

Columbus Speech & Hearing Center

Financial Report
December 31, 2017

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
Columbus Speech & Hearing Center

Report on the Financial Statements

We have audited the accompanying financial statements of Columbus Speech & Hearing Center, which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbus Speech & Hearing Center as of December 31, 2017 and 2016, 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.

RSM US LLP

Columbus, Ohio
June 25, 2018

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Columbus Speech & Hearing Center

Statements of Financial Position

December 31, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 148,985	\$ 114,824
Receivables:		
Clients, net	321,978	267,159
United Way	75,000	75,000
Pledges	6,500	131,964
Other	15,246	22,349
	<u>418,724</u>	<u>496,472</u>
Prepays	50,408	66,103
Inventory	11,337	4,258
	<u>61,745</u>	<u>70,361</u>
Total current assets	<u>629,454</u>	<u>681,657</u>
Property and equipment, net	<u>2,197,382</u>	<u>2,372,517</u>
Other assets:		
Deposits and other assets	4,810	3,964
	<u>4,810</u>	<u>3,964</u>
	<u>\$ 2,831,646</u>	<u>\$ 3,058,138</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 279,195	\$ 276,204
Revolving line of credit	237,000	130,000
Notes payable - current	75,000	70,000
Deferred revenue	107,851	85,501
Total current liabilities	<u>699,046</u>	<u>561,705</u>
Notes payable - noncurrent	340,000	415,000
Total liabilities	<u>1,039,046</u>	<u>976,705</u>
Net assets:		
Unrestricted	1,634,657	1,926,381
Temporarily restricted	157,943	155,052
Total net assets	<u>1,792,600</u>	<u>2,081,433</u>
	<u>\$ 2,831,646</u>	<u>\$ 3,058,138</u>

See notes to financial statements.

Columbus Speech & Hearing Center

**Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017**

	Unrestricted	Temporarily Restricted	Total
Public support:			
United Way funds	\$ 75,000	\$ 75,000	\$ 150,000
Contributions and grants	381,172	45,184	426,356
In-kind contributions	1,424	-	1,424
Total public support	457,596	120,184	577,780
Revenue:			
Government fees for services	602,915	-	602,915
Clinic fees	1,925,338	-	1,925,338
Hearing aid and assistive listening device sales	1,167,466	-	1,167,466
Building rental	139,108	-	139,108
Investment income	984	-	984
Other income	11,907	-	11,907
Total revenue	3,847,718	-	3,847,718
Net assets released from restrictions:			
Satisfaction of time restrictions	75,000	(75,000)	-
Satisfaction of program restrictions	42,293	(42,293)	-
Total net assets released from restrictions	117,293	(117,293)	-
Total public support and revenue	4,422,607	2,891	4,425,498
Expenses:			
Program services	4,009,878	-	4,009,878
Supporting services - management and general	483,407	-	483,407
Fundraising	221,046	-	221,046
Total expenses	4,714,331	-	4,714,331
Change in net assets	(291,724)	2,891	(288,833)
Net assets:			
Beginning	1,926,381	155,052	2,081,433
Ending	\$ 1,634,657	\$ 157,943	\$ 1,792,600

See notes to financial statements.

Columbus Speech & Hearing Center

**Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
Public support:			
United Way funds	\$ 149,500	\$ 75,000	\$ 224,500
Contributions and grants	368,604	44,224	412,828
In-kind contributions	38,558	-	38,558
Total public support	556,662	119,224	675,886
Revenue:			
Government fees for services	909,696	-	909,696
Clinic fees	1,823,714	-	1,823,714
Hearing aid and assistive listening device sales	947,515	-	947,515
Building rental	129,337	-	129,337
Investment income	816	-	816
Other income	8,195	-	8,195
Total revenue	3,819,273	-	3,819,273
Net assets released from restrictions:			
Satisfaction of time restrictions	149,500	(149,500)	-
Satisfaction of program restrictions	549,078	(549,078)	-
Total net assets released from restrictions	698,578	(698,578)	-
Total public support and revenue	5,074,513	(579,354)	4,495,159
Expenses:			
Program services	4,248,925	-	4,248,925
Supporting services - management and general	467,129	-	467,129
Fundraising	237,733	-	237,733
Total expenses	4,953,787	-	4,953,787
Change in net assets	120,726	(579,354)	(458,628)
Net assets:			
Beginning	1,805,655	734,406	2,540,061
Ending	\$ 1,926,381	\$ 155,052	\$ 2,081,433

See notes to financial statements.

