Vermont Center for the Deaf & Hard of Hearing, Inc.

Financial Statements and
Independent Auditors' Report

June 30, 2013 and 2012

Vermont Center for the Deaf & Hard of Hearing, Inc.

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Independent Auditors' Report

To the Board of Trustees
The Vermont Center for the Deaf & Hard of Hearing, Inc.
Brattleboro, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the Vermont Center for the Deaf & Hard of Hearing, Inc. (the Center) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vermont Center for the Deaf & Hard of Hearing, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2013, on our consideration of the Vermont Center for the Deaf & Hard of Hearing, Inc.'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 the Vermont Center for the Deaf & Hard of Hearing, Inc.'s internal control over financial reporting and compliance.

Pinck & Company, P.C.

License 92-0000111
Brattleboro, Vermont
October 10, 2013

Vermont Center for the Deaf & Hard of Hearing, Inc.

Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
Assets		
Cash	$ 30,759	$ 53,115
Accounts and grants receivable	609,396	512,983
Prepaid expenses	18,972	23,961
Other assets	15,062	-
Investments	1,737,684	2,149,918
Long-term receivable	64,738	74,353
Land held for investment	40,000	40,000
Property and equipment	7,153,881	6,897,039
	$ 9,670,492	$ 9,751,369
Liabilities		
Line of credit	$ 1,000,000	$ 865,000
Accounts payable	295,339	111,337
Accrued expenses	213,697	223,361
Deferred revenue	40,859	101,053
Refundable advances	37,110	5,740
Construction line of credit	-	1,700,000
Current portion of capital lease obligation payable	15,000	14,797
Non-current portion of capital lease obligation payable	49,901	15,570
Current portion of long-term debt	108,955	38,932
Non-current portion of long-term debt	2,576,393	1,022,284
Total liabilities	4,337,254	4,098,074
Net Assets		
Unrestricted:		
Board designated	1,397,178	1,809,412
Undesignated	3,545,554	3,453,377
Permanently restricted	390,506	390,506
Total net assets	5,333,238	5,653,295
	$ 9,670,492	$ 9,751,369

The accompany notes are an integral part of the financial statements.

Vermont Center for the Deaf & Hard of Hearing, Inc.

Statements of Activities

Years Ended June 30, 2013 and 2012

	2013			2012		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Operating revenue:						
Tuition, aides and transportation	$ 3,801,188	$ -	$ 3,801,188	$ 5,490,243	$ -	$ 5,490,243
Other direct services	1,263,010	-	1,263,010	1,299,463	-	1,299,463
Grants	1,181,851	-	1,181,851	1,142,476	-	1,142,476
Audiology	552,021	-	552,021	503,687	-	503,687
User fees	78,395	-	78,395	64,753	-	64,753
Total operating revenue	6,876,465	-	6,876,465	8,500,622	-	8,500,622
Operating expenses:						
Program services	6,661,486	-	6,661,486	7,919,026	-	7,919,026
General and administrative	1,064,079	-	1,064,079	1,088,633	-	1,088,633
Fundraising	88,562	-	88,562	82,600	-	82,600
Total operating expenses	7,814,127	-	7,814,127	9,090,259	-	9,090,259
Net operating revenue	(937,662)	-	(937,662)	(589,637)	-	(589,637)
Non-operating revenue (expenses)						
Rental income	38,429	-	38,429	31,824	-	31,824
Investment return	282,482	-	282,482	73,930	-	73,930
Contributions/fundraising	427,652	-	427,652	496,369	-	496,369
Other income	18,359	-	18,359	41,431	-	41,431
Non-operating (expenses)	(149,317)	-	(149,317)	(148,598)	-	(148,598)
	617,605	-	617,605	494,956	-	494,956
Change in net assets	(320,057)	-	(320,057)	(94,681)	-	(94,681)
Net assets at beginning of year	5,262,789	390,506	5,653,295	5,357,470	390,506	5,747,976
Net assets at end of year	$ 4,942,732	$ 390,506	$ 5,333,238	$ 5,262,789	$ 390,506	$ 5,653,295

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

Vermont Center for the Deaf & Hard of Hearing, Inc.

