

Annual Report
to the Legislature

Telecommunications Access System Act

A Publication of the
Florida Public Service Commission
Division of Competitive Markets & Enforcement

December 2003

FLORIDA PUBLIC SERVICE COMMISSION

**REPORT TO THE FLORIDA LEGISLATURE ON THE STATUS OF THE
TELECOMMUNICATIONS ACCESS SYSTEM ACT OF 1991**

December 2003

TABLE OF CONTENTS

| | |
|---|-----------|
| I. Executive Summary | 1 |
| Table A - Financial Report | 1 |
| Table B - Equipment Distribution | 1 |
| Table C - New Recipients of Equipment and Training | 2 |
| Table D - Surcharge Level | 2 |
| II. Development of the Telecommunications Access System | 3 |
| III. Revenues and Expenditures | 5 |
| IV. Distribution of Specialized Telecommunications Equipment | 5 |
| V. Relay Calling | 6 |
| VI. Advisory Committee | 6 |
| VII. Terms and Acronyms | 6 |
| VIII. Conclusion | 7 |
| APPENDIX A - FTRI Budget for 2002-03 and 2003-04 Fiscal Years | 8 |
| APPENDIX B - FTRI Annual Report to the Florida Public Service Commission | 10 |
| APPENDIX C - Florida Relay Service Information – Sprint | 35 |

Status of Implementation of the
TELECOMMUNICATIONS ACCESS SYSTEM ACT OF 1991

I. EXECUTIVE SUMMARY

Pursuant to the Telecommunications Access System Act of 1991 (TASA), the Florida Public Service Commission (FPSC) is responsible for establishing, implementing, promoting, and overseeing the administration of a statewide telecommunications access system to provide access to telecommunications relay services by persons who are hearing impaired or speech impaired, or others who communicate with them. To that end, the FPSC directed the local exchange companies (LECs) to form a not-for-profit corporation, known as the Florida Telecommunications Relay, Inc. (FTRI). Under oversight by the FPSC, the FTRI fulfills the requirements of TASA by providing for the distribution of access terminals required for basic telecommunications services to hearing impaired, speech impaired, and dual sensory impaired in the most cost effective manner. The following sections of this report describe implementation of the requirements of the law. The tables below provide a statistical summary of the status of the Telecommunications Access System.

**TABLE A - FINANCIAL REPORT
(7/02 - 6/03)**

| | |
|------------------------|------------------|
| Total Revenue | \$10.4 million |
| Program Expense | \$14.5 million |
| Administrative Expense | \$.9 million |
| Revenue less Expenses | (\$ 5.0 million) |

TABLE B - EQUIPMENT DISTRIBUTION*

| | Total Items Distributed | Average Per Month |
|------------------|-------------------------|-------------------|
| 9/1/91 - 6/30/92 | 6,462 | 646 |
| 7/1/92 - 6/30/93 | 22,259 | 1,855 |
| 7/1/93 - 6/30/94 | 41,639 | 3,470 |
| 7/1/94 - 6/30/95 | 45,307 | 3,776 |
| 7/1/95 - 6/30/96 | 41,281 | 3,440 |
| 7/1/96 - 6/30/97 | 36,526 | 3,044 |
| 7/1/97 - 6/30/98 | 38,321 | 3,193 |
| 7/1/98 - 6/30/99 | 38,559 | 3,213 |
| 7/1/99 - 6/30/00 | 40,747 | 3,396 |
| 7/1/00 - 6/30/01 | 59,663 | 4,972 |
| 7/1/01 - 6/30/02 | 54,499 | 4,542 |
| 7/1/02 - 6/30/03 | 60,302 | 5,025 |

**The predominant single piece of equipment distributed is the volume control telephone for the hearing impaired.*

II. DEVELOPMENT OF THE TELECOMMUNICATIONS ACCESS SYSTEM

The major implementation issues were addressed in 1991 and 1992. Since that time, the Telecommunications Access System continues to meet telecommunications needs of the people of Florida. The table below identifies the major steps in development of the Telecommunications Access System.

| | |
|--------------------|---|
| April 24, 1991 | Legislature enacted TASA. |
| May 1, 1991 | First Advisory Committee members named. |
| May 24, 1991 | TASA became law. |
| June 13, 1991 | Florida Telecommunications Relay, Inc. (TASA Administrator) incorporated as a nonprofit association. |
| July 1, 1991 | TASA surcharge set at \$.05 per access line per month. |
| September 1, 1991 | Responsibility for distribution of specialized telecommunications equipment transferred from Florida Council for the Hearing Impaired to Florida Telecommunications Relay, Inc. |
| September 16, 1991 | First specialized telecommunications equipment distributed by FTRI. |
| August 15, 1991 | Relay RFP issued for relay service beginning June 1, 1992. |
| January 17, 1992 | Contract signed with MCI to provide Florida Relay Service. |
| June 1, 1992 | Florida Relay Service formally begins processing relay calls out of the Miami relay center. |
| July 1, 1992 | TASA surcharge increased from \$.05 to \$.10 per access line per month. |
| September 15, 1992 | FPSC request for certification of Florida Relay Service sent to FCC. |
| July 8, 1993 | FCC letter certifying the Florida Relay System as being in compliance with FCC rules implementing the Americans with Disabilities Act. Certification is in effect from July 26, 1993 through July 25, 1998. |
| March 31, 1994 | Final report of Deaf Service Center Association on results of pilot project on Special Needs. |
| August 4, 1994 | Contract amendment with MCI to extend relay service contract for fourth year from June 1, 1995 to May 31, 1996. |
| November 1, 1994 | TASA surcharge increased from \$.10 to \$.12 per access line per month. |
| July 1, 1995 | TASA surcharge decreased from \$.12 to \$.10 per access line per month. |
| July 18, 1995 | Contract amendment with MCI to extend relay service contract for fifth year from June 1, 1996 to May 31, 1997 |
| July 1, 1996 | TASA surcharge increased from \$.10 to \$.12 per access line per month. |
| August 14, 1996 | Relay RFP issued for relay service beginning June 1, 1997. |
| April 8, 1997 | Contract signed with MCI to provide Florida Relay Service for three years. (June 1, 1997 - May 30, 2000) |

