



# Arkansas Deaf and Hearing Impaired Telecommunications Services Corporation

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March 10, 2015

The Honorable Governor Asa Hutchinson  
Legislative Council  
Arkansas Public Service Commission  
Legislative Joint Auditing Committee

Re: Annual Audit Report of the Arkansas Deaf and Hearing Impaired  
Telecommunications Services Corporation ("ADHITS")

Dear Governor Hutchinson:

Pursuant to A.C.A. § 25-29-107 and § 25-29-110, enclosed for your review is a copy of the Annual Report for 2013, including the Annual Audit and a report of the activities of ADHITS.

The Arkansas Deaf and Hearing Impaired Telecommunications Services Corporation ("ADHITS") was created pursuant to Act 1080 of 1997 (A.C.A. § 25-29-101, *et seq.*, as amended, by the Arkansas Legislature. Pursuant to that Act, ADHITS was incorporated as a non-profit corporation on August 12, 1997. The Act vested the responsibility for Arkansas Relay Services ("ARS") for the deaf and hearing impaired in ADHITS. Prior to that time, ARS was provided by Arkansas Relay Services, Inc., under the auspices of the Arkansas Public Service Commission.

ADHITS believes that the standards for relay service prescribed by the Federal Communications Commission and contained in 46 C.F.R. §§ 64-604 and 605, have been met as described therein.

The current Board of Directors and Officers are : President, Ernest C. Northup; Vice President, Lynn Franquemont; Secretary, David Avery; Treasurer, Greg Ashcraft, Steven L. Smith, John Strode and Tommy Walker. Three are representatives from the deaf and hearing impaired community, and four are from Arkansas local exchange carriers (telephone companies). All are appointed by the Governor, pursuant to statute, and are for staged three year terms.

Pursuant to the Contract, Sprint provides relay services for a whole host of customer options, and Sprint also provides outreach activities to assist consumers in the utilization of relay services. The Board of Directors monitors the activities of the Sprint Contact, administers that Contract, and provides other services as provided under the Statutes creating the entity.

Attached are the following:

1. The information for calendar year 2014 with respect to payments made by Arkansas telephone companies which provide the funds with which to conduct the relay program to the deaf and hearing impaired. The telephone companies are currently assessed the sum of three cents (.03¢) per line to provide the funds with which to provide the relay services. They are allowed to pass those costs on to their customers. No state tax or other funds are involved.
2. The Arkansas Relay Monthly Summary gives a whole host of information on a monthly basis, including the number of calls made, the number of minutes utilized, both with respect to TTY calls and CapTel calls, along with the billing information.
3. The Annual Audit Report prepared by ADHITS' auditor Lovett and Company.

If you have additional questions, please feel free to contact ADHITS, and we will attempt to answer your questions.

