

A REPORT TO THE:
President of the Senate
Speaker of the House of Representatives



THE STATUS OF THE
TELECOMMUNICATIONS
ACCESS SYSTEM ACT
OF 1991

DECEMBER 2005

TABLE OF CONTENTS

I.	Executive Summary	3
	Table A -Financial Report.....	3
	Table B - Equipment Distribution History	3
	Table C - New Recipients of Equipment and Training	4
	Table D - Surcharge Level History	4
II.	Recent Development of the Telecommunications Access System	5
III.	Distribution of Specialized Telecommunications Equipment	6
IV.	Relay Calling Volume	7
V.	Advisory Committee.....	7
VI.	Federal Activity	8
VII.	Conclusion	11
VIII.	Terms & Acronyms	12
	APPENDIX A – FTRI Budget for 2004-05 and 2005-06 Fiscal Years.....	16
	APPENDIX B – FTRI Annual Report to the Florida Public Service Commission.....	19
	APPENDIX C – Florida Relay Service Information – Sprint	43

Implementation Status of the TELECOMMUNICATIONS ACCESS SYSTEM ACT OF 1991

I. EXECUTIVE SUMMARY

Chapter 427, Florida Statutes established the Telecommunications Access System Act of 1991 (TASA). Section 427.704, Florida Statutes, requires the Commission to submit an annual report to the legislature regarding the operation of the telecommunications access system.

Pursuant to TASA, the Florida Public Service Commission (FPSC or Commission) 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 some of the requirements of TASA by providing for the distribution of specialized equipment required for telecommunications services to the hearing impaired, speech impaired, and dual sensory impaired, and outreach in the most cost effective manner.

The tables below provide a statistical summary of the status of the Telecommunications Access System. More detailed information regarding the financial status of the program are in Appendix A of this report.

TABLE A - FINANCIAL REPORT
(7/01/04 – 6/30/05)

Total Revenue	\$17.7 million
Relay Services Expense	\$7.4 million
Equipment and Repairs Expense	\$4.2 million
Equipment Distribution	\$1.9 million
Outreach	\$.8 million
Administrative Expense	\$1.1 million
Revenue less Expenses	\$2.3 million

TABLE B - EQUIPMENT DISTRIBUTION HISTORY*

	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
7/1/03 - 6/30/04	69,500	5,791
7/1/04 - 6/30/05	76,197	6,349

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

**TABLE C - NEW RECIPIENTS OF EQUIPMENT AND TRAINING
YEAR 2004/2005**

Deaf	327
Hard of Hearing	38,613
Speech Impaired	277
Dual Sensory Impaired	79
Total	*39,296

**The number of new recipients is lower than the amount of distributed new equipment referenced in Table B, page 3, because a significant number of recipients received more than one piece of equipment.*

TABLE D - SURCHARGE LEVEL HISTORY

7/1/91 to 6/30/92	5¢/access line/month
7/1/92 to 10/31/94	10¢/access line/month
11/1/94 to 6/30/95	12¢/access line/month

7/1/95 to 6/30/96	10¢/access line/month
7/1/96 to 6/30/98	12¢/access line/month
7/1/98 to 6/30/99	11¢/access line/month
7/1/99 to 6/30/00	9¢/access line/month
7/1/00 to 6/30/01	8¢/access line/month
7/1/01 to 6/30/02	12¢/access line/month
7/1/02 to 6/30/03	8¢/access line/month
7/1/03 to 2/28/04	12¢/access line/month
3/1/04 to 6/30/04	13¢/access line/month
7/1/04 to current	15¢/access line/month

Additional statistical information is contained in Appendices to this report. Appendix A provides the approved budget and actual expenses for FTRI for the fiscal year 2004-05, and the approved budget for fiscal year 2005-06. Appendix B is FTRI's annual report to the Commission which contains information on the equipment distribution program and audited financial statements for FTRI. Appendix C (pages 43-53) is information compiled from Sprint's monthly reports and contains usage information on the various relay services.

II. RECENT DEVELOPMENTS OF THE TELECOMMUNICATIONS ACCESS SYSTEM

Sprint Communications Company, L.P. (Sprint) has been the relay service provider since June, 2000. Based on the evaluations of the responses to the Request for Proposals issued in 2004, Sprint was awarded a new contract beginning June 1, 2005 to extend for a three year period with four one year extensions upon mutual agreement between Sprint and the Commission. Florida historically had one call center which is located in Miami. Under the new contract, Sprint implemented a second call center located in Jacksonville, Florida. The Jacksonville call center processes the majority of Florida originated relay calls and the Miami call center is used for overflow calls.

The new contract requires the relay operators to type at a minimum of 60 words per minute on live relay calls. Sprint experienced difficulties maintaining this typing speed which resulted in the Commission collecting \$100,000 in liquidated damages in the form of a credit payment for the charges for the relay service. The Commission further suspended the collection of \$205,000 pending the performance of Sprint in the future¹. Sprint has since improved the typing speed and will continue to be monitored for compliance with the 60 words per minute requirement.

¹ Order No. PSC-05-0988-FOF-TP, Docket No. 040763-TP, Issued October 13, 2005

Sprint also suffered a major network outage with the loss of its switch located in New Orleans due to Hurricane Katrina. The New Orleans switch processed much of Florida's 711 access and 800 number access to relay services. Commission staff has worked with Sprint to implement an e-mail notification system through FTRI which notifies all of its regional distribution centers who can then attempt to notify their clients when a network outage has occurred.

Other developments during fiscal year ending June 30, 2005 include the following:

- On July 1, 2004, the Commission approved a surcharge increase from \$.13 to \$.15 per access line per month to accommodate FTRI's budget request.
- September 21, 2004, the Commission issued a RFP for relay service beginning June 1, 2005.
- February 7, 2005, the Commission's Executive Director signed a contract with Sprint.
- June 1, 2005, Sprint began providing service under the new contract. The surcharge remains to-date at \$.15. Sprint also opened its additional Florida call center in Jacksonville.

III. 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 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, 2004 through June 30, 2005.