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ **(320,057)**	$ (94,681)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	**268,865**	267,571
Unrealized (gain) loss on investments	**(59,748)**	(82,531)
Realized (gain) loss on sale of investments	**(158,392)**	87,198
In-kind construction in progress	**(379,005)**	(315,209)
(Gain) on disposal of assets	**(1,254)**	-
(Increase) decrease in:		
Accounts and grants receivable	**(96,413)**	173,956
Prepaid expenses	**4,989**	7,395
Other assets	**(15,062)**	-
Long-term receivable	**9,615**	(74,353)
Increase (decrease) in:		
Accounts payable	**184,002**	(75,657)
Accrued expenses	**(9,664)**	8,839
Deferred revenue	**(60,194)**	72,134
Refundable advances	**31,370**	(7,285)
Net cash provided (used) by operating activities	**(600,948)**	(32,623)
Cash flows from investing activities:		
Proceeds from disposition of assets	**2,700**	-
Net change in investments	**630,374**	30,599
Purchases of property and equipment	**(101,898)**	(109,581)
Net cash provided (used) by investing activities	**531,176**	(78,982)
Cash flows from financing activities:		
Proceeds from line of credit, net of repayments	**135,000**	153,000
Repayment of notes payable	**(75,868)**	(34,489)
Reduction of capital lease obligation payable	**(11,716)**	(11,838)
Net cash provided (used) by financing activities	**47,416**	106,673
Net increase (decrease) in cash	**(22,356)**	(4,932)
Cash at the beginning of the year	**53,115**	58,047
Cash at the end of the year	$ **30,759**	$ 53,115

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

Note A - Nature of Operations

The Vermont Center for the Deaf and Hard of Hearing, Inc. (the Center) has been in operation for over 100 years. Originating from a retired Army Colonel's wish to aid individuals with unique circumstances, the Austine School for deaf and blind youth was born. Over the years the institution has grown into a state-wide non-profit organization serving deaf and hard of hearing residents in Vermont and surrounding states. The Vermont Center for the Deaf and Hard of Hearing, Inc. has additional programs throughout the state to assure that individuals with hearing loss are able to receive the services. Today the Austine School is just one component of an organization with over 120 dedicated people employed in programs throughout Vermont.

The Center's academic programs are approved and licensed by the Vermont State Department of Education as an independent private school. The Vermont Department for Children and Families licenses the residential program. Most other programs are approved through the funding process by another department of the state government. Please visit our web site www.vcdhh.org.

The mission of the Vermont Center for the Deaf and Hard of Hearing, Inc. is to empower deaf and hard of hearing children, adults and families through the provision of comprehensive and individualized educational, social and support services. This is accomplished through:

The Austine School in Brattleboro, is an independent, coeducational day and residential school for Deaf and Hard of Hearing children age three to twenty two from New England and New York. Striving to prepare students for entry to college and career by making learning relevant to everyday life, the school provides a challenging academic program, sensitive to the individual needs of each student. The ultimate goal for every Austine student is to experience a happy, healthy and successful adulthood.

The Williams Center located on the Austine School Campus, is an approved independent school and licensed by the Department for Children and Families as a residential facility for deaf and hard of hearing students between the ages of 8 to 21 with emotional and behavioral challenges or students on the Autism Spectrum.

The St. Albans Regional Day Program in St. Albans, Vermont. is housed within a public elementary school. It is a day program for Pre/K to grade eight students that utilize both mainstream and specialized curriculums. Interpreters accompany students to all mainstream classes.

Accommodation Programs throughout Vermont, are specialized day programs for specific students to help them attend public school. Currently there are programs in Williston and St. Albans, Vermont.

VCDHH Consultant Program is statewide and provides an array of special services to deaf and hard of hearing students from three to twenty-one years regardless of their educational placement. Consultants provide children and their families unbiased information regarding language choice, communication methods and educational opportunities throughout the child's developmental years. Families and school staff are provided with in-service training and ongoing support.

Sign Communication Support Services provides a full array of family-based services that include in-home family sign language/communication instruction; sign language instruction for childcare staff and educational team members; community sign language classes focusing on vocabulary used with children.

Note A - Nature of Operations - Continued

Intensive Case Management Program (ICM) provides case management services for individuals who are deaf, hard of hearing, late-deafened or deaf blind who need ongoing support to handle everyday life matters and assistance to obtain services in the community.

American Sign Language Program provides sequential, comprehensive sign language instruction to students and adults across Vermont. It also offers consultation and materials to school districts offering ASL for foreign language credit.

Center for Audiological Services provides quality, affordable audiological evaluation for adults and children as well as hearing aid evaluation and repair to the general community in southeastern Vermont.

Vermont Interpreter Referral Service (VIRS) provides statewide interpreter referral services for ASL/spoken English/oral interpreting assignments in medical, legal, mental health, employment, educational, civil and recreational settings.