Columbus Speech & Hearing Center

**Statement of Functional Expenses
Year Ended December 31, 2017**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 2,529,614	\$ 327,690	\$ 136,533	\$ 2,993,837
Payroll taxes	190,416	27,822	10,207	228,445
Employee benefits	171,267	32,439	5,635	209,341
Total compensation	2,891,297	387,951	152,375	3,431,623
Hearing aid and assistive listening devices	384,774	-	-	384,774
Conferences, meetings and staff development	1,877	658	613	3,148
Bad debts	-	20,020	-	20,020
Consulting, legal and accounting	58,647	26,879	13,048	98,574
Printing	11,481	974	3,582	16,037
Telephone	17,861	1,089	853	19,803
Supplies	50,367	1,595	775	52,737
Utilities	64,193	7,295	1,459	72,947
Maintenance, building and grounds	80,700	9,170	1,834	91,704
Postage and shipping	10,289	718	515	11,522
Public relations and development	13,019	1,876	27,933	42,828
Process and service fees	59,018	2,698	2,698	64,414
Equipment repair	54,866	1,114	5,040	61,020
Insurance	43,111	3,544	1,746	48,401
Transportation	34,266	412	292	34,970
Interest and other financing fees	17,830	2,026	405	20,261
Miscellaneous	8,319	913	755	9,987
Dues and subscriptions	14,536	1,125	1,892	17,553
Depreciation of property and equipment	193,427	13,350	5,231	212,008
Total expenses	\$ 4,009,878	\$ 483,407	\$ 221,046	\$ 4,714,331
Percentage of total expenses	85%	10%	5%	100%

See notes to financial statements.

Columbus Speech & Hearing Center

**Statement of Functional Expenses
Year Ended December 31, 2016**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 2,634,779	\$ 326,648	\$ 151,809	\$ 3,113,236
Payroll taxes	196,938	23,187	10,996	231,121
Employee benefits	213,579	28,765	5,689	248,033
Total compensation	3,045,296	378,600	168,494	3,592,390
Hearing aid and assistive listening devices	353,289	-	-	353,289
Conferences, meetings and staff development	3,080	865	1,019	4,964
Bad debts	-	14,557	-	14,557
Consulting, legal and accounting	132,904	22,256	4,651	159,811
Printing	11,732	1,587	6,791	20,110
Telephone	18,078	1,086	839	20,003
Supplies	44,605	1,108	954	46,667
Utilities	66,377	7,543	1,509	75,429
Maintenance, building and grounds	100,786	11,453	2,290	114,529
Postage and shipping	8,663	502	649	9,814
Public relations and development	13,436	2,385	30,631	46,452
Process and service fees	56,766	2,527	2,527	61,820
Equipment repair	54,079	969	5,681	60,729
Insurance	43,946	3,610	1,781	49,337
Transportation	76,301	1,205	1,305	78,811
Interest and other financing fees	14,225	1,616	323	16,164
Miscellaneous	6,246	1,659	667	8,572
Dues and subscriptions	15,529	1,316	2,236	19,081
Loss on asset dispositions	18,830	-	-	18,830
Depreciation of property and equipment	164,757	12,285	5,386	182,428
Total expenses	\$ 4,248,925	\$ 467,129	\$ 237,733	\$ 4,953,787
Percentage of total expenses	86%	9%	5%	100%

See notes to financial statements.