EQUIPMENT DISTRIBUTED BY FTRI	UNITS DISTRIBUTED 7/1/04 - 6/30/05
1. Volume Control Telephones for Hearing Impaired (VCPH)	61,795
2. Audible Ring Signalers (ARS)	9,753
3. Visual Ring Signalers (VRS)	1,905
4. Telecommunications Devices for the Deaf (TDD)	914

5. Braille phones, in-line amplifiers, tactile ring signalers, Tykriphones, Dialogue RC 200 units, voice-carry-over phones with large visual displays (Captel), volume control phones for the speech impaired, Uniphone 1140 units, and voice-carry-over phones.	1,830
Total	76,197

IV. RELAY CALLING VOLUME

June, 1992, was the first month of operation for the Relay Service. Call volumes have fluctuated since that time. For comparison purposes, for the month of June, 2004, there were 802,374 billable minutes of use for relay calls. For the month of June, 2005, the number of billable minutes of use declined to 594,434. Much of the decline is attributed to users changing to IP-Relay and Video Relay services, which are currently federally funded through the interstate TRS fund.

Captel minutes of use for the month of June, 2004, were 33,624 while for the month of June, 2005, the minutes of use increased to 84,114. Florida distributes up to 100 Captel instruments per month. As the number of instruments distributed increases, and the quality improves, the minutes of use should continue to rise.

V. ADVISORY COMMITTEE

In accordance with Section 427.706, Florida Statutes, TASA establishes an Advisory Committee to advise the Florida Public Service Commission and Administrator concerning the Telecommunications Access System. The Advisory Committee can consist of up to ten individuals recommended by eight different organizations. The current Advisory Committee consists of the following members.

RECOMMENDING ORGANIZATION	NAME OF MEMBER
Advocacy Center for Persons with Disabilities, Inc.	Steve Howells
Deaf Service Center Association	Julie Church
Florida Association of the Deaf, Inc.	Chris Wagner
Coalition for Persons with Dual Sensory Disabilities	Harry Anderson
Florida Telecommunications Industry Association (formerly known as Florida Telephone Association)	Nancy Schnitzer - local telco representative Brian Musselwhite - long distance telco representative

Self Help for Hard of Hearing People	Kathy Borzell
Florida Association of the Deaf	Jimmy L. Peterson

During 2005, the Advisory Committee met on two occasions. At the April 15, 2005, meeting the topics discussed were service quality testing, Sprint's new contract and Caller ID, the future of wireless devices and FTRI's proposed budget.

The Advisory Committee also met on October 20, 2005, at the new relay call center in Jacksonville. The primary items discussed were service quality, new account manager responsibilities, CapTel service quality, FTRI's outreach efforts and the hurricane outage restoration efforts of Sprint.

VI. FEDERAL ACTIVITIES

Chapter 427, Florida Statutes requires that the relay system be compliant with regulations adopted by the FCC to implement title IV of the Americans with Disabilities Act. The FCC mandates the minimum requirements states must provide and certifies each state program. The FCC also periodically proposes changes that are not always mandated services. One such proposed change was the possibility of the states funding a portion of the cost to provide VRS and IP-relay services. The FPSC filed comments on this proposal which are included in this report below. To-date, the FCC has not mandated VRS and IP-relay and has not required the states to fund them. However, there is still a possibility that some of the costs may be shifted to the states in the future.

COMMISSION COMMENTS FILED WITH THE FCC Federal Communications Commission Proposed Rulemaking Regarding Video Relay Service and Internet Protocol Relay

On October 8, 2004, the FPSC submitted comments to the FCC in response to its Notice of Proposed Rulemaking regarding Telecommunications Relay services². The FPSC has concerns with the proposed rule in terms of the financial impact on the state relay service program, possible statutory conflicts, and competition between providers of Florida Video Relay Services³ (VRS) and Internet Protocol⁴ (IP) Relay.

Presently, interstate and intrastate VRS and IP Relay services are federally funded through monies collected by the Interstate Telecommunications Relay Services Fund Administrator, the National Exchange Carrier Association, Inc. (NECA), based on interstate end-

² Federal Communications Commission's Report and Order, Order on Reconsideration, and Further Notice of Proposed Rule Making in CG Docket No. 03-123, released on June 30, 2004.

³ Video Relay Service is a form of Telecommunications Relay Service that enables persons with hearing disabilities who use American Sign Language to communicate with voice telephone users through video equipment, rather than through typed text. Video equipment links the VRS user with a TRS operator – called a "communications assistant" (CA) – so that the VRS user and the CA can see and communicate with each other in signed conversation.

⁴ IP Relay allows people who have difficulty hearing or speaking to communicate with anyone in the world through an Internet connection using a computer and the Internet, rather than a TTY and a telephone.

user revenues of carriers. The proposed FCC Rule would require the states to fund the intrastate portion of VRS and IP Relay.

The proposed cost recovery method conflicts with Florida Statutes

Florida's ability to provide Telecommunications Relay Service (TRS) under its current state statutes could be adversely impacted if the FCC requires the states to fund the intrastate portion of Video Relay Services and Internet Protocol Relay. Currently, the Florida law has a cap of \$0.25 per line per month on the surcharge for TRS. Section 427.704(4)(a)(1.), Florida Statutes, states:

[The commission shall] require all local exchange telecommunications companies to impose a monthly surcharge on all local exchange telecommunications company subscribers on an individual access line basis, except that such surcharges shall not be imposed upon more than 25 basic telecommunications access lines per account bill rendered.

Section 427.704(4)(b), Florida Statutes, further states:

[The commission shall] determine the amount of the surcharge based upon the amount of funding necessary to accomplish the purposes of this act and provide the services on an ongoing basis; however, in no case shall the amount exceed 25 cents per line per month.

The current TRS surcharge in Florida is \$0.15 per access line which is used to fund the traditional TRS and equipment distribution system. VRS is an expensive service to provide. The compensation rate for VRS is currently set at \$6.644 per minute.⁵ Should the FCC mandate that states pay for the intrastate portion of VRS and IP Relay service, under its current statute, Florida would possibly experience a financial shortfall in relay surcharge revenue. Florida's TRS surcharge rate cap limits its ability to collect additional revenue. The FPSC believes that VRS and IP Relay should continue to be funded by the National Exchange Carrier Association, Inc.

IP Relay Fraud

The FPSC is concerned about the states funding IP Relay and incurring unnecessary expenses due to fraud. IP Relay is sometimes being utilized by international users to purchase merchandise from businesses in the United States using fraudulent forms of payment.⁶ Because IP Relay calls are routed over the Internet and originate in a foreign country, it is difficult to determine the originating location and block the calls. Sprint, Florida's contracted TRS provider, indicated that it is able to block the domain address of an international fraudulent call once the source is determined, but the calls are then initiated again from a different domain address. The fraudulent calls last longer than legitimate calls and significantly increase the call volume, and consequently, the expense. Florida's jurisdiction is limited to intrastate calls which makes it

⁵ In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Order), CC Docket No. 98-67 and CG Docket No. 03-123, FCC 05-135, adopted June 28, 2005, released June 28, 2005.

