 30, 2014, no employer contributions were made. The 403(b) plan is available for employee contributions only.

12. Commitments

Lease Commitments
Pursuant to several lease agreements, CHC is obligated for minimum annual rentals payable to nonrelated parties, as indicated below. CHC is also obligated for certain operating costs at these sites. The future minimum commitments to all nonrelated parties are:

Year Ending June 30,	
2015	$ 569,439
2016	581,285
2017	595,278
2018	611,525
2019	598,317
Thereafter	2,803,802
	$ 5,759,646

Rent expense for the year ended June 30, 2014 was $634,938.

In lieu of a cash security deposit for the New York and Florida offices, CHC had provided the premises' landlords with irrevocable letters of credit in the sum of $280,000 that are secured by a savings account and certificates of deposit, presented in the statement of financial position as assets limited to use.

Sales Commitment Agreement
CHC has entered into a sales agreement with a hearing aid vendor which has long been a supplier of state-of-the-art listening device products. In return for meeting certain annual sales milestones defined by the vendor, CHC will receive a reduction in product costs. If annual sales milestones are not met, CHC will pay 4% interest on the unmet sales commitment. The reduction to the cost of goods sold will be reported in congruence with the portion of the sales commitment met. Reduction of product costs related to sales commitments not yet met is reported as deferred revenue in the statement of financial position.

13. Broward County Supplemental Information

Included in government grants and contracts are funds from pass-through agencies of Broward County, Florida. In accordance with contract requirements, an accounting of the amounts received and spent in accordance is provided for the year ended June 30, 2014:

Funding Source	Grant Number	Total Grant	Grant Receivable July 1, 2013	Grant Revenues	Grant Expenditures	Reimbursable Grant Expenditures	Cash Received	Accrued Revenue June 30, 2014
Health Care Services-Audiology	12-CP-HCS-8234-01	$ 16,200	$ 2,916	$ 3,953	$ 6,869	$ 6,869	$ 6,869	$ -
	12-CP-HCS-8234-01	16,200		11,729	11,729	11,729	9,137	2,592
Behavorial Health Counseling	12-CP-CSA-8234-01	34,775	6,493	7,362	13,855	13,855	13,855	-
	12-CP-CSA-8234-01	64,775		36,278	36,278	36,278	27,037	9,241
Behavorial Health Substance Abuse	14-CP-CSA-8234-01	89,637	12,334	32,426	44,760	44,760	44,760	-
	14-CP-CSA-8234-01	77,637		45,990	45,990	45,990	34,688	11,302
			$ 21,743	$ 137,738	$ 159,481	$ 159,481	$ 136,346	$ 23,135

14. Subsequent Events

CHC has evaluated subsequent events through October 23, 2014, the date the financial statements were available for issuance.

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