Columbus Speech & Hearing Center

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (288,833)	\$ (458,628)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	212,008	182,428
Loss on sale of property and equipment	-	18,830
Donated property and equipment	-	(38,558)
Provision for loss on receivables	2,966	(9,929)
Change in:		
Receivables	74,782	83,795
Prepaid, inventory and other assets	7,770	6,044
Accounts payable and accrued liabilities	2,991	82,207
Deferred revenue	22,350	70,280
Net cash provided by (used in) operating activities	34,034	(63,531)
Cash flows from investing activities:		
Purchase of property and equipment	(36,873)	(481,312)
Cash flows from financing activities:		
Repayments of notes payable	(70,000)	(70,000)
Net change in revolving line of credit	107,000	130,000
Net cash provided by financing activities	37,000	60,000
Net increase (decrease) in cash and cash equivalents	34,161	(484,843)
Cash and cash equivalents:		
Beginning	114,824	599,667
Ending	\$ 148,985	\$ 114,824
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 8,328	\$ 2,849

See notes to financial statements.

Columbus Speech & Hearing Center

Notes to the Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Organization and background: The Columbus Speech & Hearing Center (the Center), was founded in 1923 to help all people improve communication and vocational independence for life. The Center is a nonprofit agency which provides services to people of all ages who are deaf, deaf-blind or who may have communication disorders related to speech or hearing impairment. The Center serves clients throughout Ohio and is funded through billings for services or products and grants from third party agencies.

Use of estimates: The accounting and reporting policies of the Center conform to accounting principles generally accepted in the United States of America. 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 revenue and expense during the reporting period. Actual results could differ from those estimates.

Financial statement presentation: Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

- Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met either by actions of the Center and/or the passage of time.
- Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donor of these assets permit the Center to use all or part of the income earned on related investments for general or specific purposes. The Center did not have any permanently restricted net assets at December 31, 2017 or 2016.

Cash and cash equivalents: For purposes of the statement of cash flows, the Center considers all investments with an original maturity date of three months or less to be cash equivalents.

Accounts receivable: The Center asks for co-pay or full fee at time of service from individuals. The Center follows up on insurance claims after 60 days. If the insurance claim is denied, the amount is due immediately from the individual.

Management estimates an allowance for doubtful accounts and contractual allowances, which amounted to \$57,666 and \$54,700 as of December 31, 2017 and 2016, respectively. The estimate is based upon management's review of delinquent accounts and an assessment of the Center's historical evidence of collections. Bad debt expense of \$20,020 and \$14,557 was recognized for the years ended December 31, 2017 and 2016, respectively. Specific accounts are charged directly to the reserve when management obtains evidence of a customer's insolvency or otherwise determines the account is uncollectible.

Property and equipment: Property and equipment are recorded at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization are computed using the straight-line method based on estimated useful lives of 5-30 years for buildings and improvements, 10 years for program, office and mobile equipment and 3 years for computer equipment.

The Center capitalizes the cost of all property and equipment additions in excess of \$500; the fair value of donated property and equipment is similarly capitalized. When property and equipment is sold or retired, the cost and related accumulated depreciation is removed from the accounts.

Columbus Speech & Hearing Center

Notes to the Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Impairment of long-lived assets: The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Measurement of any impairment would include a comparison of estimated undiscounted future cash flows to be generated during the remaining life of the asset to its net carrying value. The Center believes the carrying values of all long-lived assets at December 31, 2017 and 2016 are recoverable.

Fair value of financial instruments: The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximates fair value due to the short term nature of these instruments. The carrying amount of long-term debt approximates fair value because the interest rates fluctuate with market interest rates.

Concentration of credit risk: The Center places its cash with financial institutions, and has cash on deposit from time to time in one financial institution in excess of insurance coverage provided by the Federal Deposit Insurance Corporation. The finance committee periodically reviews and approves the selection of financial institutions. The Center continually monitors these balances to minimize the risk of loss.

Revenue recognition: The Center records contributions received as revenue in the year pledged. These amounts are recorded at their fair values. The Center reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted net assets. The Center reports contributions of land, buildings, and equipment as unrestricted net assets unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grant support is recognized over the grant period. Grants received under cost-reimbursement programs are recognized to the extent expenses are incurred. Grants received in advance of grant periods are recorded as deferred revenue until the services are performed. Grant revenue is recorded as unrestricted revenue when the grantor restrictions are met in the same reporting period.