⁶ MSNBC.com, *Con artists target phone system for deaf*, Bob Sullivan, April 20, 2004.

difficult for Florida to correct the occurrence of international IP Relay fraud. If the states are required to pay for IP Relay using the percentage of traffic allocation method, the states might also be paying for a percentage of fraudulent international calls.

Since it is difficult at best to determine jurisdictional separation of IP Relay calls, the FPSC believes the best method of providing IP Relay service is to continue funding through the NECA fund.

The potential impact on competition in Florida

Competition in Florida between providers of VRS and IP Relay may be diminished if the FCC mandates that VRS and IP Relay become required services of TRS in order to meet the FCC state certification requirements. Section 427.704(1), Florida Statutes, in part states:

The commission shall establish, implement, promote, and oversee 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. The telecommunications access system shall provide for the purchase and distribution of specialized telecommunications devices and the establishment of statewide single provider telecommunications relay service system which operates continuously. . .
[emphasis added]

Should the FCC mandate that VRS and IP Relay become part of TRS, Florida would have only one contracted provider pursuant to its current statute. Therefore, inclusion of VRS and IP Relay in Florida's TRS contract could possibly eliminate competition for these services in Florida because there would not be a funding mechanism for the intrastate portion of the service for any provider other than the one under contract with the FPSC. To this end, the FPSC urged the FCC to not include VRS and IP Relay as mandatory services of TRS.

Alternatively, should the FCC include VRS and IP Relay as mandatory services of TRS or order that the states shall fund the intrastate portion of TRS and/or IP Relay, the FPSC requested that the FCC provide a waiver provision in the rule for states that have statutory conflicts with the proposed rule.

Conclusion

The FPSC believes that VRS and IP Relay should not be included as mandatory relay services and these services should continue to be funded by NECA. While VRS and IP Relay are of value to relay users, the FPSC has concerns about the cost of providing VRS and the possible fraud associated with IP Relay. The added expense of including VRS and IP Relay as required relay services will possibly exceed the revenue Florida receives under its statutory rate cap for the relay surcharge. Further, the FPSC is concerned that the proposed FCC requirement may present competitive hurdles for relay service in Florida. The FPSC requested that the FCC provide a waiver provision in the rule for states that have statutory conflicts with the proposed

rule if the FCC includes VRS and IP Relay as mandatory services of TRS or orders that the states shall fund the intrastate portion of VRS and/or IP Relay.

VII. CONCLUSION

FTRI continues to grow its distribution and outreach programs which increased consumer awareness of both FTRI's programs and the relay system. Florida continues to place emphasis on service quality which has resulted in increased typing speed for not only Florida, but all of the states served by Sprint. Furthermore, the increased distribution and service improvement of CapTel has enriched the lives of persons that would not normally use traditional relay service. The Commission expects these positive trends to continue. The Commission will continue to pursue service quality improvements.

Florida's hearing-impaired and dual-sensory impaired citizens using relay services and equipment are enjoying efficient, reliable, and cost-effective telecommunication service.

VIII. TERMS AND ACRONYMS

Several terms and organizations are referenced throughout this report. To assist in reading the report, the following explanation of terms is provided.

ADMINISTRATOR - A nonprofit corporation [427.704(2), F.S.] created by the local exchange telephone companies pursuant to Commission Order No. 24462 dated May 1, 1991.

That nonprofit corporation was created in June of 1991 and is known as the Florida Telecommunications Relay, Inc. (FTRI.) The FTRI has three basic roles: (1) to collect the surcharge revenues from the local exchange telephone companies and pay the relay service provider [427.705(1)(d)&(g), F.S.]; (2) to distribute and maintain 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.] 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.

AGBELL - Alexander Graham Bell Association for the Deaf.

ARS (Audible Ring Signaler) – A signaler which rings when the telephone rings. When ringer is turned to off, light will still flash when phone rings.

ASCII - An acronym for American Standard Code for Information Interexchange which employs an eight bit code and can operate at any standard transmission baud rate including 300, 1200, 2400, and higher.

Baudot - A seven bit code, only five of which are information bits. Baudot is used by some text telephones to communicate with each other at a 45.5 baud rate.

CA (Communications Assistant) - A person who transliterates or interprets conversation between two or more end users of telecommunications relay service. CA supersedes the term "TDD operator."

CapTel – A captioned telephone service which uses a telephone that looks similar to a traditional telephone but also has a text display that allows the user, on one standard telephone line, to both listen to the other party speak and simultaneously read captions of what the other party is saying.

COC – Carrier of Choice

Dialogue RC 200 – A phone designed for people with any degree of mobility and dexterity loss which has voice activated answering.

DSCA – Deaf Service Center Association.

FAD – Florida Association of the Deaf.

FCC - Federal Communications Commission.

FLALDA - Florida Late Deafened Adults Association.

FLASHHH - Florida Association for the Self-Help for the Hard of Hearing.

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 nonprofit corporation formed to serve as the TASA Administrator.

HCO (Hearing carry over) - A form of relay service where the person with the speech disability is able to listen to the other end user and, in reply, the CA speaks the text as typed by the person with the speech disability.

Internet Protocol (IP) Relay - Allows people who have difficulty hearing or speaking to communicate with anyone in the world through an Internet connection using a computer and the Internet, rather than a TTY and a standard telephone line.

Jupiter Speaker Phone – A speaker phone which provides hands-free telephone access and accommodates speech impaired, hearing impaired, motivity and mobility impaired persons.

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.]

NECA (National Exchange Carrier Association) – the Interstate Telecommunications Relay Services Fund Administrator appointed by the FCC.

PROVIDER - The entity that provides relay service [427.704(3)(a), F.S.]

STS (Speech-to-speech relay service) - A telecommunications relay service that allows individuals with speech disabilities to communicate with voice telephone users through the use of specially trained CAs who understand the speech patterns of persons with speech disabilities and can repeat the words spoken by that person.

TASA - Telecommunications Access System Act of 1991.

TDD (Telecommunications Device for the Deaf) - A type of machine that allows people with hearing or speech disabilities to communicate over the phone using a keyboard and a viewing screen.

TeliTalk - The TeliTalk speech aid is specifically designed to meet the needs of approximately 3,000 speech impaired people in Florida who have had laryngectomies. The TeliTalk Speech Aid is a telephone unit with an electro larynx device attached.

