

**SOUND START FOUNDATION**

**Independent Auditors' Report and  
Financial Statements for the Years  
Ended August 31, 2023 and 2022**

# SOUND START FOUNDATION

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# VAN DUYN

## CPAs & Advisors

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
of Sound Start Foundation

#### **Opinion**

We have audited the accompanying financial statements of Sound Start Foundation (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sound Start Foundation as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sound Start Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*VAN DUYNE CPAs & ADVISORS*

Pine Brook, NJ

August 26 2024

**SOUND START FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 506,054	\$ 132,615
Grant receivable	795	-
Investments	1,052,126	1,540,609
Prepaid benefit expense	-	17,678
Prepaid grant expense	-	399,796
Due from Sound Start Babies Program	6,094	4,856
	<u>6,094</u>	<u>4,856</u>
Total assets	<u>\$ 1,565,069</u>	<u>\$ 2,095,554</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 9,000	\$ 13,635
Prepaid benefit income payable	-	23,907
Total current liabilities	<u>9,000</u>	<u>37,542</u>
 <u>Net assets</u>		
Net assets without donor restrictions:		
Operating	503,943	517,403
Board-designated endowment fund	1,052,126	1,540,609
Total net assets without donor restrictions	<u>1,556,069</u>	<u>2,058,012</u>
Total liabilities and net assets	<u>\$ 1,565,069</u>	<u>\$ 2,095,554</u>

**SOUND START FOUNDATION**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	Without Donor Restrictions	Without Donor Restrictions
	2023	2022
<b>SUPPORT REVENUE</b>		
Support:		
Donations and contributions	\$ 363,311	\$ 105,505
Fundraising activities:		
Benefit	239,355	257,047
Less: Cost of direct benefits to donors	(17,342)	(22,522)
Less: Other fundraising activities	(39,095)	(35,589)
Net revenue from benefit	182,918	198,936
Other fundraising		
Other events	4,037	34,054
Less: Other fundraising activities	(5,782)	(32,770)
Net other fundraising	(1,745)	1,284
Total fundraising	181,173	200,220
Grants	127,000	157,177
Total support	671,484	462,902
<b>EXPENSES</b>		
Program Services:		
Education and therapy	949,796	393,313
Total program services	949,796	393,313
Support Services:		
Fundraising	124,445	39,065
Management and general	160,787	190,834
Total support services	285,232	229,899
Total expenses	1,235,028	229,899
Changes in net assets before non-operating activities	(563,544)	(160,310)
<b>NON-OPERATING ACTIVITIES:</b>		
Investment income	38,665	40,707
Investment advisory fees	(23,345)	(31,205)
Investment gains:		
Realized gains	(16,245)	107,187
Unrealized gains	62,526	(307,395)
	61,601	(190,706)
<b>CHANGE IN NET ASSETS</b>	(501,943)	(351,016)
Net assets, beginning	2,058,012	2,409,028
Net assets, ending	\$ 1,556,069	\$ 2,058,012

See notes to financial statements.

**SOUND START FOUNDATION**

**STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	Program	Support Services		Total	
	Education and Therapy	Fundraising	Management and General	2023	2022
Sound Start Babies Program grants	\$ 949,796	\$ -	\$ -	\$ 949,796	\$ 393,313
Payroll processing fees	-	-	2,873	2,873	2,495
Employee benefits	-	-	2,467	2,467	10,333
401k admin fees	-	-	1,409	1,409	1,863
Wages and salaries	-	-	94,285	94,285	103,045
Payroll taxes	-	-	8,715	8,715	10,198
Printing	-	1,307	-	1,307	2,347
Postage	-	146	-	146	823
Advertising and promotion	-	1,207	-	1,207	1,442
Grant writer	-	13,500	-	13,500	-
Venue expenses	-	45,102	-	45,102	21,194
Supplies	-	4,841	-	4,841	1,251
Credit card fees	-	5,395	33	5,428	8,349
Insurance	-	-	1,379	1,379	1,381
Licenses and fees	-	-	8,363	8,363	390
Miscellaneous	-	3,676	886	4,562	4,984
Office	-	-	345	345	-
Postage	-	-	194	194	452
Bookkeeping	-	-	26,000	26,000	24,000
Professional fees	-	49,271	7,838	57,109	29,352
Audit fees	-	-	6,000	6,000	6,000
<b>Total Expense</b>	<b>\$ 949,796</b>	<b>\$ 124,445</b>	<b>\$ 160,787</b>	<b>\$ 1,235,028</b>	<b>\$ 623,212</b>

