THE CHILDREN'S CENTER FOR COMMUNICATION
BEVERLY SCHOOL FOR THE DEAF

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

THE CHILDREN'S CENTER FOR COMMUNICATION
BEVERLY SCHOOL FOR THE DEAF

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Children's Center for Communication, Beverly School for the Deaf
Beverly, Massachusetts

We have audited the accompanying financial statements of the Children's Center for Communication, Beverly School for the Deaf, (a non-profit organization) which comprise the balance sheets as of June 30, 2014 and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation 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 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. Accordin gly, 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 Children's Center for Communication, Beverly School for the Deaf as of June 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Children's Center for Communication, Beverly School for the Deaf June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

GJ Burns CPA, LLC

September 30, 2014

THE CHILDREN'S CENTER FOR COMMUNICATION
BEVERLY SCHOOL FOR THE DEAF

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	2014	2013
ASSETS:		
Cash and cash equivalents	$ 2,484,205	$ 2,213,520
Accounts receivable:		
Tuition, less allowance for doubtful accounts of $5,000 in 2014 and 2013	225,852	288,135
Contributions, net	65,500	118,000
Other	21,000	-
Marketable Securities	21,478	-
Prepaid expenses	20,358	15,778
Restricted cash	4,086	2,988
Property, plant and equipment	6,134,604	5,984,619
Intangible asset, net of amortization of $9,116 in 2014 and $3,646 in 2013	45,577	51,047
TOTAL ASSETS	$ 9,022,660	$ 8,674,087
LIABILITIES:		
Accounts payable and accrued expenses	$ 162,541	$ 120,233
Bonds payable	5,260,463	5,403,377
Notes payable	22,893	45,525
Capital Lease	6,968	8,523
Total liabilities	5,452,865	5,577,658
NET ASSETS		
Unrestricted	3,359,377	2,912,790
Temporarily restricted	181,480	154,701
Permanently restricted	28,938	28,938
Total net assets	3,569,795	3,096,429
TOTAL LIABILITIES AND ASSETS	$ 9,022,660	$ 8,674,087

See Notes to Financial Statements.

THE CHILDREN'S CENTER FOR COMMUNICATION
BEVERLY SCHOOL FOR THE DEAF

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR 2013)

	Unrestriced	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
SUPPORT AND REVENUES:					
Tuition and fees, academic year	$ 5,801,125	$ -	$ -	$ 5,801,125	$ 4,870,363
Other programs	102,566	-	-	102,566	105,733
Grant income	23,629	83,199	-	106,828	255,534
Contributions	49,128	28,157	-	77,285	153,585
Interest and dividends	4,254	-	-	4,254	3,248
Net unrealized and realized gains (losses) on investments	2,050	-	-	2,050	(41)
Rental income	202,433	-	-	202,433	185,123
Special Events	56,176	-	-	56,176	48,420
Other income	99,225	-	-	99,225	34,334
Satisfaction of time and program restrictions	84,577	(84,577)	-	-	-
Total support and revenues	6,425,163	26,779	-	6,451,942	5,656,299
EXPENSES:					
Instructional and program related	4,402,221	-	-	4,402,221	3,543,186
Other programs	129,680	-	-	129,680	119,264
Physical plant	547,953	-	-	547,953	398,818
Fund raising	122,518	-	-	122,518	158,929
Administration and general	776,204	-	-	776,204	676,969
Loss on bond refinancing	-	-	-	-	34,439
Total expenses	5,978,576	-	-	5,978,576	4,931,605
CHANGE IN NET ASSETS	$ 446,587	$ 26,779	$ -	$ 473,366	$ 724,694

See Notes to Financial Statements.

THE CHILDREN'S CENTER FOR COMMUNICATION
BEVERLY SCHOOL FOR THE DEAF

STATEMENT OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2014 AND 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NET ASSETS, JUNE 30, 2012	$ 2,274,785	$ 68,012	$ 28,938	$ 2,371,735
Change in net assets	638,005	86,689	-	724,694
NET ASSETS, JUNE 30, 2013	$ 2,912,790	$ 154,701	$ 28,938	$ 3,096,429
Change in net assets	446,587	26,779	-	473,366
NET ASSETS, JUNE 30, 2014	$ 3,359,377	$ 181,480	$ 28,938	$ 3,569,795

See Notes to Financial Statements.