Sincerely,



Ernest Northup  
President, ADHITS

cc: Public Service Commission

Year 2014	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Totals
A I O Wireless LLC			4.28	1.44									5.72
A T & T - SBC	6,270.87	6,113.46	6,042.46	5,894.61	5,835.60	5,798.24	5,661.45	5,660.42	5,552.08	5,420.88	5,357.32	7,929.68	71,537.07
A T & T Corp	125.70		132.60								69.94	128.64	456.88
A T & T Mobility	814.06		1,616.50	815.30	812.36	816.18	803.78	806.86	799.74	790.06	795.02	1,010.79	9,880.65
A T & T - New Cingular	23,822.28		46,788.94	23,629.28	23,535.92	23,791.80	23,205.26	23,774.80	23,541.22	23,160.48	23,595.90		258,845.88
Absolute Home Phone, Mobile	49.42	47.18	16.12	15.64	14.82	13.78	10.22	9.70	9.16	8.16	7.54	7.22	208.96
Airspring, Inc.	2.02	1.80	1.80	1.82		4.42	2.02	1.96	2.18	1.94	2.14	2.88	24.98
AR Telephone Co.	119.62	119.31	119.96	119.63	118.87	118.58	118.69	117.27	118.18	116.92	116.60	174.23	1,477.86
ArkWest Comm	84.58		169.60	85.34	84.92		168.68	83.90	83.78	83.60	125.19	124.95	1,094.54
Assist Wireless, LLC	54.68	88.70		242.24	128.54	97.04	86.52		80.20	74.38	72.92	131.88	1,057.10
BCI Allegiance, LLC	5.58		10.50	4.80	4.70		4.52	3.96					34.06
BYO Wireless						0.10	4.36	0.02	0.04		0.12	0.39	5.03
Big River Telephone	23.04		43.80	21.88	21.88	21.56	21.62	20.88	20.96	20.32	20.18	29.22	265.34
Birch Communications	35.20		69.82	34.22	34.66	35.08	34.66	34.32	34.20	33.76		50.49	396.41
Budget Phone, Inc.	583.54		1,111.98	529.04	511.52	513.72	453.78	455.70	464.32	474.28	469.70	669.42	6,237.00
BullsEye	100.68												100.68
Central AR Tele Coop	93.42	46.54	46.38	46.42	46.58	46.46	46.44	46.42	46.48	46.54	46.58	69.81	628.07
CenturyLink	2,668.83	2,656.26	2,645.96	2,639.87	2,633.17	2,592.87	2,582.39	2,613.77	2,564.91	2,531.46	2,517.77	3,781.91	32,429.17
Cintex Wireless	60.59												60.59
CoBridge (Fidelity Tel)	13.80	13.64	15.10	14.54	12.96	14.44	12.90	14.84	13.78	13.72	17.26	25.56	182.54
Comcast Phone of AR	551.54		1,121.86	565.40	567.54	568.12	558.84	559.12	562.22	561.48	565.18		6,181.30
Consumer Cellular, Inc.	214.86	220.58	227.90	232.84	238.68	243.20	250.10	255.16	262.46	267.94	273.08	278.85	2,965.65
Cox AR Telcom, LLC	171.16		338.22	169.18	167.14	165.38	163.54	157.62	156.22	156.06	156.26	111.06	1,911.84
Cricket Communications	986.52		2,002.86	924.74	1,035.30	931.80	913.10	783.90	660.68	566.92	489.86	435.63	9,731.31
Cricket Wireless, LLC					1.54	17.44	55.46	105.12	159.44	197.98	260.80	329.82	1,127.60
Electric Lightwave LLC				2.10				0.80			0.40	0.41	3.71
Entelegent Solutions	4.14												4.14
Flash Wireless, LLC	0.78												0.78
France Telecom Corp Sol	3.65												3.65
Garmin USA Inc	0.38												0.38
Global Connections Inc.	0.14				391.50	42.72	77.04		37.38	37.08	34.60	33.40	653.86
Globalstar USA	3.36		6.38	3.02	3.18	5.88		5.94			6.12	6.33	40.21
Granite Telecomm	276.88		554.72	279.34	280.12	283.52	284.34	141.04	141.90	144.16	144.84		2,530.86
Level 3 Comm	324.94		625.82	309.48	322.22	327.10	306.98	200.32	392.66	308.66		146.98	3,265.16
Level 3 TelCove Operations	162.48	162.99	150.68	155.12	161.82	163.95	153.88	100.49	196.91	154.71			1,563.03
Logix Communications				1.17									1.17
Madison Cty Telephone	59.78		119.44	60.02	60.32	60.44	60.56	60.22	59.44	59.80	60.20	89.94	750.16
Magazine Telephone	15.24	15.32	15.24	15.14	15.10	15.04	14.98	14.86	14.82		29.82	22.32	187.88
Matrix Telecom	3.72	3.76	3.66	3.60	3.54	3.38	3.32	3.30	3.10	3.08	3.24	4.50	42.20