Revenue from clinic fees is recognized when the services are performed. Revenue from the sale of hearing aids and assistive listening devices is recognized upon delivery to the patient.

Donated services and assets: Contributed services are recorded when they meet the criteria of (1) creating or enhancing nonfinancial assets, or, (2) requiring specialized skills, and provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services for the years ended December 31, 2017 and 2016. Donated assets were \$1,424 and \$38,558 for the years ended December 31, 2017 and 2016, respectively.

Advertising: The Center's advertising efforts are associated with nondirect-response programs. The costs are expensed as incurred. The Center had advertising expenses for the years ended December 31, 2017 and 2016 of \$4,748 and \$4,535, respectively.

Functional expenses: The Center allocates its expenses on a functional basis among its various programs and support services. Expenses are allocated either directly according to their natural expenditure classification or by various statistical bases.

Columbus Speech & Hearing Center

Notes to the Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Tax exempt status: The Center is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, the Center is taxed on other unrelated income, if any exists. Currently, the only unrelated business income is rental income.

The Center follows Financial Accounting Standards Board (FASB) guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Center, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2017 and 2016, there were no material unrecognized tax benefits identified or recorded as liabilities.

The Center files forms 990 and 990T in the U.S. federal jurisdiction. With few exceptions, the Center is no longer subject to examination by the Internal Revenue Service of tax years three to five years from the date of filing.

Pending pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2017. The Center will use the retrospective with cumulative effect transition method of application to adopt ASU 2014-09 on January 1, 2018. For the Center's revenue streams, the portfolio approach will be used to apply the new model to classes of payers with similar characteristics and analyzed cash collection trends over an appropriate collection look-back period depending on the payer. Adoption of ASU 2014-09 will result in changes to the Center's presentation for and disclosure of revenue related to uninsured or underinsured patients. Prior to the adoption of ASU 2014-09, a significant portion of the Center's allowance for doubtful accounts related to self-pay patients, as well as co-pays and deductibles owed to the Center by patients with insurance. Under ASU 2014-09, the estimated uncollectible amounts due from these patients are generally considered a direct reduction to net operating revenues and, correspondingly, result in a reduction in the amounts presented separately as an allowance for doubtful accounts. The Center also evaluated the impact of the new standard on various reimbursement programs that represent variable consideration and concluded that accounting for these programs under the new standard is substantially consistent with the Center's historical accounting practices. These include supplemental state Medicaid programs, disproportionate share payments and settlements with third party payers. While the adoption of ASU 2014-09 will have an effect on the presentation of the financial statements and will impact certain disclosures, it will not materially impact the Center's financial position, results of operations or cash flows.

Columbus Speech & Hearing Center

Notes to the Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2019, with early adoption permitted. The Center is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-05 is effective for annual periods beginning after December 15, 2017. The Center is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Subsequent events: The Center has evaluated subsequent events for potential recognition and/or disclosure through June 25, 2018, the date the financials were available to be issued.

Note 2. Property and Equipment

Property and equipment consisted of the following at December 31:

	2017	2016
Land	\$ 240,000	\$ 240,000
Building and improvements	5,025,780	4,993,834
Program equipment	433,854	433,854
Office equipment	845,010	831,729
Construction in progress	4,250	12,604
	<u>6,548,894</u>	<u>6,512,021</u>
Less: accumulated depreciation and amortization	<u>(4,351,512)</u>	<u>(4,139,504)</u>
Net property and equipment	<u><u>\$ 2,197,382</u></u>	<u><u>\$ 2,372,517</u></u>

Depreciation expense was \$212,008 and \$182,428 for the years ended December 31, 2017 and 2016, respectively.