Vermont Parent Infant Program (VPIP) is a statewide program focusing on the services and support of families of children, from birth to age three, with a diagnosed hearing loss or for whom hearing is an area of concern. This program is offered at no cost to all Vermont families.

Mental Health Services are provided in the Burlington/Williston area by masters and doctoral level clinical staff who are fluent in ASL and have expertise in working with persons who are deaf and hard of hearing.

Adult Services in southern Vermont, is a community-based employment program for the deaf and hard of hearing. Access services include supported employment, case management, service coordination, community outreach, independent living skills instruction and vocational assessment.

Deaf/Blind Adult Services is a new program that will provide services to qualified deaf and blind adults, and specialized support services.

Vermont Telecommunications Equipment Distribution Program (VT EDP) provides telecommunications equipment for qualified Vermont individuals with a communication impairment or disability.

National Deaf Blind Equipment Distribution Program (NDB EDP) provides telecommunications equipment and equipment user training free of charge for qualified Vermont individuals with dual hearing and vision loss.

Austine-Green Mountain Lions Summer Camp serves children from ages three to eighteen. It provides an opportunity for Deaf and Hard of Hearing children and their siblings to experience the pleasure of summer camp. Each day is filled with educational opportunities using adventure activities, outdoor education models and environmental studies. Educational support such as tutoring or other services specified in each child's individual education plan is also provided.

Little Arrows Early Childhood Center is a year round full service program serving children six weeks to age five. The Center implements a bi-lingual communication approach aimed at enhancing the language and communication abilities of all our children.

Note B - Summary of Significant Accounting Policies

Financial Statement Presentation:

The Center reports information regarding its financial position, activities and cash flows according to two classes of net assets: unrestricted net assets and permanently restricted net assets.

Permanently restricted net assets consist of assets subject to the restrictions of gift instruments requiring for perpetuity that the principal be invested and income only be used.

Fair Value Measurements:

The Center follows professional standards (Codification ASC 820), Fair Value Measurements and Disclosures. This valuation method establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure financial assets and liabilities. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority, Level 2 is based upon observable inputs other than quoted market prices and Level 3 is based on unobservable inputs.

Under professional standards (Codification ASC 825-10), Financial Instruments, an entity may make an irrevocable election to carry most financial assets and liabilities at fair value that are not required to be measured at fair value under Codification ASC 820. The Center did not elect this option to measure any additional financial assets or liabilities at fair value. This has no significant effect on the Center's results of operations or financial position.

Cash and cash equivalents, accounts and grants receivable, accounts payable, accrued liabilities and other liabilities are carried at cost, which approximates fair value because of the near-term maturity of these assets and liabilities.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Center considers all unrestricted highly liquid investments (if any) with an initial maturity of three months or less to be cash equivalents.

Accounts and Grants Receivable:

Accounts and grants receivable are recorded at cost and are subsequently adjusted to their net realizable value through an allowance for doubtful accounts. At such time as management feels that an account receivable is no longer collectible, a charge is made to that allowance for the amount of the account receivable.

Investments:

The Center carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities in investment return.

Land Held for Investment:

Land held for investment consists of approximately 40 acres of property in Wilmington, Vermont. The property was bequested to the Center and two other beneficiaries and as such is carried at the Center's share of the fair market value at the date of bequest. Subsequently, the Center and another beneficiary purchased the interest of the third beneficiary so that now each owns a one-half interest in the property.

Note B - Summary of Significant Accounting Policies - Continued

Property and Equipment:

Property and equipment is stated at cost. Normal maintenance and repair costs are expensed as incurred. Gains and losses on sales or retirements are included in operations. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and improvements	7-50 years
Equipment	3-10 years

Donated Assets:

Donated assets are recorded as contributions at the estimated value at date of gift.

Revenue Recognition:

Revenue from grants for which expenditures are the measurement factor for determining eligibility is recognized as revenue and expenditures are made. Revenue from grants, for which the grant period extends beyond that of the Center's, is deferred until the next year. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. Restrictions are considered expired when a stipulated time restriction ends or the purpose restriction is accomplished. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Income Taxes:

There is no federal or state income tax provision since the Center is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and similar state statutes.