THE CHILDREN'S CENTER FOR COMMUNICATION
BEVERLY SCHOOL FOR THE DEAF

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 473,366	$ 724,694
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	301,129	274,815
Donation of equipment	-	(38,487)
Loss on bond refinancing	-	34,439
Net unrealized and realized (gains) losses on investments	(2,050)	41
Change in assets and liabilities:		
Accounts receivable, tuition and other	41,283	(81,170)
Contributions receivable	52,500	(92,500)
Prepaid expenses	(4,580)	706
Accounts payable and accrued expenses	42,309	(10,828)
Net cash provided by (used in) operating activities	903,957	811,710
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment, net of dispositions	(445,645)	(467,690)
Purchase of marketable securities, net of proceeds from sale	(19,428)	1,339
Restricted cash	(1,098)	(2,988)
Net cash provided by (used in) investing activities	(466,171)	(469,339)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayment of) bonds payable, net	(142,914)	5,348,684
Proceeds from (repayment of) notes payable, net	(24,187)	(5,224,006)
Net cash provided by (used in) investing activities	(167,101)	124,678
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	270,685	467,049
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,213,520	1,746,471
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,484,205	$2,213,520

See Notes to Financial Statements.

Note 1 - Summary of Significant Accounting Policies

Nature of Organization – The Children's Center for Communication, Beverly School for the Deaf (the "Organization ") is a private nonprofit Department of Education approved facility incorporated in 1876 to provide educational programs designed to meet the academic and therapeutic needs of deaf and hearing children and their families, living with communication and developmental challenges by providing comprehensive educational and communication-rich programs.

- CCC Program - creates individualized educational services for multi-handicapped youths from 3 to 22 years old. The Organization utilizes a systematic approach to communication which includes the principles of Applied Behavioral Analysis (ABA) and other methodologies.
- BSD Program - provides access to language and information for all deaf and hard-of-hearing youths from 3 to 22 years old. The philosophy is based on the Center of ASL/English Bilingual Education and Research (CAEBER).

The Organization's support comes primarily from tuition paid by cities and towns located in Massachusetts, individual and corporate donor contributions, and government grants and subsidies.

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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.

Expense Allocation - The costs of providing the various services and 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.

Cash and Cash Equivalents - For the purposes of reporting cash flows, cash and cash equivalents includes cash in the Organization's operating account, money market account and US Treasury obligations with maturities of less than three months

Accounts Receivable - Accounts receivable are recorded at cost, net of any allowance for doubtful accounts. When necessary an allowance for doubtful accounts on customers' accounts is established and is based on management's estimate of the collectability of accounts receivable based on prior experience and knowledge of the customer. There is no interest accrued on outstanding balances. Management has reviewed accounts receivable as of June 30, 2014 and has established an allowance for doubtful accounts of $5,000.

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments - Investments are presented in the financial statements at fair market value when readily determinable. Investments donated to the Organization are stated at fair market. Fair market value is determined using quoted marked prices at the date of the gift. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of activities.

Endowments – The Organization's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Trustees of the Organization has interpreted the Massachusetts Management of Institutional Funds Law ("the Law"), governing the Organization's net asset classifications of restricted endowment funds as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization may accumulate so much of the annual net income as is deemed prudent to meet (1) the long and short term needs of the Organization in carrying out its mission (2) problems specific to the Organization, (3) present and anticipated financial requirements, (4) expected total return on its investments, (5) price level trends, and (6) general economic conditions. In addition, the Organization may hold any or all accumulated income for the uses and purposes for which the endowment was established or may add any or all of the accumulated income to the principal endowment fund that is deemed prudent.

In accordance with the Law, the Organization considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (i) the duration and preservation of the fund, (ii) the purposes of the organization and the donor-restricted endowment fund, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the organization, (vii) the investment policies of the organization.

Investment and Spending Policies - The Organization has adopted investment and spending policies for endowment assets that attempt to provide an annual benefit to the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization places a greater emphasis on short term government bonds, thus minimize market risk and volatility, in order to achieve its long-term return objectives.