III. REVENUES AND EXPENDITURES

Pages 27 through 34 are the audited financial statements for Florida Telecommunications Relay, Inc. for the fiscal year ended June 30, 2003. Appendix A to this report (pages 8 & 9) is the 2002-03 and 2003-04 fiscal year budgets for FTRI. As reflected in the 2003-04 budget, the relay surcharge is estimated to produce \$15.5 million during the year. This surcharge revenue, plus interest earned, will be used to fund the projected total expenses of \$15.4 million for the year. Of that \$15.4 million, \$8.0 million will fund the relay service. The total expenses are broken down into the five categories listed below:

| BUDGET CATEGORY | \$ MILLION |
|--|------------|
| I. Relay Services | \$8.0 |
| II. Equipment and Repairs | 3.9 |
| III. Equipment Distribution and Training | 1.4 |
| IV. Outreach | .9 |
| V. General and Administrative | 1.2 |
| Total Expenses | \$15.4 |

IV. DISTRIBUTION OF SPECIALIZED TELECOMMUNICATIONS EQUIPMENT

Section 427.705(9), F.S., of TASA requires the Administrator to file a report annually to the Commission by November 1 which shall include the status of the distribution of specialized telecommunications devices and an accounting of any money received and disbursed. Appendix B (pages 10 to 34) is FTRI's (the Administrator) annual report to the FPSC.

The following table identifies the types and quantity of equipment which were distributed to end-users by FTRI from July 1, 2002 through June 30, 2003.

| EQUIPMENT DISTRIBUTED BY FTRI | UNITS DISTRIBUTED 7/1/02 - 6/30/03 |
|---|---------------------------------------|
| 1. Volume Control Telephones for Hearing Impaired (VCPH) | 44,744 |
| 2. Audible Ring Signalers (ARS) | 11,035 |
| 3. Visual Ring Signalers (VRS) | 1,749 |
| 4. Telecommunications Devices for the Deaf (TDD) | 1,327 |
| 5. Braille phones, in-line amplifiers, tactile ring signalers, Tykriphones, Dialogue RC 200 units, voice-carry-over phones with large visual displays, volume control phones for the speech impaired, Uniphone 1140 units, and voice-carry-over phones. | 1,447 |
| Total | 60,302 |

specialized telecommunications devices [417.705(1)(a), F.S.]; and (3) to provide community outreach and training on use of the relay service and specialized telecommunications devices [427.705(1)(a)-(b), F.S.] The FTRI's office is located in Tallahassee.

ADVISORY COMMITTEE - A group of up to ten (10) individuals recommended by various organizations representing both the telephone industry and individuals with hearing, speech, or dual sensory impairment (427.706, F.S.) The Advisory Committee's role is to provide input to both the FPSC and the Administrator on the development and operation of the Telecommunications Access System. The Advisory Committee has been actively involved in the implementation of TASA since May 1991. The Advisory Committee meets with the Commission staff regularly and makes presentations before the Commission.

FCC - Federal Communications Commission.

FPSC - The Florida Public Service Commission, which has overall responsibility for implementation and oversight of the system [427.704(1), F.S.]

FTRI - The Florida Telecommunications Relay, Inc., which is the non-profit corporation formed to serve as the TASA Administrator.

LEC - The providers of local exchange telephone service, which are responsible for collecting the surcharge and submitting it to the Administrator [427.704(4)(a)-(d), F.S.]

PROVIDER - The entity that provides relay service [427.704(3)(a), F.S.] The FPSC entered into a contract with Sprint to provide relay service from June 1, 2000, through May 31, 2005. Prior to June 1, 2000, the provider was MCI Telecommunications Corporation.

TASA - Telecommunications Access System Act of 1991.

VIII. CONCLUSION

Florida continues to place emphasis on outreach which has resulted in increased awareness of the relay program. Florida's hearing-impaired and dual-sensory impaired citizens using relay services and equipment have enjoyed efficient, reliable, and cost-effective telecommunication service. The Commission expects these positive trends to continue in the year to come.