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Note C - Accounts and Grants Receivable

Accounts and grants receivable consists of the following at June 30:

	2013	2012
Student and related receivables	$ 498,255	$ 395,631
Audiology receivables	32,406	48,929
Grants receivable	85,138	71,719
Other receivables	8,303	11,704
Allowance for doubtful accounts	(14,706)	(15,000)
	$ 609,396	$ 512,983

Note D - Investments

Investments based upon Level 1 inputs consists of the following at June 30, 2013:

	Market Value	Unrealized Gain (Loss)
Money market funds not considered to be cash equivalents	$ 49,564	$ -
Certificates of deposit	109,482	768
Fixed income - government bonds	134,877	10,659
Fixed income - corporate bonds	308,508	14,113
Equities	969,280	265,730
Other	165,973	56,398
	$ 1,737,684	$ 347,668

Investments based upon Level 1 inputs consists of the following at June 30, 2012:

	Market Value	Unrealized Gain (Loss)
Money market funds not considered to be cash equivalents	$ 143,418	$ -
Fixed income	610,507	33,311
Equities	1,107,346	197,580
Mutual funds - Bond funds	57,965	-
Other	230,682	61,250
	$ 2,149,918	$ 292,141

Note E - Long-term Receivable

Long-term receivable consists of a $100,000 contribution made during the year ended June 30, 2012 to be paid in ten (10) annual installments of $10,000.

At June 30, 2013, the receivable consists of the following:

Receivable in less than one year	$ 10,000
Receivable in one to five years	40,000
Receivable in more than five years	30,000
	80,000
Less discount to present value	(15,262)
Net long-term receivable	$ 64,738

Long-term receivable has been discounted at 4%.

Note F - Property and Equipment

Property and equipment consists of the following at June 30:

	2013	2012
Land	$ 10,000	$ 10,000
Buildings and improvements	11,441,187	10,691,617
Equipment	782,762	774,373
Construction in progress	-	312,709
	12,233,949	11,788,699
Less allowances for depreciation	5,080,068	4,891,659
	7,153,881	6,897,040

Depreciation expense for the years ended June 30, 2013 and 2012 was $268,865 and $267,571, respectively.

Note G - Lines of Credit

At June 30, 2013, the Center has a $1,000,000 line of credit with a bank which expires October 17, 2013. Interest is charged at the Wall Street Journal Prime Rate which is 3.25% at June 30, 2013. This line of credit is collateralized by investments, receivables and equipment. At June 30, 2013, there is a $1,000,000 balance outstanding on this line of credit.

At June 30, 2012, the Center had a $1,700,000 construction line of credit with a bank which expired on July 21, 2012. Interest was charged at the Wall Street Journal Prime Rate which was 3.25% plus 1.5% (4.75%) at June 30, 2012. This line of credit was collateralized by a mortgage and an assignment of rents on property located at 209 Austine Drive, Brattleboro, Vermont and a security interest in all business assets. At June 30, 2012 the outstanding balance was $1,700,000 on this construction line of credit. On July 27, 2012, the line of credit was extended until August 21, 2012 with substantially similar terms as the original agreement. On August 27, 2012, the Center received a conditional commitment for guarantee from the United States Department of Agriculture through the Rural Housing Service to guarantee 70% of the $1,700,000 construction loan described above. The Brattleboro Savings & Loan Association is expected to offer financing of the above loan over a 20 year period with the interest rate adjusted every 5 years to the Federal Home Loan Bank of Boston's 5 year Classic Advance Rate +2.5%. The initial rate set at closing will be 5%.

This line of credit was formalized into long-term debt during the year ended June 30, 2103.

Note H - Capital Leases

The Center leases certain equipment under a capital lease. During the year ended June 30, 2013, the Center terminated the existing capital lease and entered into a new lease on May 28, 2013. Capital lease obligations payable at June 30, 2013 and 2012 consisted of an obligation payable, amounting to $64,901and $30,367, respectively, expiring in June, 2018; with an interest imputed rate of 5.843%; collateralized by equipment.

Note H - Capital Leases - Continued

At June 30, 2013, the amount of aggregate future minimum lease commitments under the capitalized lease obligations are as follows:

Year Ending June 30,	Amount
2014	$ 15,000
2016	15,000
2016	15,000
2017	15,000
2018	15,000
	75,000
Less amounts representing interest	(8,347)
Present value of future minimum lease payments	$ 64,901

capital leases in the amount of $64,901 and $60,773 with accumulated amortization $1,082 and $33,426, respectively.

