

SOUND START FOUNDATION

**Independent Auditors' Report and
Financial Statements for the Year
Ended August 31, 2021**

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Sound Start Foundation

We have audited the accompanying financial statements of Sound Start Foundation (a non-profit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses and cash flows for the year ended August 31, 2021, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sound Start Foundation as of August 31, 2021, and the changes in its net assets and its cash flows for the year ended August 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Van Duyne, Bruno & Co., P.A.

Pine Brook, NJ
May 26, 2022

SOUND START FOUNDATION

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 120,777
Investments	2,202,047
Prepaid benefit expense	37,639
Due from Sound Start Babies Program	<u>87,613</u>
Total assets	<u><u>\$ 2,448,076</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 9,100
Restricted grant payable	10,000
Prepaid benefit income payable	<u>19,948</u>
Total current liabilities	<u><u>39,048</u></u>

Net assets

Net assets without donor restrictions:	
Operating	206,981
Board-designated endowment fund	<u>2,202,047</u>
Total net assets without donor restrictions	<u><u>2,409,028</u></u>
Total liabilities and net assets	<u><u>\$ 2,448,076</u></u>

SOUND START FOUNDATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>Without Donor Restrictions</u>
SUPPORT REVENUE	
Support:	
Donations and contributions	\$ 76,972
Fundraising activities - Benefit, net of costs of \$283	68,626
Grants	46,000
Other events	26,608
Total support	<u>218,206</u>
EXPENSES	
Support Services:	
Fundraising	72,343
Management and general	94,662
Total support services	<u>167,005</u>
Changes in net assets before non-operating activities	<u>51,201</u>
NON-OPERATING ACTIVITIES:	
Investment income	44,643
Investment advisory fees	(29,523)
Investment gains:	
Realized gains	181,208
Unrealized gains	117,655
	<u>313,983</u>
CHANGE IN NET ASSETS	365,184
Net assets, beginning	2,019,824
Contributed net assets from the Sound Start Program	24,020
Net assets, ending	<u><u>\$ 2,409,028</u></u>

SOUND START FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021**

	Support Services		Total
	Fundraising	Management and General	2021
Education and therapy	\$ -	\$ 197	\$ 197
Payroll processing fees	853	284	1,137
Employee benefits	3,761	1,253	5,014
401k admin fees	1,212	403	1,615
Wages and salaries	46,443	15,480	61,923
Payroll taxes	4,433	1,477	5,910
Printing	2,657	-	2,657
Postage	731	-	731
Advertising and promotion	240	-	240
Grant writer	6,025	-	6,025
Supplies	5,988	-	5,988
Credit card fees	-	340	340
Insurance	-	1,786	1,786
Licenses and fees	-	116	116
Miscellaneous	-	7,984	7,984
Postage	-	168	168
Bookkeeping	-	19,800	19,800
Professional fees	-	39,374	39,374
Audit fees	-	6,000	6,000
Total Expense	<u>\$ 72,343</u>	<u>\$ 94,662</u>	<u>\$ 167,005</u>

SOUND START FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AUGUST 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Adjustments to reconcile change in net assets to net cash

(used in) operating activities:

Increase (decrease) in:

Contributed cash	\$ 24,020
Cash collected from donations and contributions	76,972
Cash collected from fundraising activities, net of costs	68,626
Cash collected from grants	46,000
Cash collected from other events	26,608
Cash paid for fundraising expenses	(72,343)
Cash paid for management and general expenses	(94,662)
(Increase) in prepaid benefit expense	(35,889)
Increase in accounts payable and accrued expenses	8,983
Increase in restricted grant payable	10,000
Increase in prepaid benefit income payable	19,948
Loan advanced to related entity	<u>(89,263)</u>
Cash flows used in operating activities	<u>(11,000)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash (used for) investment sales and purchases, net of realized & unrealized gains	(34,800)
Cash received from investment income, net of advisory fees	<u>15,120</u>
Cash flows provided by (used in) investing activities	<u>(19,680)</u>

Change in cash and cash equivalents (30,680)

Cash and cash equivalents, beginning of year 151,457

Cash and cash equivalents, end of year \$ 120,777

**SOUND START FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

Note 1 – Nature of Business and Summary of Significant Accounting Policies

Nature of activities

Sound Start Foundation's mission is to support educational and therapeutic programs to help babies and toddlers with hearing loss, and their families, lead full and successful lives. Sound Start Foundation (the Foundation) supports the Sound Start Babies Program for Deaf and Hard of Hearing Children, which provides life-changing early intervention, family-support and nursery programs to children with hearing loss throughout New Jersey.