| | COMMISSION APPROVED BUDGET 2002-2003 | COMMISSION APPROVED BUDGET 2003-2004 |
|--|---|---|
| 22. OUTREACH EXPENSE | \$926,550 | \$892,900 |
| SUBTOTAL-CATEGORY IV | \$926,550 | \$892,900 |
| CATEGORY V - GENERAL & ADMINISTRATION | | |
| 23. ADVERTISING | \$1,386 | \$3,000 |
| 24. ACCOUNTING/AUDITING | \$14,500 | \$28,000 |
| 25. LEGAL | \$72,000 | \$72,000 |
| 26. COMPUTER CONSULTATION | \$4,190 | \$4,690 |
| 27. BANK CHARGES | \$1,740 | \$2,160 |
| 28. DUES/SUBSCRIPTIONS | \$2,151 | \$2,365 |
| 29. OFFICE FURNITURE PURCHASE | \$9,523 | \$9,574 |
| 30. OFFICE EQUIPMENT PURCHASE | \$24,911 | \$34,311 |
| 31. OFFICE EQUIPMENT LEASE | \$4,719 | \$4,712 |
| 32. INSURANCE | \$151,722 | \$183,893 |
| 33. INSURANCE-OTHER | \$4,876 | \$5,660 |
| 34. OFFICE EXPENSE | \$12,400 | \$20,648 |
| 35. POSTAGE | \$18,221 | \$24,703 |
| 36. PRINTING | \$2,900 | \$4,052 |
| 37. RENT | \$77,270 | \$78,816 |
| 38. UTILITIES | \$5,119 | \$6,290 |
| 39. RETIREMENT | \$49,403 | \$58,352 |
| 40. EMPLOYEE COMPENSATION | \$437,194 | \$516,391 |
| 41. TEMPORARY EMPLOYMENT | \$14,560 | \$19,404 |
| 42. TAXES-PAYROLL | \$33,445 | \$39,504 |
| 43. TAXES-UNEMP COMP. | \$597 | \$4,094 |
| 44. TAXES-LICENSES | \$62 | \$61 |
| 45. TELEPHONE | \$21,053 | \$21,286 |
| 46. TRAVEL AND BUS EXPENSE | \$21,000 | \$28,096 |
| 47. EQUIPMENT MAINTENANCE | \$6,120 | \$6,615 |
| 48. EMPLOYEE TRAINING/DEVELOPMENT | \$4,210 | \$4,900 |
| 49. MEETING EXPENSE | \$2,660 | \$3,220 |
| 50. MISCELLANEOUS EXP. | \$200 | \$200 |
| SUBTOTAL-CATEGORY V | \$998,132 | \$1,186,997 |
| TOTAL EXPENSES | \$15,130,834 | \$15,402,815 |
| REVENUE LESS EXPENSES | (\$4,500,163) | \$96,049 |

Contents

| | |
|-------------------------------------|----|
| Message from the Executive Director | 1 |
| TASA Requirements | 2 |
| Mission Statement | 2 |
| Equipment Distribution Program | 2 |
| Client Services | 3 |
| New Client Eligibility | 3 |
| New Client Certification | 4 |
| New Client Age Groups | 4 |
| New Client County of Residence | 5 |
| Equipment | 6 |
| Equipment Vendors | 6 |
| Distributed Equipment | 7 |
| Quality Assurance | 7 |
| Outreach | 8 |
| Complaints | 14 |
| Client Comments | 14 |
| Closing Statement | 14 |
| Appendix | |



TASA Requirements

In response to the Telecommunications Access System Act of 1991 (TASA), the Florida Public Service Commission (FPSC) directed the local exchange companies (LECs) to form a not-for-profit corporation to fulfill the requirements of TASA. Florida Telecommunications Relay, Inc. (FTRI) registered with the Florida Department of State as a not-for-profit corporation effective June 13, 1991, and is exempt from Florida sales tax as a 501(c)(3) organization.

Mission Statement

Florida Telecommunications Relay, Inc. (FTRI), as the designated administrator, shall carry out the intent of the Telecommunications Access System Act (TASA) by providing access terminals required for basic telecommunications services to hearing impaired, speech impaired, and dual sensory impaired persons in the most cost effective manner.

Equipment Distribution Program

FTRI utilizes a regional distribution system for approximately eighty percent of the state of Florida, with centralized distribution from the administrative office in Tallahassee accounting for the remaining twenty percent.

FTRI contracted with two non-profit agencies to provide services as Training Agencies (TAs) to clients who live in rural areas. These clients receive equipment directly from FTRI and are contacted by the TAs to insure that adequate training is provided on the proper use of the specialized telecommunication equipment.

FTRI contracted with fifteen non-profit agencies to provide services as Regional Distribution Centers (RDCs). In these areas, persons who are deaf, hard of hearing, or speech impaired have applications certified and processed (*New* service), and receive equipment and training, and are supplied with any additional services. These may include modifying from one type of equipment to another (*Modified* service), exchanging for the same type of equipment (*Exchange* service), returning any equipment that is no longer necessary (*Return* service), and additional training services as needed (*Follow-up* service).

New Client Certification

Professionals involved with the certification of client applications for the equipment distribution program were as follows:

| Category of Certifier | Quantity of Approved Applications |
|------------------------------|-----------------------------------|
| Deaf Service Center Director | 9220 |
| Audiologist | 8634 |
| Hearing Aid Specialist | 5717 |
| Licensed Physician | 1253 |
| State Certified Teacher | 878 |
| State Agency | 248 |
| Speech Pathologist | 188 |
| Federal Agency | 53 |
| Total | 26,191 |

New Client Age Groups

The breakdown of new recipients by age group is as follows:

| Age Group | Recipients |
|--------------|---------------|
| 4 – 9 | 136 |
| 10 – 19 | 177 |
| 20 – 29 | 147 |
| 30 – 39 | 258 |
| 40 – 49 | 465 |
| 50 – 59 | 1095 |
| 60 – 69 | 3162 |
| 70 – 79 | 9547 |
| 80 – 89 | 8991 |
| 90 – 99 | 2134 |
| 100 – 109 | 79 |
| Total | 26,191 |

More people in the 70 to 79 age group received equipment than those of any other specific age group. Approximately seventy-nine percent of all recipients served in this fiscal year were seventy years of age or older.