Metropolitan Telecom	58.12		102.82	56.44	57.76	28.52	27.20	34.46	34.46	40.22	36.64	36.60	513.24
Mitel NetSolutions, Inc.	5.04		10.08	5.52		6.48	2.98	3.68	3.78	4.24	4.32	4.35	50.47
Mt. View Telephone Co.	111.62	111.12	110.74	111.38	110.84	110.68	110.54	110.22	110.14	110.06	110.44	165.09	1,382.87
N A T C O	97.06		192.66	95.98	95.78	95.50	94.60	94.64	94.28	93.80	93.14	139.44	1,186.88
N O S Communications	0.26	0.26	0.26	0.26		0.52	0.26	0.26	0.26	0.26	0.26	0.39	3.25
Nexus Communications	28.68	29.80	25.86	26.68		23.48	19.14	19.14	19.14	19.06	19.06	28.59	258.63
OnStar Corporation	54.90		112.82	68.24	58.92	59.10	64.68	62.24	62.46	61.48	60.02	98.97	763.83
Ozark Telephone Co.	1.58	3.20	1.46	1.66	1.68	1.68	1.68	1.64	1.70	1.68	1.64	2.70	22.30
PNG Telecommunications	1.16	1.16	1.16	1.16	1.16	1.16	1.18	1.00	1.00	1.02	1.02	1.32	13.50
Pinnacle Comm	20.62	20.38	20.36	20.54	20.32	20.26	20.18	20.04	19.94	20.12	19.74	29.55	252.05
Prairie Grove Telephone	135.60	134.50	135.04	132.54	132.30	130.79	130.38	129.97	129.40	129.42	128.99	192.02	1,640.95
QLink Wireless, LLC							0.02						
QuantumShift -vCom	0.50		1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	6.25
Ready Wireless, LLC	2.40	2.38	2.32	2.24		4.40	2.12	2.10	2.14	2.08	3.16	4.86	30.20
Rice Belt Telephone Co.	11.70	11.70	11.50	11.26	11.32	11.32	11.38	11.36	11.32	11.76	11.70	11.78	138.10
Ritter Communications	95.20	97.90	97.06	97.00	97.22	97.06	96.82	75.96	96.40	144.06	143.52	142.47	1,280.67
Ritter Telephone	53.18	53.16	53.32	53.32	53.30	53.30	53.22	53.74	52.88	79.53	79.23	78.63	716.81
S A T C O	50.74	50.82	50.58	50.68	50.76	50.40	50.28	50.18	49.90	49.72	49.64	74.07	627.77
S W A T C O	81.00	80.78	80.88	80.98	81.06	80.64	80.08	80.42	80.16	80.02	79.38	119.71	1,005.11
Sage Telecom, Inc.	84.56	82.90	77.36	77.20		150.69	71.56	90.62	74.20	75.52	73.72	108.93	967.26
Scott County Telephone	2.22	2.22		4.42	2.20	2.14	2.14	2.10	2.14	2.14	3.12	3.03	27.87
Solavei, LLC	4.04		7.42	3.42			9.78	2.82	2.66		4.88		35.02
Spectrotel, Inc.	0.12	0.12	0.12	0.12		0.24	0.14	0.16	0.18	0.18	0.54	0.81	2.73
Sprint	3,254.98	3,239.24	3,292.42	3,236.42	3,187.28	3,165.96	3,142.84	3,126.88	3,093.38	3,027.12	3,003.26	4,456.89	39,226.67
T-Mobile Central LLC	290.40		608.22	330.68	332.20	336.62	588.54	319.56	323.24	340.60	346.76	460.77	4,277.59
T-Mobile MetroPCS Georgia					85.92	58.84	67.12	77.64	92.56	97.40	111.80	175.29	766.57
T-Mobile MetroPCS Texas	40.94		86.46	40.98	40.50	40.84	37.66	39.04	39.38	35.28	38.28	52.71	492.07
T-Mobile PowerTel/Mem	37.56		77.64	51.28	48.16	46.14	46.52	45.64	45.34	45.36	40.36	52.86	536.86
T D S Telecom/Cleveland	46.44		90.06	45.26	45.02	44.78	44.86	45.40	45.26	45.88	44.86	68.04	565.86
T D S Telecom/Decatur	16.18		31.16	15.76	15.54	15.90	15.40	15.98	15.88	15.46	15.34	23.19	195.79
T N C I Operating Co, LLC	2.40		4.72	2.22		2.22		1.48	1.56	1.54	1.52	2.31	19.97
t w Telecom of AR	1,042.64	89.64	86.78	90.40	88.48	90.30		88.68	88.92	90.66	89.87	131.01	1,977.38
Teleport Communications	5.52		11.04	5.52	5.52	5.52	5.52	5.52	5.52		11.04	6.90	67.62
Telesphere Networks, Ltd.	3.24	3.24	3.24	3.24	1.50	0.50	0.50	0.62	0.56	0.56	0.56	0.84	18.60
Trans National Comm													0.00
Tri-County Telephone	108.64	108.36	107.42	107.54	107.62	107.34	104.36	100.86	100.54	100.80		151.20	1,204.68
True Wireless LLC	2.78	1.00	1.52	8.64									13.94
U S Connect, LLC			154.36		58.22								212.58
Velocity	0.20		0.40								0.18	0.27	1.05
Verizon (Alltel)	7,724.06		15,348.04	7,644.52	7,606.46	7,584.54	7,605.10	7,571.58	7,555.64		15,056.00		83,695.94