TRS (Tactile Ring Signaler) – A signaler for deaf/blind persons which vibrates to let the Deaf-Blind individual know when the telephone is ringing. Also, (Telecommunications relay services).

TTY (Text telephone) - A machine that employs graphic communication in the transmission of coded signals through a wire or radio communication system. TTY supersedes the term "TDD" or "telecommunications device for the deaf."

Turbo Code - A feature that allows for enhanced transmission and the capability to interrupt during transmission during relay calls.

Tykriphone - A hands-free speakerphone which accommodates speech impaired, and mobility impaired persons.

VCO (Voice carry over) - A form of TRS where the person with the hearing disability is able to speak directly to the other end user. The CA types the response back to the person with the hearing disability. The CA does not voice the conversation.

VCP (Volume Control Phone) – A phone for the Hearing Impaired or Speech Impaired which amplifies the incoming voice from 0 to 40 decibels.

VRS (Visual Ring Signaler) – A signaler which connects to a lamp and makes it flash on and off when the telephone rings. Also, (Video relay service) - A telecommunications relay service that allows people with hearing or speech disabilities who use sign language to communicate with voice telephone users through video equipment. The video link allows the CA to view and interpret the party's signed conversation and relay the conversation back and forth with a voice caller.

FTRI BUDGET

FTRI BUDGET

		Commission Approved Budget 2004-2005 \$	Actual Revenue And Expenses 2004-2005 \$	Commission Approved Budget 2005-2006 \$
Operating Revenue				
1	<i>Surcharges</i>	17,852,927	17,657,263	17,073,358
2	<i>Interest Income</i>	14,950	46,404	41,407
3	<i>Service/Other</i>	0		
4	<i>Surplus Account</i>	1,463,383	3,581,389	3,458,395
GRAND TOTAL REVENUE		19,331,260	21,285,056	20,573,160
CATEGORY I Operating Expenses/ Relay Services				
5	<i>DPR Provider</i>	8,133,661	7,371,321	9,357,596
CATEGORY II Equipment & Repairs				
6	<i>TDD Equipment</i>	355,806	176,400	189,600
7	<i>Large Print TDDs</i>	5,680	2,840	8,520
8	<i>VCO/HCO – TDD</i>	86,220	36,000	36,000
9	<i>VCO Telephone</i>	39,745	19,449	20,798
10	<i>Dual Sensory Equipment Less: Capitalized Portion</i>	13,000	6,495 (6,495)	13,000
11	<i>Captel Equipment</i>	450,000	425,874	433,200
12	<i>VCP Hearing Impaired</i>	3,548,655	3,132,789	3,709,476
13	<i>VCP Speech Impaired</i>	10,936	9,702	11,972
14	<i>TeliTalk Speech Aid</i>	136,800	90,000	72,000
15	<i>Jupiter Speaker Phone</i>	24,500	15,330	12,250
16	<i>In-Line Amplifier</i>	5,260	3,400	4,320
17	<i>ARS Signaling Equipment</i>	301,430	187,034	189,309
18	<i>VRS Signaling Equipment</i>	53,721	70,869	66,834
19	<i>TRS Signaling Equipment</i>	1,120	0	560
20	<i>Telecom Equipment Repair</i>	112,560	57,757	55,809
	<i>Depreciation</i>		18,966	
TOTAL CATEGORY II		5,145,433	4,246,410	4,823,648

		Commission Approved Budget 2004-2005 \$	Actual Revenue And Expenses 2004-2005 \$	Commission Approved Budget 2005-2006 \$
CATEGORY III	Equipment Distribution & Training			
21	<i>Freight-Telecom Equipment</i>	43,040	26,145	33,573
22	<i>Regional Distribution Centers</i>	1,942,755	1,806,920	2,045,739
23	<i>Workshop Expense</i>	47,568	42,473	94,188
24	<i>Training Expense</i>	3,732	1,621	0
	TOTAL CATEGORY III	2,037,095	1,877,159	2,173,500
CATEGORY IV	Outreach			
25	<i>Outreach Expense</i>	995,450	818,658	731,568
	TOTAL CATEGORY IV	995,450	818,658	731,568
CATEGORY V	General & Administrative			
26	<i>Advertising</i>	6,600	3,088	3,600
27	<i>Accounting/Auditing</i>	14,575	14,525	14,961
28	<i>Legal</i>	72,000	72,000	72,000
29	<i>Computer Consultation</i>	18,200	17,343	39,578
30	<i>Bank Charges</i>	2,412	1,391	1,051
31	<i>Dues & Subscriptions</i>	3,256	1,992	3,256
32	<i>Office Furniture Purchase Less: Capitalized Portion</i>	4,660	2,097 (2,097)	1,738
33	<i>Office Equipment Purchase Less: Capitalized Portion</i>	37,414	35,096 (35,096)	21,870
34	<i>Depreciation</i>	0	24,275	0
35	<i>Office Equipment Lease</i>	4,925	3,324	4,175
36	<i>Insurance- Health/Life/Disability</i>	218,994	190,841	235,964
37	<i>Insurance – Other</i>	6,582	5,641	6,074
38	<i>Office Expense</i>	17,427	17,950	23,848

		Commission Approved Budget 2004-2005 \$	Actual Revenue And Expenses 2004-2005 \$	Commission Approved Budget 2005-2006 \$
39	<i>Office Moving Expense</i>	0	0	0
40	<i>Postage</i>	24,703	21,363	28,372
41	<i>Printing</i>	3,496	5,529	3,321
42	<i>Rent</i>	81,181	81,180	83,616
43	<i>Utilities</i>	7,383	10,221	9,504
44	<i>Retirement</i>	66,925	57,453	67,177
45	<i>Employee Compensation</i>	493,545	423,934	495,406
46	<i>Temporary Employment</i>	58,240	63,696	81,496
47	<i>Taxes – Payroll</i>	37,756	32,432	37,899
48	<i>Taxes – Unemployment Compensation</i>	5,306	6,218	7,182
49	<i>Taxes – Licenses</i>	61	61	61
50	<i>Telephone</i>	23,201	20,025	19,859
51	<i>Travel & Business</i>	36,950	17,305	34,325
52	<i>Equipment Maintenance</i>	7,215	3,745	7,215
53	<i>Employee Training</i>	7,160	7,793	6,360
54	<i>Meeting Expense</i>	3,960	3,768	3,420
55	<i>Miscellaneous</i>	200	0	200
	TOTAL CATEGORY V	1,264,327	1,107,093	1,313,528
	TOTAL EXPENSES	17,575,966	15,420,641	18,399,840

Florida Telecommunications Relay, Inc.