Note 1 - Summary of Significant Accounting Policies (Continued)

Endowments (continued)

The Organization's Trustees have the authority to spend up to 5% of the endowment funds each fiscal year. The intended use of these funds must be approved by a unanimous vote of the Executive Committee or a majority vote of the Board of Trustees. In establishing this policy, the Organization considered the long-term expected return on its endowment fund assets. Accordingly, over the long term, the Organization expects the current spending policy to be consistent with the Organization's objective to provide an annual benefit to the programs supported by the endowment while maintaining the purchasing power of the endowment fund assets held in perpetuity.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Massachusetts General Laws requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the Unites States of America, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2014.

Property, Plant and Equipment – Expenditures for purchases, greater than $2,000 and an expected useful life exceeding one year, are capitalized and depreciated over their estimated useful life. Purchased assets are carried at cost; while donated assets are carried at their fair market value at the time of the donation. Maintenance, repairs and minor renewals are expensed as incurred. Renewals and betterments are capitalized. When an asset is retired or disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss on the disposition is credited or charged to income. Provision is made on the straight-line method for depreciation by annual charges to operations calculated to absorb the costs over the estimated useful lives of the assets.

Contributed Services - The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In order to meet this requirement, the services must either create or enhance a nonfinancial asset or require specialized skills that would need to be purchased by the Organization if they were not donated. Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Revenues - Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets by fulfillment of the donor-imposed stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

Income taxes - The Organization's current policy is to recognize the effect of uncertain tax positions in the financial statements on as as-filed or to-be filed basis. Any changes in uncertain tax positions are recorded in the period when the ultimate outcome becomes known. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions.

All tax exempt entities are subject to review and audit by federal, state and local agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. Currently, there are no audits of the Organization. With few exceptions, the Organization is no longer liable to federal or state examinations for tax years before 2010.

Capitalized Lease Obligations - Long-term lease transactions relating to the financing of property and equipment are accounted for as installment purchases of property and equipment. The capitalized lease obligations reflect, as a liability, the present value of future rental payments and corresponding amounts are capitalized as the cost of the assets and are depreciated over the estimated economic life of the assets using the straight-line method.

Concentrations - The Organization maintains its operating cash balances primarily with one financial institution. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk. All balances are insured by either the Federal Deposit Insurance Corporation (FDIC) or the Depositors Insurance fund (DIF).

The Organization grants credit to its customers, primarily parents of students and municipalities and government agencies located in New England, during the normal course of business. The Organization performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from them.

Use of Estimates - The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the Financial Statements and accompanying notes. Estimates are used for, but not limited to, the accounting for the allowance for doubtful accounts, depreciation and amortization, taxes and contingencies. Actual results could differ from these estimates.

Impairment of Long-Lived Assets - Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Subsequent events - The Organization has evaluated subsequent events through September 30, 2014, which is the date these financial statements were available to be issued.

Comparative Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013 from which the summarized financial information was derived.

Note 2 - Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after June 30, 2014 are reported as receivables in the temporarily restricted net asset class and are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fund raising activity. There were no conditional promises to give as of June 30, 2014.

Contributions receivable, net, at June 30, 2014 is as follows:

	Temporarily Restricted
Unconditional promises expected to be collected in:	
Less than one year	$ 65,500
One year to five years	-0-
Contribution receivable	$ 65,500

Note 3 - Property and Equipment

A summary of property and equipment at June 30, 2014 is as follows:

Land and improvements	$ 133,853
Buildings and improvements	7,546,181
Furnishings and equipment	806,434
Vehicles	123,536
	8,610,004
Less: accumulated depreciation	(2,475,400)
	$ 6,134,604

Note 4 - Bond Payable

On November 1, 2012, the Massachusetts Development Finance Agency ("the issuer") issued a bond in the amount of $5,485,000. Monthly principal and interest payments are due in the amount of $27,018, thru November 2017, at an effective interest rate of 3.35%. Commencing December 2017, the Organization will pay principal and interest based on a 20 year amortization schedule, at a rate of .76 times the sum of the Federal Home Loan Bank Rate plus 3%. Maturity date of the bond is November 2037.