Verizon (Cellco Ptnrship)	2,923.64		5,918.88	2,982.56	3,000.92	3,020.48	3,064.68	3,084.82	3,122.90		6,305.30		33,424.18
Verizon (MCImetro Access)	71.64		120.22	64.06	71.68	71.82	72.26	69.94	75.38		141.08		758.08
Vyve Broadband A,LLC										3.94	3.92	3.76	11.62
Walnut Hill Telephone	66.02	63.83	70.14	70.73	67.11	69.39	63.42	65.89	67.88	67.99	67.56	102.13	842.09
Windstream Arkansas	2,204.04	2,200.60	2,292.92	2,234.64	2,208.80	2,694.52	2,513.78	2,377.42	2,336.98	2,319.30	2,302.82	3,319.94	29,005.76
Woot Wireless, LLC								0.16	0.16	0.16	0.16	0.16	0.80
Working Assets Funding	5.74	5.66	5.48	5.58	5.54	5.50							33.50
Yelcot Telephone Co.		96.26	48.40	48.50	48.10	47.82	47.68	47.16	47.42		118.06	70.35	619.75
XO Communications Services	4.40		4.36	11.12		5.40							25.28
<b>Year 2014</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Totals</b>
<b>Totals</b>	<b>56,459.24</b>	<b>15,979.77</b>	<b>93,457.00</b>	<b>54,716.97</b>	<b>54,844.19</b>	<b>55,035.53</b>	<b>54,330.53</b>	<b>53,964.23</b>	<b>53,886.00</b>	<b>42,353.29</b>	<b>63,861.97</b>	<b>25,918.99</b>	<b>624,807.69</b>