Equipment

FTRI currently distributes the following specialized telecommunications equipment:

1. Text Telephone (TTY)
2. Volume Control Phone for the Hearing Impaired (VCPH)
3. Volume Control Phone for the Speech Impaired (VCPS)
4. Voice Carry-Over Telephone (VCO)
5. Large Visual Display TTY (LVDTTY)
6. TeleBraille TTY (TBTTY)
7. In-Line Amplifier (ILA)
8. Voice Carry-Over / Hearing Carry-Over (VCO / HCO)
9. Tykriphone
10. Dialogue RC 200 w/ Air Switch
11. TeliTalk Speech Aid phone

FTRI also distributes amplified, flashing, or vibrating ringer devices to alert clients to incoming telephone calls. These devices are:

1. Audible Ring Signaler (ARS)
2. Visual Ring Signaler (VRS)
3. Tactile Ring Signaler (TRS)

Each piece of equipment is supported by the standard manufacturer warranty for either one or two years. Equipment that is determined to be out of warranty is retired and replaced.

Equipment Vendors

FTRI contracts with several equipment vendors to supply specialized telecommunications equipment. These include:





Throughout the past fiscal year FTRI's outreach efforts have grown significantly throughout the state. A new arrangement with regional distribution centers to provide added outreach services to their respective communities was implemented.

The following outreach activities were conducted from July 2002 – June 2003.

| Outreach Activities |
|---|
| FTRI staff attended 65 Conferences/Exhibits/Presentations statewide |
| RDC/TA staff performed 448 outreach activities |
| FTRI designed 5 new Florida Relay brochures |
| FTRI designed 2 new tabletop displays for Florida Relay |
| FTRI published and mailed the "Florida Link" newsletter to 197,000 clients |
| FTRI hosted 3 Outreach Focus Group meetings with RDC/TA |
| Revised FTRI website |
| Purchased media time statewide and aired the Florida Relay PSA |
| Purchased media time statewide and aired the FTRI PSA |
| Translated 5 PSAs into Spanish |
| Translated EDP video into Spanish |
| Translated the majority of our brochures into Spanish |
| FTRI hires a new Outreach Specialist |
| FTRI held its Annual Training Conference for RDC / TA |

FTRI – Equipment Distribution Program

FTRI produced and disseminated a 30 second PSA (Public Service Announcement) in both English and Spanish. This PSA was targeted to reach individuals with hearing loss to create awareness about the specialized telephones that are available to Florida residents at *no charge*. This PSA was aired continuously on cable networks throughout the state from November 2002 to June 2003.

Below are excerpts taken from the Florida Relay Public Service Announcements.



Florida Relay Survey Results

The survey conducted in April 2003 reported that an increase in awareness was significant in several subcategories.

Survey Methodology – this survey was conducted April 14 and 15, 2003. Professional telemarketers conducted the interviews. The survey was balanced to all known demographics and pertinent criteria. This survey has a 95% confidence level and a margin of error of +/- 4.4%.

Business Partnership Program

One PSA was created to reach businesses in Florida and to recruit them with becoming a Business Partner. Businesses that signed up as a "Relay Friendly" partner were provided a training kit designed to help businesses train employees on how to communicate via the Florida Relay service with individuals who are deaf, hard of hearing, deaf/blind, or speech impaired.

Below are excerpts taken from the Business Partnership Program Public Service Announcements.



As of June 30, 2003 there are 1,286 businesses with 206,223 employees that are partners.

Complaints

Clients may file complaints in many ways. These include contacting FTRI, the Florida Public Service Commission, the Department of Agriculture Consumer Services, and the Governor's Office. Complaints are filed via phone, letter, or email. Upon receipt, FTRI management addresses each complaint directly with the client and makes every attempt to resolve the issue to the satisfaction of the client. For those complaints filed through external sources, FTRI shares the resolution with the referring office.

Client Comments

This phone has been a blessing.

-- Agnes from Hialeah

Thank you for the phone. It's been a big help for me.

-- Harold from Lauderhill

I am so grateful for my phone because I can hear so much better!

-- Esther from West Palm Beach

Thank you for loaning me this excellent equipment and providing a valuable service.

-- Joseph from Port Orange

A great program, especially for those of us who are on a fixed income and cannot afford the special devices you provide.

-- Barrow from St. Petersburg

I can now answer the telephone myself. Before, my wife had to do it for me. It's a real pleasure to use your telephone. Let Freedom Ring! May God bless FTRI.

-- W.T. from Tallahassee

Closing Statement

FTRI continues to maintain its status as an administrative center, concentrating on oversight of the Regional Distribution Center (RDC) contractors, Training Agency (TA) contractors, and equipment vendors. The FTRI administrative office directly serves approximately twenty percent of Florida's residents who live in rural areas. Since the inception of the Equipment Distribution Program in 1986, over 279,000 residents have been provided with telecommunications equipment and support services.