The Sound Start Babies Program has helped more than 1,500 children from northern and central New Jersey achieve listening, speaking, and communication skills that are the foundation for academic success and independent adult functioning. The Program is partially supported by reimbursement from the New Jersey Department of Health and through tuition payments from community children enrolled in its nursery program. The Foundation provides funds to cover shortfalls in reimbursement and is supported primarily through grants, fundraising activities, and donor contributions. The Foundation's activities are overseen by a full time Executive Director and an all-volunteer Board of Trustees that make managerial decisions.

Basis of accounting

The Foundation follows the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America and in accordance with the AICPA's Audit and Accounting Guide, Nonprofit Organizations and other pronouncements applicable to non-for-profit organizations.

Basis of presentation

The organization reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**SOUND START FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

Note 1 – Nature of Business and Summary of Significant Accounting Policies (continued)

Basis of presentation (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Foundation did not have any net assets with donor restrictions in the period.

The net assets (fund balances) of \$2,409,028 as of August 31, 2021 are to support the existing operations of the program and foundation in the event fundraising efforts do not meet financial goals.

Revenue and Support Recognition

Contributions are recognized when they are unconditionally promised. Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions received are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as support with donor restriction if they are received with donor stipulations that limit their use, or if they are designed as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as “Net assets released from restrictions”.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills and are performed by people whose services would otherwise be purchased by the Organization.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and highly liquid investments, with an initial maturity of three months or less.

**SOUND START FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

Note 1 – Nature of Business and Summary of Significant Accounting Policies (continued)

Investments

The Foundation's investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Unrealized gains are included in the change in net assets. Investment income and gains are reported as increases in net assets. Short term investments consist of certificates of deposit with original maturities of twelve months or less.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain members of the Foundation's outside contractors also spend time in the direct administration of various Foundation programs. Therefore, in the accompanying financial statements, their time and associated costs have been allocated between administration and the programs for which their time was devoted. The category "Management and General" in the accompanying statements indicates those costs that are not specifically identifiable with a particular program but provide for the overall support and direction of the Foundation.

Utilization of estimates

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

Income tax status

The Foundation is a not-for-profit that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity under Section 509(a) of the Internal Revenue Code. The Foundation is subject to federal excise taxes and taxes on unrelated business income.

The Foundation adopted the provision pertaining to uncertain tax position (ASC Topic 740) and had determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The organization files Federal as well as New Jersey tax returns.

SOUND START FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Note 1 – Nature of Business and Summary of Significant Accounting Policies (continued)

Fair value of financial instruments

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in marketable securities. FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. It establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Note 2 – Investments

At August 31, 2021, the Foundation's investments consisted of the following:

Securities:	
Public equity	\$ 1,647,851
Fixed income	554,196
Money market funds	<u>68,366</u>
Total investments	<u><u>\$ 2,202,047</u></u>

**SOUND START FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

Note 3 – Fair Value of Financial Instruments

Financial instruments

The following methods and assumptions were used by the Foundation in estimating its fair value disclosure for recurring financial instruments:

Cash and cash equivalents: The carrying amount reported in the statement of financial position approximates fair value because of the short-term nature of accounts.

Investments: The carrying amount reported in the statement of financial position for investments is at fair value, which is generally based on quoted market prices.

Accounts payable: The carrying amount reported in the statement of financial position approximates fair value because of the short-term nature of the accounts.

Fair Value Measurements

The following table presents the Foundation's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>August 31, 2021</u>		
Cash and cash equivalents	\$ 120,777	\$ 120,777
Investments	2,202,047	2,202,047
Total	<u>\$ 2,322,824</u>	<u>\$ 2,322,824</u>

Note 4 – Concentration of Credit Risk

The Foundation maintains its cash account in various financial institutions located in Northern New Jersey. During the year, the cash balances can exceed federally insured limits. Management believes the Foundation has no significant risk of loss on these amounts due to a failure of institutions.

Note 5 – Board Designated Funds

The Board has designated investment funds to establish an endowment fund that would generate earnings to help sustain the entity and supported programs in addition to other sources of income. The Board also designated a special fund to support costs associated with daily living activities.

**SOUND START FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

Note 6 – Liquidity and availability

The following represents the Organization’s financial assets as of August 31, 2021:

Financial assets at year end:

Cash and cash equivalents	\$ 120,777
Investments	<u>2,202,047</u>
Total financial assets at year end available to meet general expenditures over next twelve months	 <u><u>\$ 2,322,824</u></u>

As part of the Organization’s liquidity management, it has a goal to structure its financials assets to be available as its general expenditures, liabilities and other obligations come due. In addition, excess cash is invested in short-term investments, including stock, mutual funds, US Treasury bills and other money market accounts.

Note 7 – Subsequent Events

Management has evaluated subsequent events through May 26, 2022, which is the date the financial statements were available to be issued.