## 2014 -- Arkansas Relay Monthly Traffic Report

RELAY SERVICE INFORMATION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTALS	Average
1 Incoming Calls Offered	8,386	5,956	6,672	6,678	7,360	6,364	6,027	5,661	5,397	4,910	4,323	5,326	73,060	6,088
2 Incoming Calls Answered	8,075	5,836	6,504	6,546	7,174	6,182	5,875	5,469	5,287	4,776	4,193	5,137	71,054	5,921
3 Abandoned in Queue	311	120	168	132	186	182	152	192	110	134	130	189	2,006	167
4 Blockage Rate Average	0	0	0	0	0	0	0	0	0	0	0	0	0%	0%
5 Total Calls Placed by End Users	9,600	7,029	7,703	7,784	8,268	7,171	6,778	6,525	6,235	5,401	4,907	1,929	79,330	6,611
6 Calls Completed by End Users	3,296	2,633	2,710	2,813	2,683	2,457	2,247	2,456	2,013	1,458	1,569	1,929	28,264	2,355
7 Total number of Users	3,690	2,636	2,979	2,754	2,865	2,766	2,983	2,486	2,715	2,675	2,139	2,675	33,363	2,780
8 Average Weekend Calls	204	178	196	195	199	189	157	161	143	124	139	133	2,018	168
9 Average Weekday Calls	347	280	273	283	295	260	240	234	231	192	176	225	3,036	253
10 SERVICE QUALITY														
11 Average Speed of Answer (ASA)	2.7	1.5	1.7	1.2	1.3	1.4	1.5	1.9	1.3	1.4	1.5	1.8	19.2	1.6
12 ASA Range (85%/10)	92%	94%	94%	96%	95%	95%	95%	93%	95%	95%	94%	93%	1131%	94%
13 Complaints--TRS	0	1	0	0	0	0	0	0	1	0	0	0	2	0
14 Commendations--TRS	7	2	2	0	1	0	0	0	0	0	0	0	12	1
15 Complaints--CapTel	0	0	0	0	0	1	0	0	1	0	0	0	2	0
16 Commendations--CapTel	0	0	0	0	0	0	0	0	0	0	1	0	1	0
17 RELAY MINUTES OF USE														
18 Total TRS Conversation Minutes of Service	12,501.88	11,360.53	10,911.58	10,819.88	10,318.87	8,735.03	8,316.33	10,212.20	6,873.83	6,068.77	5,606.98	7,358.35	109,084.23	9,090.35
19 Less Interstate Minutes	(851.05)	(451.33)	(495.78)	(591.72)	(420.75)	(516.23)	(426.95)	(703.72)	(400.73)	(410.70)	(237.70)	(304.87)	(5,811.53)	(484.29)
20 Less International Minutes	(5.72)	(0.47)	(1.68)	0.00	(3.08)	(2.63)	(0.37)	0.00	(1.12)	0.00	0.00	0.00	(15.07)	(1.26)
21 Less Interstate Toll-Free Minutes (51%)	(1,503.94)	(1,436.45)	(1,303.79)	(1,297.86)	(1,244.83)	(745.14)	(747.01)	(907.88)	(830.97)	(742.10)	(356.09)	(656.84)	(11,772.90)	(981.08)
22 Less Interstate Directory Assistance	0.00	0.00	0.00	(6.42)	(29.75)	(1.60)	(8.25)	0.00	0.00	(1.98)	0.00	0.00	(48.00)	(4.00)
23 Less 900 Minutes (51%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24 Billable TRS Conversation Minutes	10,141.48	9,472.28	9,110.33	8,923.89	8,620.45	7,469.42	7,133.76	8,600.61	5,641.01	4,913.98	5,013.19	6,396.65	91,437.05	7,619.75
25 Speech to Speech Conversation Minutes	2,510.80	1,330.80	1,363.28	1,333.90	4,169.25	555.22	1.37	11.63	437.80	1.70	0.00	0.00	11,715.75	976.31
26 Less Speech to Speech Deductibles	0.00	(5.63)	(22.70)	(101.48)	(175.22)	(28.98)	0.00	0.00	0.00	0.00	0.00	0.00	(334.01)	(27.83)
27 Billable Speech to Speech Minutes	2,510.80	1,325.17	1,340.58	1,232.42	3,994.03	526.23	0.00	11.63	437.80	1.70	0.00	0.00	11,380.36	948.36
28 Billable Minutes to State of Arkansas	12,652.28	10,797.45	10,450.91	10,156.31	12,614.48	7,995.65	7,133.76	8,612.24	6,078.81	4,915.68	5,013.19	6,396.65	102,817.41	8,568.12
29 Amount Billed for Conversation Minutes	\$18,977.97	\$16,196.18	\$15,676.37	\$15,234.47	\$18,921.73	\$11,993.48	\$10,700.64	\$12,918.36	\$9,118.22	\$7,373.52	\$7,519.79	\$9,594.97	\$154,225.70	12,852.14
30 CAPTEL INFORMATION														
31 Call Count	11,083	10,654	12,260	10,640	11,460	11,032	11,341	9,614	9,663	9,973	9,276	10,432	127,428	10,619
32 Average Conversation Minutes per call	2.93	2.98	2.96	2.95	2.84	2.60	2.44	2.90	2.60	2.58	2.79	2.90	33.5	2.8
33 Average Speed of Answer (ASA)	0.59	0.50	0.47	0.49	0.45	0.42	0.43	0.44	0.56	0.72	0.65	0.61	6.3	0.5
34 ASA Range (85%/10)	92%	94%	94%	96%	95%	95%	99%	99%	100%	100%	100%	100%	1162.7%	97%
35 Blockage Rate Average	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
36 Total CapTel Conversation Minutes	32,451.59	31,767.14	36,310.42	31,344.90	32,501.18	28,721.25	27,690.00	25,167.52	25,083.16	25,771.96	25,864.94	30,234.67	352,908.73	29,409.06
37 Less Interstate Conversation Minutes	(8,364.00)	(8,492.58)	(9,240.02)	(8,838.95)	(8,241.02)	(6,965.72)	(6,336.15)	(5,720.13)	(5,955.43)	(6,425.17)	(7,355.02)	(8,442.67)	(90,376.86)	(7,531.41)
38 Less International Conversation Minutes	0.00	(0.60)	(0.80)	0.00	(14.37)	(0.72)	0.00	(1.05)	0.00	(80.63)	0.00	(0.30)	(98.47)	(8.21)
39 Less Interstate Toll-Free conversation minutes (51%)	(1,241.15)	(1,437.86)	(1,605.21)	(1,349.05)	(1,572.37)	(1,277.55)	(1,223.39)	(1,202.21)	(1,591.81)	(2,708.70)	(2,395.52)	(1,573.63)	(19,178.45)	(1,598.20)
40 Less Interstate DA Conv. Minutes*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
41 Less In-2 Line (11%)	(181.61)	(133.14)	(158.40)	(159.67)	(113.16)	(121.61)	(143.24)	(107.13)	(102.75)	(1145.17)	(677.48)	(80.85)	(3,122.21)	(260.18)
42 Billable Intrastate CapTel Minutes to State of Arkansas	22,664.83	21,702.96	25,307.99	20,997.23	22,560.26	20,355.65	19,987.22	18,137.00	17,433.17	15,412.29	15,436.92	20,137.22	240,132.74	20,011.06
43 Amount Billed for CapTel	\$42,609.88	\$40,801.56	\$47,579.02	\$39,474.79	\$42,413.29	\$38,268.62	\$37,575.97	\$34,097.56	\$32,774.36	\$33,386.45	\$32,361.72	\$37,857.97	\$459,201.19	38,266.77
44 BILLING INFORMATION														
45 Total Amount Billed to ADHITS	\$61,587.85	\$56,997.74	\$63,255.39	\$54,709.26	\$61,335.02	\$50,262.10	\$48,276.61	\$47,015.92	\$41,892.58	\$40,759.97	\$39,881.51	\$47,452.94	\$613,426.89	\$51,118.91
46 Monthly recurring cost	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$17,500.00	\$210,000.00	\$17,500.00
47 Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
48 Subtract Charges (LD or refund)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
49 Total Amount Due	\$79,087.85	\$74,497.74	\$80,755.39	\$72,209.26	\$78,835.02	\$67,762.10	\$65,778.61	\$64,616.92	\$69,392.58	\$58,259.97	\$67,381.51	\$64,952.94	\$823,426.89	\$68,618.91