FLORIDA TELECOMMUNICATIONS RELAY, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITORS' REPORT

FISCAL YEAR ENDED JUNE 30, 2003

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2003

ASSETS

CURRENT ASSETS

| | |
|------------------------------|---------------|
| Cash | \$ 1,563,702 |
| Accounts Receivable (Note 1) | 951,917 |
| Prepaid Expenses (Note 1) | <u>14,253</u> |

TOTAL CURRENT ASSETS \$ 2,529,872

PROPERTY & EQUIPMENT (Note 1)

| | |
|--------------------------------|------------------|
| Office Furniture | \$ 45,413 |
| Office Equipment | 182,105 |
| Dual Sensory Equipment | 156,980 |
| less: Accumulated depreciation | <u>(259,314)</u> |

NET PROPERTY & EQUIPMENT 125,184

OTHER ASSETS 8,939

TOTAL ASSETS \$ 2,663,995

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|---------------------------|---------------------|
| Accounts Payable (Note 1) | <u>\$ 1,402,860</u> |
|---------------------------|---------------------|

TOTAL CURRENT LIABILITIES \$ 1,402,860

NET ASSETS (Unrestricted) 1,261,135

TOTAL LIABILITIES AND NET ASSETS \$ 2,663,995

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF EXPENSES BY CATEGORY
For the Year Ended June 30, 2003

| | | |
|--|---------------|-----------------------------|
| <i>Category I - Relay Service</i> | | |
| DPR Provider | | \$ 8,890,898 |
| | | |
| <i>Category II - Equipment & Repair (Note 1)</i> | | |
| TDD Equipment | \$ 366,668 | |
| VCP Hearing Impaired Amplifiers | 2,549,859 | |
| VCP Speech Impaired | 17,731 | |
| In-Line Amplifiers | 5,422 | |
| VCO Telephone | 110,989 | |
| Signaling Equipment | 357,712 | |
| TeliTalk Speech Aid Phone | 78,000 | |
| Telecommunications Equipment Repair | 48,454 | |
| Dual Sensory Equipment | 27,470 | |
| Less: Capitalized Portion | (27,470) | |
| Depreciation | <u>21,434</u> | |
| <i>Subtotal - Category II</i> | | 3,556,269 |
| | | |
| <i>Category III - Equipment Distribution</i> | | |
| Freight / Telecommunications Equipment | \$ 32,466 | |
| Regional Distribution Centers | 1,190,443 | |
| Workshop Expense | 32,192 | |
| Equipment Training Expense | <u>52,636</u> | |
| <i>Subtotal - Category III</i> | | 1,307,737 |
| | | |
| <i>Category IV - Outreach</i> | | |
| Outreach Expense | | 791,134 |
| | | |
| <i>Category V - General & Administrative</i> | | |
| Advertising | \$ 3,264 | |
| Accounting/Auditing | 14,125 | |
| Legal | 72,000 | |
| Consultation | 5,750 | |
| Bank charges | 1,948 | |
| Dues and Subscriptions | 2,719 | |
| Furniture & Equip. Purchased | 19,433 | |
| Less: Capitalized Portion | (19,433) | |
| Depreciation | 25,631 | |
| Office Equipment Lease | 3,212 | |
| Insurance | 132,835 | |
| Office Expenses | 13,493 | |
| Postage | 18,430 | |
| Printing | 4,339 | |
| Rent (Note 2) | 77,316 | |
| Retirement (Note 3) | 42,653 | |
| Employee Compensation | 386,491 | |
| Payroll Taxes | 32,586 | |
| Temporary Employment | 19,801 | |
| Telephone & Fax | 18,816 | |
| Travel and Business Expense | 14,904 | |
| Utilities | 4,758 | |
| Equipment Maintenance | 1,713 | |
| Employee Training | 4,665 | |
| Meeting & Interpreter Expense | 1,760 | |
| Miscellaneous Expense | <u>61</u> | |
| <i>Subtotal - Category V</i> | | <u>903,270</u> |
| | | |
| TOTAL EXPENSES | | <u>\$ 15,449,308</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FLORIDA TELECOMMUNICATIONS RELAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General:

The Organization maintains its accounts and prepares financial statements on the accrual basis of accounting. Revenues are recognized in the period earned, whether or not received; expenses are recognized in the period in which the obligation is incurred, whether or not paid.

Purpose:

The Organization is a not-for-profit corporation designated as the Administrator of the Telecommunications Access System Act, pursuant to s.427.704(2), F.S., and is responsible for the distribution of specialized telecommunications devices. The devices for the Deaf, Hard of Hearing and Speech impaired persons are distributed free of charge to clients certified by designated specialists in the speech and hearing field. The Florida Public Service Commission regulates the Organization, which is funded through a surcharge on telephone bills of residents of the State of Florida.

Property and equipment:

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

The Organization has adopted the policy of recording the purchase of the specialized telecommunication equipment, distributed to its clients, as an expense of the period, while the Organization retains certain rights and obligations.

Income taxes:

The Organization, a Florida nonprofit corporation, is tax exempt under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - LEASE

On March 1, 2002 the Organization entered into a lease agreement for office space. The lease is classified as an operating lease with a term of five years with a 3% increase each March and expires on February 28, 2007. Lease expense for the fiscal year ending June 30, 2003 was \$77,316. Future minimum lease payments are: Fiscal Years Ending June 30, 2004 - \$78,816; 2005 - \$81,180; 2006 - \$83,616; 2007 - \$56,848.