Columbus Speech & Hearing Center

Notes to the Financial Statements

Note 3. Notes Payable and Revolving Line of Credit

Notes payable consisted of the following at December 31:

	2017	2016
Revenue bonds payable	\$ 415,000	\$ 485,000
Less: current maturities	75,000	70,000
	<u>\$ 340,000</u>	<u>\$ 415,000</u>

Future maturities on notes payable are as follows for the year ending December 31:

2018	\$ 75,000
2019	80,000
2020	80,000
2021	80,000
2022	100,000
	<u>\$ 415,000</u>

In March 2002, the Center entered into tax-exempt bonds issued by Franklin County in the amount of \$1,200,000, maturing through 2022. The bonds are Health Care Facilities Revenue Bonds that bear interest at a variable rate as determined each week by the Remarketing Agent. The rate is determined by the Remarketing Agent and shall be the minimum rate necessary for the Remarketing Agent to sell the bonds. The variable rate shall not exceed the lesser of 10% per annum or the maximum rate permitted by law. At the option of the Center, with a 45-day notice, the bonds can be converted to fixed rate bonds. The interest rate at December 31, 2017 and 2016 was 1.71% and 0.72%, respectively. The bonds are secured by a standby letter of credit from a financial institution which expires in April 2019. There were no standby letters of credit outstanding at December 31, 2017 and 2016.

The Center has an available line of credit agreement in the amount of \$500,000. Borrowings outstanding on the line of credit were \$237,000 and \$130,000 at December 31, 2017 and 2016, respectively. The line of credit bears interest at LIBOR plus 3.24%. At December 31, 2017 and 2016, the LIBOR rate was 1.49% and .62%, respectively. The agreement matures July 10, 2019, and is collateralized by the current assets of the Center. For the year ended December 31, 2017, the Center was not in compliance with a certain covenant within the line of credit agreement, however, the lender has waived the non-compliance.

Note 4. Employee Benefit Plan

The Center maintains a 401(k) plan (the Plan) for eligible employees. Employees are eligible to participate in the Plan at the time of hire. Employees are eligible for employer contributions after completing one year of service and providing at least 1,000 hours. Participants become fully vested in employer contributions after three years. Employer contributions are generally made by the Center annually and are made at management's discretion. The Center made no employer contributions to the Plan in 2017 and 2016. The Center also maintained a 403(b) plan for highly compensated employees or other employees not eligible for the 401(k) plan. There were no matching contributions to the 403(b) plan. The 403(b) plan was terminated during 2017.

Columbus Speech & Hearing Center

Notes to the Financial Statements

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2017	2016
United Way allocations not yet received	\$ 75,000	\$ 75,000
Garage renovation	21,052	22,352
Various programs	61,891	57,700
	<u>\$ 157,943</u>	<u>\$ 155,052</u>

Note 6. Special Events

The Center annually sponsors the Great Communicators Golf Outing and the Speakeasy events. Contributions and grants for both events include revenue of \$75,675 and \$100,908 for years ended December 31, 2017 and 2016, respectively which is included in contribution and grants on the accompanying statement of activities and changes in net assets. Total expenses associated with these events were \$26,955 and \$28,214 for years ended December 31, 2017 and 2016, respectively which is included in public relations and development on the accompanying statement of functional expenses.

Note 7. Leases

The Center leases a portion of its building to third parties under long-term agreements expiring at various dates through November 2020, with renewal options for additional periods in certain cases. The Center generally pays insurance and specified maintenance costs. Future minimum rentals under these non-cancelable leases are as follows:

2018	\$ 140,418
2019	79,338
2020	30,250
	<u>\$ 250,006</u>

Rental income for the years ended December 31, 2017 and 2016 was \$139,108 and \$129,337, respectively.

Note 8. Terminated Program

During 2016, the management team and board of directors approved the termination of the "I Can Connect" program effective December 31, 2016. This determination was based upon several factors including the resignation of the program manager and continued operational inefficiencies. The program accounted for \$254,124 of revenue and \$212,475 of direct and allocated expenses on the accompanying statements of activities and changes in net assets for the year ended December 31, 2016.

Note 9. Commitments and Contingencies

The Center is subject to claims and lawsuits in the ordinary course of business. In the opinion of management, the Center has adequate legal defenses and/or adequate insurance coverage for such matters. If not insured, management believes that such matters will not, in the aggregate, have a materially adverse impact on the Center's financial position, results of future operations or cash flows.