**ARKANSAS DEAF AND HEARING IMPAIRED  
TELECOMMUNICATIONS SERVICES CORPORATION**

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**ARKANSAS DEAF AND HEARING IMPAIRED  
TELECOMMUNICATIONS SERVICES CORPORATION**

**DECEMBER 31, 2014 AND 2013**

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# LOVETT & COMPANY, LTD.

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Arkansas Deaf and Hearing Impaired  
Telecommunications Services Corporation  
Little Rock, Arkansas

We have audited the accompanying financial statements of Arkansas Deaf and Hearing Impaired Telecommunications Services Corporation (the "Corporation"), which comprise the statement of financial position as of December 31, 2014 and 2013, 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.

### Auditor's Responsibility

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

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 Corporation'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 Arkansas Deaf and Hearing Impaired Telecommunications Services Corporation as of December 31, 2014 and 2013, 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.

February 20, 2015  
Little Rock, Arkansas

  
LOVETT & COMPANY, LTD.

**ARKANSAS DEAF AND HEARING IMPAIRED  
TELECOMMUNICATIONS SERVICES CORPORATION**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 177,112	\$ 354,265
Assessments Receivable	99,920	45,724
Total current assets	277,032	399,989
Total Assets	277,032	399,989
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	125,874	67,564
Total current liabilities	125,874	67,564
<b>NET ASSETS</b>		
Unrestricted	151,158	332,425
Total net assets	151,158	332,425
Total Liabilities and Net Assets	\$ 277,032	\$ 399,989