Annual Report 2004-05

TASA – Florida Statutes Chapter 427

Contents

Message from the Executive Director	21
TASA Requirements	22
Mission Statement	22
Equipment Distribution Program	22
Client Services	23
New Client Eligibility	23
New Client Certification	24
New Client Age Groups	24
Active Client Age Group	25
New Client County of Residence	26
Equipment	27
Equipment Vendors	27
Distributed Equipment	28
Quality Assurance	28
Outreach	29
Closing Statement	31
Appendix (A)	32

Message from the Executive Director



During fiscal year 2004 / 2005, FTRI served 39,296 new clients with the total number of services being 65,546. New clients increase over previous year was 19.18%. Equipment distributed totaled 76,197.

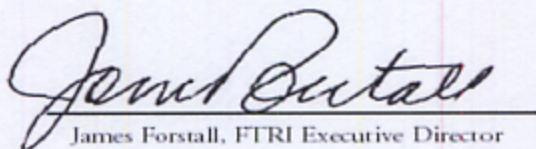
Since the inception of the FTRI program over 335,000 Floridians have received some type of specialized telephone. Maintenance services remain a vital part of the overall services provided by FTRI to consumers.

Outreach continues to play a major role with creating awareness throughout the state. During FY 2004 / 2005, FTRI, in conjunction with the regional distribution centers (RDC), conducted 2,286 outreach activities throughout the state. This averages to 190.5 outreach activities per month, up from 100 per month prior year.

In addition, Florida businesses continue to sign-up as partners of the Florida Relay outreach campaign with over 1,007 new businesses participating this reporting period. Information about both Florida Relay and FTRI Equipment Distribution Program (EDP) has been made available to over 62,450 employees. The FTRI outreach team will continue implementation of the Business Partner Program (BPP) to recruit businesses to become relay friendly. A listing of all partners can be found at [www.ftri.org/outreach/index.cfm?fuseaction= OutreachPartners](http://www.ftri.org/outreach/index.cfm?fuseaction=OutreachPartners). FTRI also began a quarterly E-Newsletter specifically to maintain contact with its partners. The "Florida Link" FTRI's annual newsletter was published and disseminated to all of its clients. This edition of the Florida Link featured the new CapTel telephone that was introduced last year. This special telephone allows people with hearing loss and intelligible speech to conduct telephone calls by reading text on a screen while speaking for themselves. A special relay service allows the operator to use voice recognition software instead of typing verbatim to the CapTel user.

Equally important, FTRI developed unique partnerships with numerous organizations and state agencies that've assisted with promoting FTRI program services as a "value added" service to their particular program. Partnerships such as these have proven to be a winning situation for everyone.

As you review this report, I believe it is evident that this past year was productive for both the FTRI Equipment Distribution Program and Florida Relay Service.



James Forstall, FTRI Executive Director



About FTRI

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

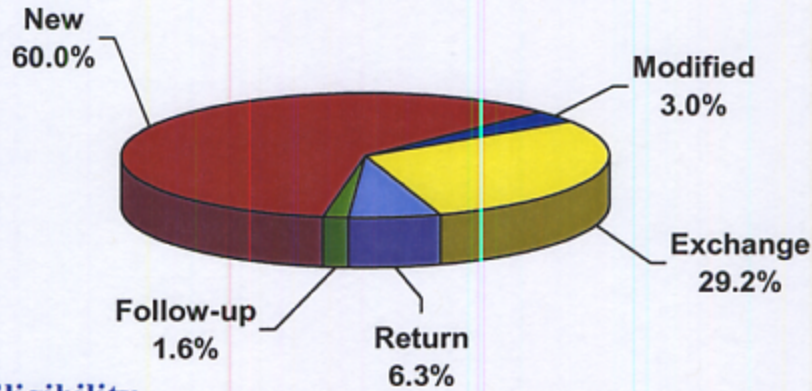
FTRI utilizes a regional distribution system for approximately eighty percent of the state of Florida, with centralized distribution from the administrative office in Tallahassee accounting for the remaining twenty percent.

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

FTRI contracted with nineteen 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).

Client Services

The total number of services provided by FTRI for fiscal year 2004 / 2005 was **65,546**. The average number of services provided monthly was **5,462**.

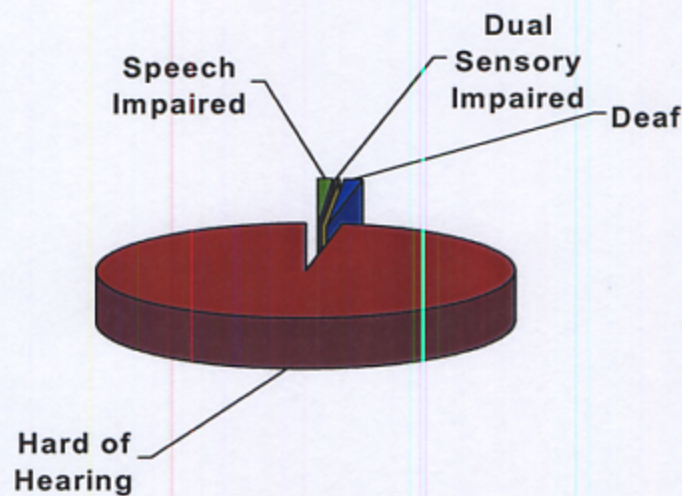


New Client Eligibility

FTRI served **39,296** new clients during the reporting period. Clients certified as eligible for the FTRI program are classified into four distinct groups:

Group	New Clients
Deaf	327
Hard of Hearing	38,613
Speech Impaired	277
Dual Sensory Impaired	79
Total	*39,296

** The number of new recipients is lower than the amount of distributed new equipment because a significant number of recipients received more than one piece of equipment. Margin of error ± 1%.*



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	24,109
Audiologist	7,810
Hearing Aid Specialist	5,391
Licensed Physician	1,177
State Certified Teacher	152
State Agency	153
Speech Pathologist	357
Federal Agency	147
Total	39,296

New Client Age Groups

The 2004 / 2005 breakdown of new recipients by age group is as follows:

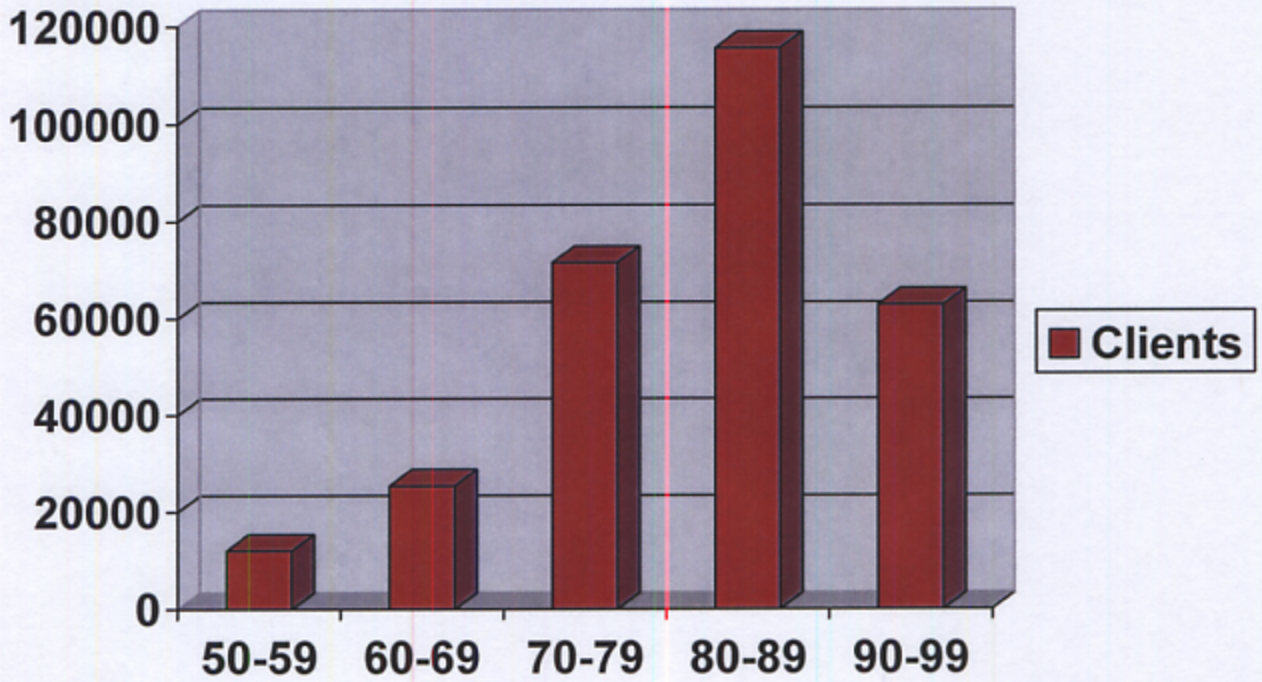
Age Group	Recipients
4 – 9	178
10 – 19	144
20 – 29	156
30 – 39	320
40 – 49	1,169
50 – 59	3,373
60 – 69	6,870
70 – 79	13,110
80 – 89	11,465
90 – 99	2,446
100 – 109	65
Total	39,296

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

Active Clients Age Groups

The breakdown of active clients by age group since the beginning (1991) of FTRI is as follows:

Age Group	Recipients
4 – 9	797
10 – 19	1,974
20 – 29	2,886
30 – 39	3,910
40 – 49	7,139
50 – 59	12,048
60 – 69	25,407
70 – 79	71,493
80 – 89	115,479
90 – 99	62,834
100 – 109	9,615
Unknown Birth Date	2,414
Total	315,996



New Client County of Residence

FTRI is a statewide program serving all 67 counties. The following is a breakdown of new clients by county of residence:

County	Recipients	County	Recipients
Alachua	1,604	Lake	1,288
Baker	98	Lee	1,272
Bay	129	Leon	460
Bradford	242	Levy	640
Brevard	631	Liberty	14
Broward	2,885	Madison	115
Calhoun	18	Manatee	596
Charlotte	688	Marion	2,764
Citrus	989	Martin	209
Clay	425	Monroe	78
Collier	345	Nassau	106
Columbia	981	Okaloosa	175
Dade	4,545	Okeechobee	39
DeSoto	78	Orange	1,052
Dixie	309	Osceola	208
Duval	892	Palm Beach	1,955
Escambia	530	Pasco	1,246
Flagler	144	Pinellas	2,007
Franklin	34	Polk	827
Gadsden	88	Putnam	801
Gilchrist	211	Santa Rosa	230
Glades	19	Sarasota	1,330
Gulf	13	Seminole	446
Hamilton	117	St. Johns	199
Hardee	15	St. Lucie	315
Hendry	19	Sumter	538
Hernando	420	Suwannee	471
Highlands	553	Taylor	116
Hillsborough	1,281	Union	98
Holmes	47	Volusia	748
Indian River	210	Wakulla	55
Jackson	82	Walton	72
Jefferson	69	Washington	53
Lafayette	62		
Total		39,296	

Counties in **bold** are located close to Regional Distribution Centers. RDC contracts do not assign counties to specific contracted entities in order to assure that clients receive the best and most convenient service available.

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 / TTY (VCO / HCO / TTY)
9. Gewa Jupiter Telephone
10. Dialogue RC 200 w/ Air Switch
11. TeliTalk Speech Aid phone
12. CapTel – Captioned Telephone

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 due to the economics of purchasing new equipment versus repairing old equipment.

Equipment Vendors

FTRI works with several equipment vendors to supply specialized telecommunications equipment. Some of these include:

CLARITY
Amplifying Your Life™

SilentCall[®]
communications



Ultratec

Sonic Alert
America's Leader in Visual Alerting Systems.

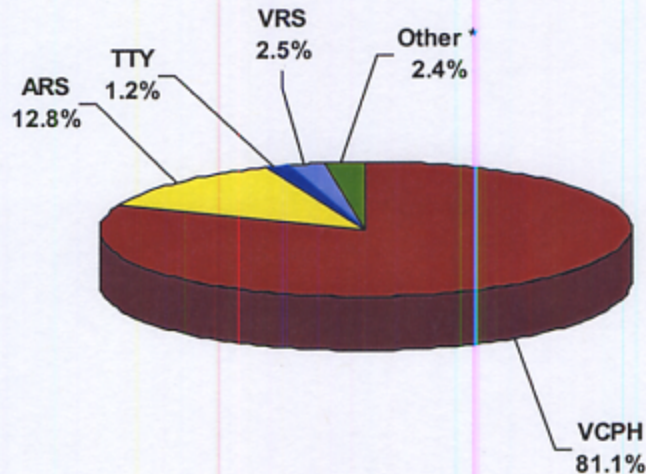
KROWN
MANUFACTURING, INC.