ANNUAL REPORT
JUNE 1, 2002 - MAY 31, 2003

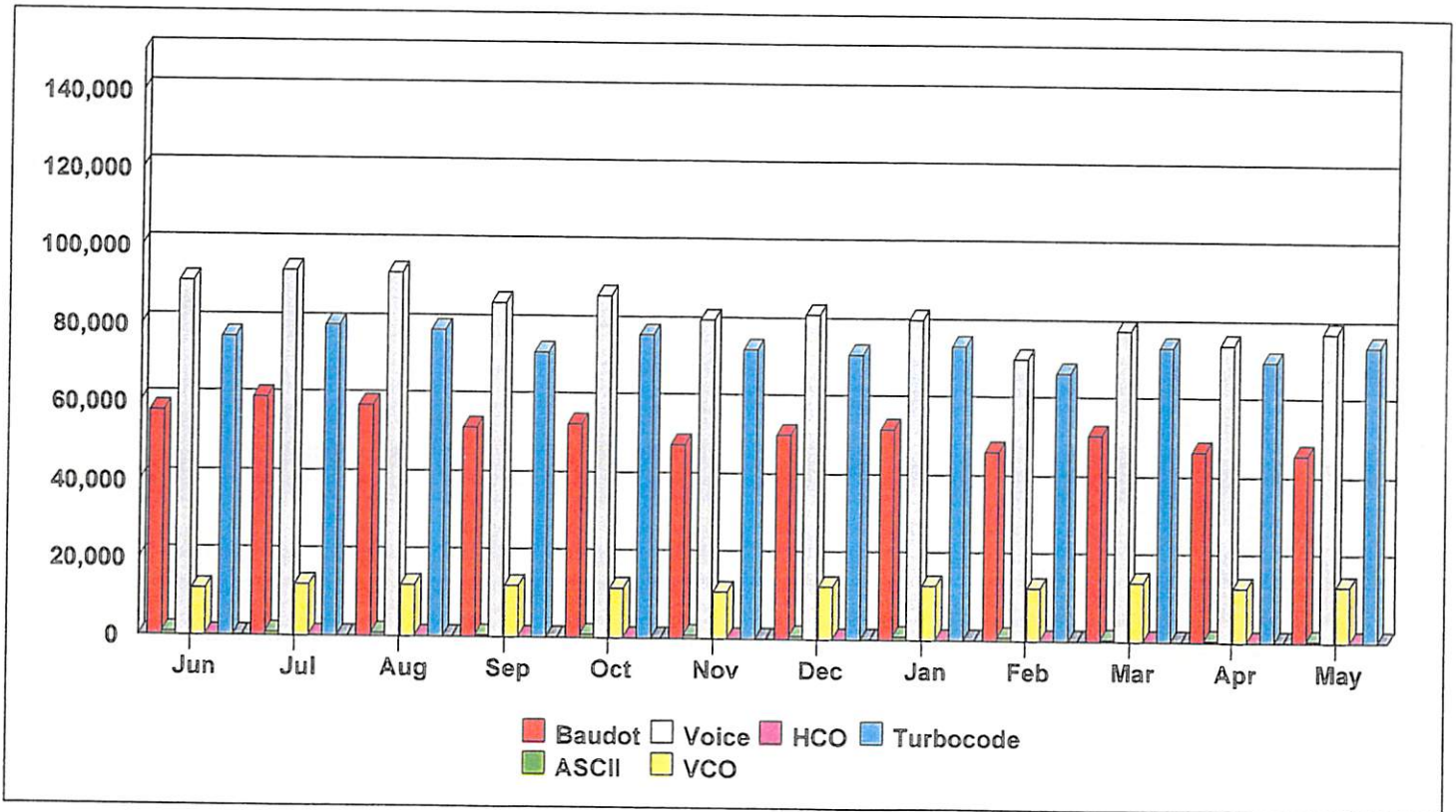
FLORIDA
RELAY SERVICE

Sprint

Florida Relay Service - June 2002 thru May 2003

Monthly Incoming Calls by Type
(Baudot, ASCII, Voice, VCO and HCO)