To the extent the bond is redeemed prior to the stated maturity, from a financial institution other than the Bondowner, the bond is subject to the following redemption premium:

Redemption Period	Redemption Premium
Closing date to November 8, 2014; November 9, 2017 to November 8, 2019:	3%
November 9, 2014 to November 8, 2016; November 9, 2019 to November 8, 2021:	2%
November 9, 2016 to November 8, 2017; November 9, 2021 to November 8, 2022:	1%

The bond is secured by a first position lien on all business assets of the Organization, as well as the assignment of all rental income. The agreement imposes certain restrictions on the Organization as to the disposition of assets, the incurrence of debt and the encumbering of property, in addition to certain financial covenants.

Annual maturities and payments relating to the bond obligations at June 30, 2014 are as follows:

Years ending June 30,	
2015	$ 150,430
2016	155,547
2017	160,838
2018	166,310
2019	171,968
Thereafter	4,455,370
Total	$ 5,260,463

Note 5 - Notes Payable

A summary of long-term debt at June 30, 2014 is as follows:

0% to 7.99% installment notes payable to Ford Credit and Toyota Financial Services, collateralized by three vehicles, with principal and interest payable in monthly installments of $1,871 through October 2014, $1,253 through December 2014 and $567 through December 2016.	$ 22,983

The combined annual maturities for long-term debt at June 30, 2014 are as follows:

Years ending June 30,	
2015	$ 13,253
2016	6,805
2017	2,835
Total	$ 22,983

Note 6 - Obligations Under Capital Leases

At June 30, 2014, the cost and accumulated depreciation of assets held under capital lease obligations, included with machinery and equipment in the accompanying balance sheets, are as follows:

Cost	$ 8,523
Less accumulated depreciation	-0-
	$ 8,523

Future minimum lease payments under this capital lease, together with the present value of the net minimum lease payments, as of June 30, 2014, are as follows:

Years ended June 30,	
2015	$ 1,907
2016	1,907
2017	1,907
2018	1,907
Total minimum lease payments	7,628
Less amount representing interest	660
Present value of net minimum lease payments	6,968
Less current portion	1,626
Net long-term portion	$ 5,342

Note 7 - Restricted Net Assets

Following is a summary of temporarily and permanently restricted net assets at June 30, 2014:

Temporarily Restricted:	
Ball field, Miracle League	$ 157,933
Curriculum	10,100
Speech therapy program	7,221
Technology	6,227
	$ 181,481
Permanently Restricted:	
Endowment funds without income restrictions	$ 23,721
Endowment funds with income restrictions	5,217
	$ 28,938

Note 8 - Endowment Assets

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The endowment net asset composition by type of fund as of June 30, 2014, included in cash and cash equivalents in the statement of financial position, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -0-	$ 123,981	$ 28,938	$ 152,919
Board-designated endowment funds	21,478	-	-	21,478
Total funds	$ 21,478	$ 123,981	$ 28,938	$ 174,397

Changes in the endowment net assets for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 18,391	$ 54,701	$ 28,938	$ 102,030
Contributions	3,087	152,418	-	155,505
Appropriation of endowment assets for expenditure	-	(83,138)	-	(83,138)
Endowment net assets, end of year	$ 21,478	$ 123,981	$ 28,938	$ 174,397

Note 9 - Cash Flow Information

During the year ended June 30, 2014 the Organization paid interest of $183,424.

Note 10 - Concentrations

The Organization accounts for approximately 86 percent of its revenue from local and state governmental units, primarily in Massachusetts.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of investments held by broker/dealers and assets held in trust accounts with trustees located in Massachusetts.

The Organization grants credit to its customers, primarily parents of students and municipalities and government agencies located in New England, during the normal course of business.

Note 11 - Lease Income

The Organization leases one building under a three year lease expiring January 2017. Total minimum future receipts for the years ended June 30, 2015, 2016 and 2017, amounts to $31,000, $31,000 and $15,500, respectively .