Griffin
Laboratories

Distributed Equipment

FTRI distributes both new and refurbished equipment. Equipment distributed during fiscal year 2004 / 2005 numbered 76,197* units. The monthly equipment distribution average was 6,349.

* Margin of error
± 1%



***More than two percent of all distributed equipment in fiscal year 2004 / 2005 included BrailleTTY phone, in-line amplifier, tactile ring signaler, voice-carry-over phones with large visual display, phones for the speech impaired, hearing-carry-over phone, voice-carry-over phone, and captioned telephone.**

Quality Assurance

FTRI maintains a quality assurance system to monitor the services, training, and equipment provided by contracted agencies. Questionnaires are sent to a random selection of clients served by each Regional Distribution Center or the FTRI office.

Approximately sixty-four percent of new clients served were mailed quality assurance surveys. Of the approximately 25,287 questionnaires sent during this fiscal year, FTRI received 7,130 responses for a twenty-eight percent return rate. Ninety-six percent of the responses were positive. All negative responses were addressed directly by FTRI and forwarded to the appropriate RDC / TA for follow-up.



Outreach

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

The following activities were conducted.

Outreach Activities
FTRI / RDC conducted 2,286 outreach activities throughout the state
FTRI / RDC signed-up 1,007 businesses as Relay Friendly partners
Information about both Florida Relay and FTRI EDP have been made available to over 62,450 employees through the 1,007 Business Partners
FTRI designed new pull-up advertising displays for FTRI EDP and RDCs
FTRI published and mailed "Florida Link" newsletters to 315,000 clients
FTRI partnered with several organizations and / or state agencies (FAD, FLALDA, FLASHHH, AGBELL-FL, FSDB, Sprint, TSC, DOE, FDOEA, DOH, DVR, FASC, FLAA, FLASHA) for outreach activities
Purchased media time statewide for both Florida Relay and FTRI EDP PSAs (Public Service Announcements) and received 19-1 ratio coverage
Printed and disseminated the Spanish Pass Along brochure & BPP kits
Disseminated quarterly E-Link newsletter to maintain contact with businesses who are Florida Relay partners
Provided approximately 440 (EDP) and 529 (Outreach) hours of comprehensive training to RDCs during this fiscal year
FTRI Training Conference was held with 100% RDC participation

FTRI – Equipment Distribution Program

FTRI continued to air 30 second PSAs (Public Service Announcement) 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 continuously on cable networks throughout the state year-round as well as some selected broadcast channels.



CapTel - Captioned Telephone



VCPH



ARS



Below are excerpts taken from the FTRI EDP PSA that continued to air throughout Florida on cable and selected broadcast channels.

800-222-3448 VOICE 888-447-5620 TTY

Call Toll Free for information 1-800-222-3448 (Voice) 1-888-447-5620 (TTY)

Call Toll Free for information 1-800-222-3448 (Voice) 1-888-447-5620 (TTY)

AT NO CHARGE!

NEEDS TO USE A TELEPHONE.

Discover communication freedom. www.ftri.org

The "Florida Link" (pictured below at left) that was published and disseminated to FTRI clients throughout the state. Pictured at right is the Spanish Business Partnership Program (BPP) kit that was printed and disseminated during this fiscal year.

The Florida LINK
The Newsletter of Florida Telecommunications Relay, Inc. Equipment Distribution Program
October/November 2005

CapTel™ Newest VCO, Offers Natural Conversation, Speed, and Clarity

FTRI is excited to take this opportunity to share with you the latest in VCO Technology, the CapTel™ phone. CapTel is a telephone that allows you to listen to the other person and receive written word. You need captions of everything the caller says nearly simultaneously. CapTel calls are intended to be natural back-and-forth conversations. Unlike conventional relay calls, during CapTel calls dialogue occurs only between the caller and the person they dialed.

Behind the scenes, a specially-trained operator at the captioning service transcribes everything that the other party says into written text, using the very latest in voice recognition technology. The captionist is never heard during the call. You and the person with whom you are speaking may interrupt each other, and if you are able to understand what was said, you may reply without waiting for all the captions to appear.

continued on page 1

NOTE: All captions automatically come onto your hang up the "Three Captions" menu selection.

5. Signal Meter Appears on the display during the call to indicate that sound is coming through the handset, even if the sound is not loud enough for you to hear. The size of the meter expands and contracts with the volume of the sound.

6. Ongoing Volume Monitor When you speak, the meter lights up to indicate how loudly you are speaking.

7. Adjusting the Conversation Tones Move the TONE slide control to experience tone change while the other person is talking. Move the slide up to hear high frequency sounds. Move the slide down to hear low frequency tones.

NOTE: All captions automatically come onto your hang up the "Three Captions" menu selection.

5
6
7
3
2
1

Florida Telecommunications Relay, Inc.
1029 F. Park Ave., Suite 300
Tallahassee, FL 32304

FTRI Customer Service: 1-800-222-3448 (Voice) or 1-888-447-5620 (TTY)

<http://www.ftri.org>

Spring / Summer 2005

Con quién quieres hablar es asunto personal.
Hazte socio de la Asociación de Transmisión Florida. **Asunto Personal.**

Spanish BPP Kit



Florida Relay

Two Florida Relay PSAs continued to air throughout the state on cable network. Below are excerpts taken from the Florida Relay PSAs.



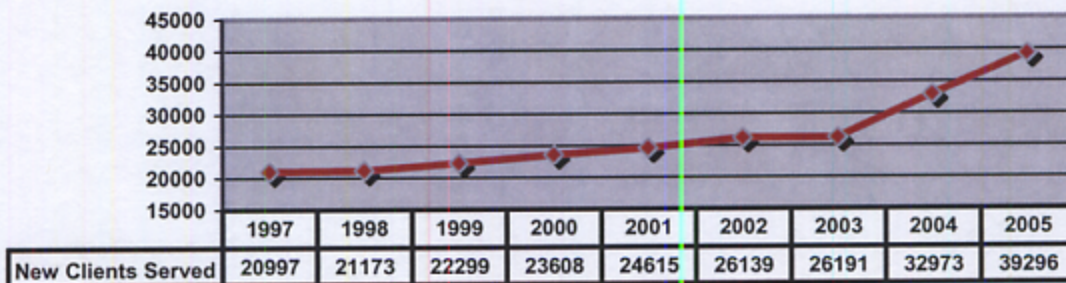
Business Partnership Program

Eleven hundred and seven businesses signed up as a “Relay Friendly” partner and 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. Information about both Florida Relay and FTRI EDP has been made available to over 62,450 employees with those businesses.