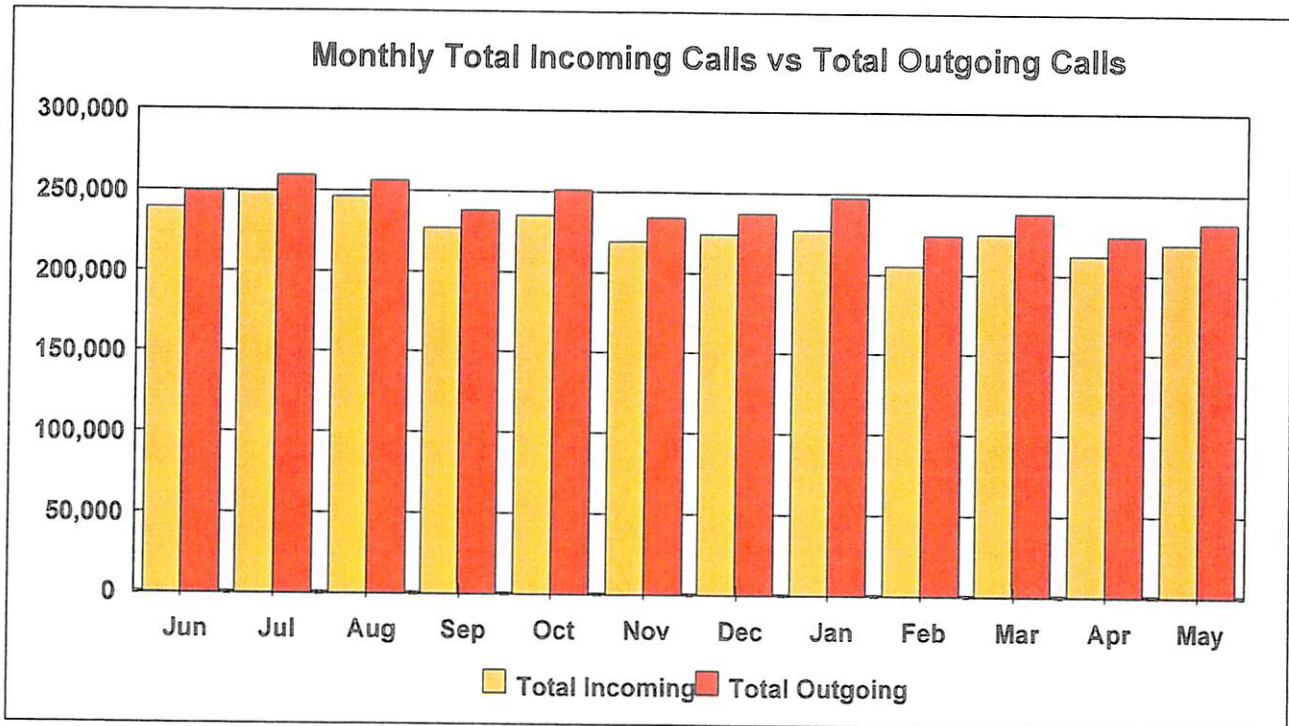
| | Incoming | | | | | | Total Incoming |
|--------------|-----------------|----------------|----------------|------------------|----------------|--------------|------------------|
| | Incoming Baudot | Turbo Code | Incoming ASCII | Incoming Voice | Incoming VCO | Incoming HCO | |
| Jun | 57,691 | 76,747 | 1,151 | 91,014 | 11,993 | 127 | 238,723 |
| Jul | 61,435 | 79,978 | 1,087 | 93,858 | 13,117 | 174 | 249,649 |
| Aug | 59,416 | 78,825 | 1,081 | 93,324 | 13,281 | 112 | 246,039 |
| Sep | 53,928 | 73,259 | 776 | 85,793 | 13,176 | 156 | 227,088 |
| Oct | 55,069 | 77,992 | 941 | 88,090 | 13,017 | 94 | 235,203 |
| Nov | 49,971 | 74,322 | 831 | 82,140 | 11,989 | 135 | 219,388 |
| Dec | 52,442 | 73,133 | 916 | 83,577 | 13,769 | 90 | 223,927 |
| Jan | 54,055 | 75,637 | 825 | 82,379 | 14,205 | 91 | 227,192 |
| Feb | 48,451 | 68,909 | 822 | 72,544 | 13,842 | 154 | 204,722 |
| Mar | 52,968 | 75,430 | 666 | 80,058 | 15,203 | 182 | 224,507 |
| Apr | 48,877 | 71,906 | 693 | 76,210 | 14,036 | 133 | 211,855 |
| May | 48,383 | 76,100 | 680 | 79,376 | 14,600 | 159 | 219,298 |
| Total | 642,686 | 902,238 | 10,469 | 1,008,363 | 162,228 | 1,607 | 2,727,591 |



Florida Relay Service - June 2002 thru May 2003

Monthly Incoming and Outgoing Calls

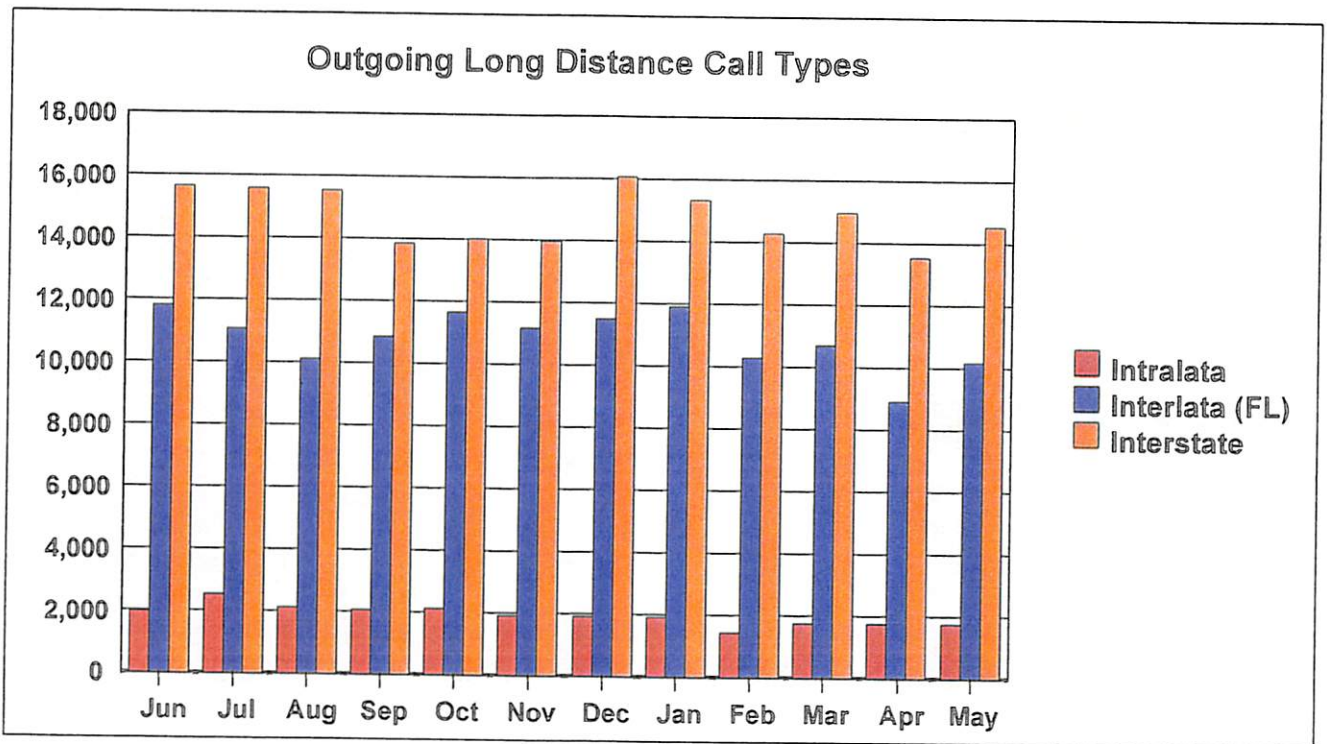
| | Total Incoming | Incomplete Outgoing | Complete Outgoing | Total Outgoing |
|--------------|------------------|---------------------|-------------------|------------------|
| Jun | 238,723 | 58,756 | 190,162 | 248,918 |
| Jul | 249,649 | 60,854 | 198,869 | 259,723 |
| Aug | 246,039 | 59,133 | 197,224 | 256,357 |
| Sep | 227,088 | 55,615 | 182,921 | 238,536 |
| Oct | 235,203 | 57,728 | 193,089 | 250,817 |
| Nov | 219,388 | 55,203 | 178,746 | 233,949 |
| Dec | 223,927 | 55,991 | 181,137 | 237,128 |
| Jan | 227,192 | 57,862 | 189,706 | 247,568 |
| Feb | 204,722 | 51,841 | 172,433 | 224,274 |
| Mar | 224,507 | 51,024 | 186,876 | 237,900 |
| Apr | 211,855 | 49,384 | 174,861 | 224,245 |
| May | 219,298 | 51,283 | 181,244 | 232,527 |
| Total | 2,727,591 | 664,674 | 2,227,268 | 2,891,942 |