**SOUND START FOUNDATION****STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Increase (decrease) in:		
Cash collected from donations and contributions	\$ 363,311	\$ 105,505
Cash collected from fundraising activities, net of costs	182,918	198,936
Cash collected from grants	127,000	157,177
Cash collected (cash paid) from other events	(1,745)	1,284
Cash paid for program expenses	(949,796)	(393,313)
Cash paid for fundraising expenses	(124,445)	(39,065)
Cash paid for management and general expenses	(160,787)	(190,834)
(Increase) in grant receivable	(795)	-
Decrease in prepaid benefit expense	17,678	19,961
(Increase) decrease in prepaid grant expense	399,796	(399,796)
Increase (decrease) in accounts payable and accrued expenses	(4,635)	4,535
(Decrease) in restricted grant payable	-	(10,000)
Increase (decrease) in prepaid benefit income payable	(23,907)	3,959
Loan (advanced) repaid by related entity	(1,238)	82,757
Cash flows (used in) operating activities	<u>(176,645)</u>	<u>(458,894)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash received investment sales and purchases, net of realized & unrealized gains	534,764	461,230
Cash received from investment income, net of advisory fees	15,320	9,502
Cash flows provided by investing activities	<u>550,084</u>	<u>470,732</u>
Change in cash and cash equivalents	373,439	11,838
Cash and cash equivalents, beginning of year	<u>132,615</u>	<u>120,777</u>
Cash and cash equivalents, end of year	<u>\$ 506,054</u>	<u>\$ 132,615</u>



**SOUND START FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**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.

A significant grant was agreed upon between the Foundation and the Program for the fiscal year 2022 and 2023 which will provide additional funds to help for shortfalls in reimbursement for the Program. The Foundation will be providing funds to the Program and anticipates further future grants to be issued to the Program for fiscal year 2024 and 2025 once a Program Budget is approved by the Foundation.

**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 YEARS ENDED AUGUST 31, 2023 AND 2022**

**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 \$1,556,069 and \$2,058,012 as of August 31, 2023 and 2022, respectively, 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 YEARS ENDED AUGUST 31, 2023 AND 2022**

**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 YEARS ENDED AUGUST 31, 2023 AND 2022**

**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, 2023 and 2022, the Foundation’s investments consisted of the following:

Securities:	<b><u>2023</u></b>	<b><u>2022</u></b>
Public equity	\$ 729,320	\$ 1,107,359
Fixed income	288,438	390,282
Money market funds	34,368	42,788
Total investments	<b>\$ 1,052,126</b>	<b>\$ 1,540,429</b>

**SOUND START FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**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)
<b><u>August 31, 2023</u></b>		
Cash and cash equivalents	\$ 506,054	\$ 506,054
Investments	1,052,126	1,052,126
Total	<u>\$ 1,558,180</u>	<u>\$ 1,558,180</u>
<b><u>August 31, 2022</u></b>		
Cash and cash equivalents	\$ 132,615	\$ 132,615
Investments	1,540,609	1,540,609
Total	<u>\$ 1,673,224</u>	<u>\$ 1,673,224</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.

**SOUND START FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**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.

**Note 6 – Prepaid Grant Expense**

Represents expenses paid in advance of the grant contract being in effect. The expenses will be recognized when the grant period is in effect.

**Note 7 – Due from Sound Start Babies Program**

Represents contributions received by the Program on behalf of the Foundation. Repayment will occur as an offset of future grants paid to the Program.

**Note 8 – Liquidity and availability**

The following represents the Organization’s financial assets as of August 31, 2023 and 2022:

Financial assets at year end:

	<b><u>2023</u></b>	<b><u>2022</u></b>
Cash and cash equivalents	\$ 506,054	\$ 132,615
Investments	1,052,126	1,540,609
Total financial assets at year end available to meet general expenditures over next twelve months	<b><u>\$ 1,558,180</u></b>	<b><u>\$ 1,673,224</u></b>

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 9 – Subsequent Events**

Management has evaluated subsequent events through May 23, 2024, which is the date the financial statements were available to be issued.