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

**ARKANSAS DEAF AND HEARING IMPAIRED  
TELECOMMUNICATIONS SERVICES CORPORATION**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted revenues		
Local exchange carrier assessments	\$ 678,147	\$ 504,626
Interest income	1,007	855
Total unrestricted revenues	<u>679,154</u>	<u>505,481</u>
<b>EXPENSES</b>		
TRS costs	823,427	693,743
Management and general	36,994	34,897
Total expenses	<u>860,421</u>	<u>728,640</u>
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	(181,267)	(223,159)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>332,425</u>	<u>555,584</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 151,158</u>	<u>\$ 332,425</u>

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

**ARKANSAS DEAF AND HEARING IMPAIRED  
TELECOMMUNICATIONS SERVICES CORPORATION**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in unrestricted net assets	\$ (181,267)	\$ (223,159)
Increase in accounts receivable	(54,196)	(11,823)
Increase in accounts payable	58,310	4,252
Net cash used by operating activities	<u>(177,153)</u>	<u>(230,730)</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (177,153)	 (230,730)
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>354,265</u>	 <u>584,995</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u><u>\$ 177,112</u></u>	 <u><u>\$ 354,265</u></u>

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

**ARKANSAS DEAF AND HEARING IMPAIRED  
TELECOMMUNICATIONS SERVICES CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Arkansas Deaf and Hearing Impaired Telecommunication Services Corporation (the Corporation) was created under Act 1080 of the 1997 Acts of the 81<sup>st</sup> General Assembly for the State of Arkansas. The Corporation is principally involved in collecting monthly assessments from local exchange carriers to provide telecommunication relay services to people in Arkansas who are hearing and/or speech impaired. Sprint provides such services, known as TRS, through contract with the Corporation.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) No. 958-210, *Not-for-Profit Entities*. Under ASC No. 958-210, the Corporation 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. The Corporation does not have any temporarily or permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements. These estimates represent management's evaluation of information available as of the date the financial statements were prepared and are subject to varying degrees of reliability. Accordingly, actual results could differ from the estimates reflected in these financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Department considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

**ARKANSAS DEAF AND HEARING IMPAIRED  
TELECOMMUNICATIONS SERVICES CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assessments Receivable

Assessments from local exchange carriers are reported and paid monthly under an honor system. Receivables at the date of these financial statements generally represent December 2014 assessments paid in January 2015. Therefore, there is no provision for uncollectible accounts.

Revenue Recognition

Assessments from local exchange carriers are recorded in the period earned. Rates are set by the Board and were:

January 1, 2014 to October 31, 2014	.02
November 1, 2014 to December 31, 2014	.03

Act 102 of 2007 was passed by the Arkansas legislature and became effective September 1, 2007. Under the Act, the Corporation's assessments now extend to providers of cellular services and changes in the assessment rates may be made as often as quarterly.

Donated Services

The value of contributed services that meet the requirements for recognition was not material and has not been recorded. The Board of Directors, as appointed by the Governor of the State of Arkansas, serves without compensation.

Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and Arkansas Revenue and Taxation Code Section ACA 26-51-303(a).

The accounting standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Corporation and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years 2014 and 2013.

**ARKANSAS DEAF AND HEARING IMPAIRED  
TELECOMMUNICATIONS SERVICES CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NOTE 2: CASH AND CASH EQUIVALENTS AND RISK CONCENTRATIONS**

Cash and cash equivalents consisted of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Unrestricted:		
Federal Telco Credit Union	\$ 101,825	\$ 250,830
Regions Bank	<u>75,287</u>	<u>103,435</u>
	<u>\$ 177,112</u>	<u>\$ 354,265</u>

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash deposits. The Corporation maintains its cash accounts at institutions insured by the Federal Deposit Insurance Corporation ("FDIC") on balances up to \$250,000 and uses "sweep accounts" which are backed directly by investments in Treasury securities.

**NOTE 3: ACCOUNTS PAYABLE**

Accounts Payable consisted of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Sprint - TRS Costs	\$ 122,334	\$ 65,411
Other	<u>3,540</u>	<u>2,153</u>
	<u>\$ 125,874</u>	<u>\$ 67,564</u>

**NOTE 4: EVALUATION OF SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through February 20, 2015, the date which the financial statements were available to be issued. The Corporation's management has determined that there were no significant subsequent events that should be disclosed in the financial statements or in the notes to the financial statements.