Note I - Notes Payable to Bank

Note payable to bank consist of the following at June 30:

	2013	2012
Note payable to bank, due in 2027, payable in monthly installments of $7,446, including fixed interest at the Federal Home Loan Bank - Boston rate (3.39% at June 30, 2013) then the rate will adjust every fifth year beginning November, 2012 to 2.25% over the Federal Home Loan Bank of Boston 5 year classic advance rate.	$ 1,014,665	$ 1,061,216
Note payable to bank, due in 2032, payable in monthly installments of $11,286, including fixed interest at the Federal Home Loan Bank - Boston classic advance rate plus 2.25% for the first five years, (5.0% at June 30, 2013) then the rate will adjust every fifth year beginning November, 2017 to 2.25% over the Federal Home Loan Bank of Boston 5 year classic advance rate.	1,670,683	-
	2,685,348	1,061,216
Less current portion	108,955	38,932
	$ 2,576,393	$ 1,022,284

The above notes are collateralized by a mortgage deed, assignments of leases, rents and profits, equipment and a second security interest in substantially all other assets of the Center.

Note I - Notes Payable to Bank - Continued

At June 30, 2013, the amount of aggregate future principal loan payments under the promissory notes payable to bank are as follows:

Year Ending June 30,		Amount
2014	$	108,955
2015		113,596
2016		118,441
2017		123,501
2018		128,786
Thereafter		2,092,069

Note J - Permanently Restricted Net Assets

Permanently restricted net assets consist of endowed gifts totaling $390,506. Under the terms of the gift instruments, the earnings from such gifts are to be invested in accordance with the Center's investment policy and the income derived there from is to be used to support the operations of the Center.

Note K - Investment Return

Investment return consists of the following at June 30:

		2013		2012
Interest and dividends	$	64,342	$	78,598
Realized gains (losses)		158,392		(87,198)
Unrealized gains (losses)		59,748		82,531
	$	282,482	$	73,931

Note L - Rent Expense

The Center leases facilities under noncancelable operating leases with terms of month-to-month to one year at several locations throughout Vermont. Rent expense for the years ended June 30, 2013 and 2012 was $106,340 and $89,746, respectively.

Note M - Employee Benefits and Contingent Liabilities

The Center has established the VCDHH Employee Benefit Plan to provide certain medical, dental and vision benefits to eligible employees and their dependents. The Center maintains a self insurance program for a portion of its employees' health care costs. For the plan year ending June 30, 2013, the Center was liable for medical claims up to $70,000 per claim per person (employee and dependents) per plan year. The Center also has an aggregate stop loss indemnity, estimated based on counts at the time of renewal (floating), estimated to be $770,942 for the year ending June 30, 2014.

Self-insurance costs are recorded based on claims known as of the statement of financial position date. The Center is also liable for allowed claims made after June 30, 2013, but which relate to an injury or illness sustained prior to that date. As of June 30, 2013 and 2012, a liability in the amount of approximately $15,352 and $22,800, respectively has been recorded.

Note M - Employee Benefits and Contingent Liabilities - Continued

The Center also maintains qualified contributory defined contribution retirement plans which includes an IRC Section 401(k) and a 403(b) provision. The plans, which covers substantially all employees, allows employees to make voluntary contributions which are partially matched by the Center. The Center's contributions amounted to $42,645 in 2013 and $49,750 in 2012.

Note N - Other Contingencies

The Center receives funds under various grants and capital appropriations. Under the terms of these grants and appropriations, the Center is to use these funds for the purpose specified in the grants and appropriations. The funding agencies have the right to audit the Center's books. If expenditures of the funds were found not have been made in compliance with the grants and capital appropriations, the Center might be required to repay such funds. No such amounts have been determined or assessed at this time, therefore, no provision has been made for this contingency.

Management has analyzed the Center's federal information return filings for the years that remain open within the statutes of limitations and they believe that the Center's reported revenues and deductions are well documented and supported, and that no controversial or questionable income tax reporting positions have been taken regarding these filings and that there is no unrelated business income that needs to be reported. Consequently, management believes that there are no unasserted tax liabilities, interest or penalties related to these filings and, accordingly, has made no provision for contingent income tax liabilities.

The Center is involved in certain litigation regarding a former employee. The litigation is in the very early stages and, accordingly, no provision has been made by management for any potential uninsured loss to the Center.

Note O - Uninsured Cash Balance

At June 30, 2013 and 2012, the Center's bank deposits were fully insured.

Note P - Supplemental Cash Flow Information

	2013	2012
Non-cash investing and financing activity:		
Building improvements acquired through in-kind grant revenue	$ 379,005	$ 315,209
Cash paid for interest	$ 167,459	$ 190,015

Note Q – Date of Subsequent Events Evaluation

Events occurring after June 30, 2013 were evaluated by management on October 10, 2013 to ensure that any subsequent events that met the criteria for recognition and/or disclosure in these financial statements have been included. There are no significant subsequent events needing disclosure.