Note 12 - State Funding

Commencing with the year ended June 30, 1993, the Commonwealth of Massachusetts Operational Services Division (OSD) requires the Organization to calculate and separately disclose the surplus (deficit) revenue retention as part of the current unrestricted operating fund balance. This calculation, computed annually, will include the aggregate surpluses and deficits generated in School provided programs receiving Commonwealth funds. Surpluses in excess of five percent annually and twenty percent cumulatively will be recorded as a liability to the Commonwealth.

The calculation of surplus (deficit) revenue retention, and any related liability, is as follows:

For the years ended June 30,	Surplus (deficit) Revenue retention	Liability
2014	$ 156,077	$ -
1993 - 2013	(2,522,512)	-
Cumulative surplus (deficit)	$ (2,366,435)	$ -

Note 13 - Commitments and Contingencies

Grants, bequests, and endowments - Grants, bequests, and endowments may require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill these conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the monies to grantors. The Organization deems this contingency to be remote, because by accepting the gifts and their terms, it has accommodated the objectives of the organization to the provision of the gift.

Leases - The Organization leases equipment with estimated monthly costs of approximately $160, maturing in March 2015.

Litigation - Certain claims and complaints arising in the ordinary course of business have been filed or are pending against the Organization. In the opinion of management, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position of the Company if disposed of unfavorably.

Note 14 - Retirement Plan

The Organization has a Tax Deferred Annuity Plan issued by the Teachers' Insurance and Annuity Association. All full-time employees are eligible to participate in the plan. The plan is a defined contribution plan that allows employees to contribute a portion of their salary upon employment. The Organization matches 100% of the first 5% of total compensation that a participant contributes to the plan. The plan purchases annuity contracts with the proceeds from the employee and employer contributions. All employee contributions are immediately vested in the plan. The Organization's matching contributions to the plan were $68,469 during the year ended June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON ACCOMPANYING INFORMATION

To the Board of Trustees
The Children's Center for Communication, Beverly School for the Deaf
Beverly, Massachusetts

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole of The Children's Center for Communication, Beverly School for the Deaf for the year ended June 30, 2014, which is presented in the preceding section of this report. The information contained on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GJ Burns CPA, LLC

September 30, 2014

THE CHILDREN'S CENTER FOR COMMUNICATION
BEVERLY SCHOOL FOR THE DEAF

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR 2013)

	Instructional	Other Programs	Physical Plant	Fund raising	Administration and general	Totals 2014	Totals 2013
Advertising	$ -	$ -	$ -	$ -	$ 5,679	$ 5,679	$ 4,881
Depreciation	15,793	466	282,836	424	1,610	301,129	274,815
Dues	-	-	-	-	17,088	17,088	15,740
Employee benefits	295,185	8,710	8,681	7,934	30,091	350,601	286,096
Food service	20,580	-	-	-	-	20,580	17,725
Insurance	-	-	-	-	71,842	71,842	67,988
Interest	-	-	-	-	183,486	183,486	229,643
Interpreting	6,634	-	-	-	-	6,634	3,538
Miscellaneous	-	-	-	-	2,161	2,161	2,729
Outside services	20,801	-	-	-	7,160	27,961	10,993
Payroll taxes	267,017	7,879	7,853	7,177	27,220	317,146	253,509
Postage and mailing	-	-	-	-	5,407	5,407	3,889
Professional fees	-	-	-	-	24,831	24,831	20,169
Repairs and maintenance	-	-	76,061	-	-	76,061	48,510
Salaries and wages	3,610,066	106,518	106,172	97,030	368,009	4,287,795	3,388,427
Supplies	103,373	640	6,279	9,549	12,522	132,363	133,159
Training and conferences	45,792	-	-	-	-	45,792	42,671
Travel and entertainment	1,946	5,023	1,262	-	7,337	15,568	21,237
Unemployment compensation	15,034	444	442	404	1,533	17,857	12,498
Utilities and telephone	-	-	58,367	-	10,228	68,595	58,949
Totals, June 30, 2014	$ 4,402,221	$ 129,680	$ 547,953	$ 122,518	$ 776,204	$ 5,978,576	
Totals, June 30, 2013	$ 3,543,186	$ 119,264	$ 398,818	$ 158,929	$ 676,969		$ 4,897,166

See Independent Auditor's Report on Accompanying Information.