Florida Relay Service - June 2002 thru May 2003

Monthly Outgoing Call Types

| | Local | Intralata | Interlata (FL) | Interstate | Toll Free | Misc. (COC, Dir Assistance, (Internat'l) | Total Outgoing |
|--------------|------------------|---------------|----------------|----------------|----------------|--|-------------------|
| Jun | 194,057 | 1,945 | 11,814 | 15,645 | 24,260 | 1,197 | 248,918 |
| Jul | 201,435 | 2,497 | 11,053 | 15,618 | 27,575 | 1,545 | 259,723 |
| Aug | 202,895 | 2,064 | 10,122 | 15,547 | 24,261 | 1,468 | 256,357 |
| Sep | 187,757 | 2,034 | 10,869 | 13,863 | 22,610 | 1,403 | 238,536 |
| Oct | 197,755 | 2,095 | 11,660 | 14,002 | 24,029 | 1,276 | 250,817 |
| Nov | 183,300 | 1,879 | 11,147 | 13,978 | 22,273 | 1,372 | 233,949 |
| Dec | 184,347 | 1,867 | 11,485 | 16,071 | 22,136 | 1,222 | 237,128 |
| Jan | 193,463 | 1,854 | 11,903 | 15,348 | 23,665 | 1,335 | 247,568 |
| Feb | 176,094 | 1,416 | 10,248 | 14,285 | 20,868 | 1,363 | 224,274 |
| Mar | 186,780 | 1,693 | 10,691 | 14,949 | 22,494 | 1,293 | 237,900 |
| Apr | 177,939 | 1,702 | 8,918 | 13,523 | 21,086 | 1,077 | 224,245 |
| May | 183,799 | 1,707 | 10,155 | 14,563 | 21,156 | 1,147 | 232,527 |
| Total | 2,269,621 | 22,753 | 130,065 | 177,392 | 276,413 | 15,698 | 2,891,942 |



Florida Relay Service - June 2002 thru May 2003

Completed Outgoing Call Distribution - In Daily Average Minutes

| | In Minutes | | | | | | | |
|----------------|--------------|------------|------------|------------|-----------|-----------|----------|-----------|
| | 0-5 | 5-10 | 10-20 | 20-30 | 30-40 | 40-50 | 50-60 | >60 |
| Jun | 9,596 | 867 | 465 | 114 | 37 | 17 | 7 | 11 |
| Jul | 9,789 | 864 | 479 | 113 | 41 | 17 | 8 | 11 |
| Aug | 9,612 | 866 | 479 | 112 | 38 | 17 | 8 | 11 |
| Sep | 9,147 | 839 | 466 | 106 | 36 | 16 | 8 | 10 |
| Oct | 9,160 | 858 | 483 | 109 | 38 | 15 | 7 | 12 |
| Nov | 8,857 | 820 | 455 | 108 | 38 | 16 | 9 | 9 |
| Dec | 8,681 | 808 | 463 | 104 | 36 | 15 | 8 | 9 |
| Jan | 8,880 | 863 | 489 | 110 | 40 | 17 | 8 | 10 |
| Feb | 8,876 | 842 | 485 | 112 | 38 | 16 | 8 | 9 |
| Mar | 8,685 | 824 | 452 | 105 | 36 | 15 | 7 | 9 |
| Apr | 8,450 | 800 | 441 | 104 | 38 | 15 | 8 | 10 |
| May | 8,501 | 779 | 428 | 101 | 36 | 15 | 7 | 8 |
| Average | 9,020 | 836 | 465 | 108 | 38 | 16 | 8 | 10 |