During this past fiscal year FTRI continued the E-Link newsletter to maintain contact with its partners throughout the state. It was discovered during the follow-up survey that some of them were interested in receiving periodic updates about our programs. This will continue to be an ongoing service for the BPP.

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 statewide. Since the inception of the Equipment Distribution Program in 1986, over 335,000 residents have been provided with telecommunications equipment and support services.



Appendix A

FLORIDA TELECOMMUNICATIONS RELAY, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FISCAL YEAR ENDED JUNE 30, 2005

FLORIDA TELECOMMUNICATIONS RELAY, INC.

TABLE OF CONTENTS
June 30, 2005

	Page
INDEPENDENT AUDITORS' REPORT	i
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENT OF EXPENSES BY CATEGORY	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-7

TONY C. STARACE, CPA, PA

1906 Buford Boulevard, Suite 3
Tallahassee, Florida 32308
(850) 422-0080 FAX: (850) 877-4720

INDEPENDENT AUDITORS' REPORT

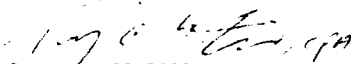
Board of Directors
Florida Telecommunications Relay, Inc.

We have audited the accompanying statement of financial position of Florida Telecommunications Relay, Inc. (a nonprofit organization) as of June 30, 2005 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Telecommunications Relay, Inc. as of June 30, 2005, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Tony C. Starace, CPA


September 23, 2005
Tallahassee, Florida

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2005

ASSETS

CURRENT ASSETS		
Cash	\$ 3,581,389	
Accounts Receivable (Note 1)	1,501,056	
Prepaid Expenses (Note 1)	<u>30,185</u>	
TOTAL CURRENT ASSETS		\$ 5,112,630
PROPERTY & EQUIPMENT (Note 1)		
Office Furniture	\$ 48,962	
Office Equipment	222,035	
Dual Sensory Equipment	169,970	
less: Accumulated depreciation	<u>(346,877)</u>	
NET PROPERTY & EQUIPMENT		94,090
OTHER ASSETS		<u>8,939</u>
TOTAL ASSETS		<u>\$ 5,215,659</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable (Note 1)	\$ 1,145,439	
TOTAL CURRENT LIABILITIES		\$ 1,145,439
NET ASSETS (Unrestricted)		<u>4,070,220</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 5,215,659</u>

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

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2005

REVENUES	
Surcharge Revenue	\$ 17,701,715
Surcharge Refunds	(44,452)
Interest	<u>46,404</u>
TOTAL REVENUES	\$ 17,703,667
EXPENSES	
Category I - Relay Service	
Total - Category I Expenses	\$ 7,371,321
Category II - Equipment & Repair	
Total - Category II Expenses	4,246,410
Category III - Equipment Distribution	
Total - Category III Expenses	1,877,159
Category IV - Outreach	
Total - Category IV Expenses	818,658
Category V - General & Administrative	
Total - Category V Expenses	<u>1,107,093</u>
TOTAL EXPENSES	<u>\$ 15,420,641</u>
NET OF EXPENSES OVER REVENUE	2,283,026
NET ASSETS, BEGINNING OF YEAR	<u>1,787,194</u>
NET ASSETS, END OF YEAR	<u>\$ 4,070,220</u>

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, 2005

Category I - Relay Service		
DPR Provider		\$ 7,371,321
Category II - Equipment & Repair (Note 1)		
TDD Equipment	\$ 215,240	
VCP Hearing Impaired Amplifiers	2,885,269	
CapTel Equipment	425,874	
VCP Speech Impaired	9,702	
VCPH-CL Cordless	247,520	
Jupiter Speaker Phone	15,330	
In-Line Amplifiers	3,400	
VCO Telephone	19,449	
Signaling Equipment	257,903	
TeliTalk Speech Aid Phone	90,000	
Telecommunications Equipment Repair	57,757	
Dual Sensory Equipment	6,495	
Less: Capitalized Portion	(6,495)	
Depreciation	<u>18,966</u>	
Subtotal - Category II		4,246,410
Category III - Equipment Distribution		
Freight / Telecommunications Equipment	\$ 26,145	
Regional Distribution Centers	1,806,920	
Workshop Expense	42,473	
Equipment Training Expense	<u>1,621</u>	
Subtotal - Category III		1,877,159
Category IV - Outreach		
Outreach Expense		818,658
Category V - General & Administrative		
Advertising	\$ 3,088	
Accounting/Auditing	14,525	
Legal	72,000	
Consultation	17,343	
Bank charges	1,391	
Dues and Subscriptions	1,992	
Furniture & Equip. Purchased	37,193	
Less: Capitalized Portion	(37,193)	
Depreciation	24,275	
Office Equipment Lease	3,324	
Insurance	196,482	
Office Expenses	17,950	
Postage	21,363	
Printing	5,529	
Rent (Note 2)	81,180	
Retirement (Note 3)	57,453	
Employee Compensation	423,934	
Payroll Taxes	38,650	
Temporary Employment	63,696	
Telephone & Fax	20,025	
Travel and Business Expense	17,305	
Utilities	10,221	
Equipment Maintenance	3,745	
Employee Training	7,793	
Meeting & Interpreter Expense	3,768	
State Corp. Filing Fee	<u>61</u>	
Subtotal - Category V		<u>1,107,093</u>
TOTAL EXPENSES		\$ 15,420,641

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

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2005

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Surcharge Revenue	\$ 17,483,567	
Cash Paid for Goods and Services	(15,980,504)	
Interest Income	<u>46,404</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NOTE 4)		\$ 1,549,467
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Paid to Acquire Fixed Assets	<u>\$ (43,688)</u>	
NET CASH USED IN INVESTING ACTIVITIES		<u>\$ (43,688)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,505,779
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		<u>2,075,610</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		<u>\$ 3,581,389</u>

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

FLORIDA TELECOMMUNICATIONS RELAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

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 - LEASES

*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, 2005 was **\$81,180**. Future minimum lease payments are: Fiscal Years Ending June 30, 2006 - \$83,616; 2007 - \$56,848.*

FLORIDA TELECOMMUNICATIONS RELAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE 2 (Continued)

On June 12, 2004 the Organization entered into a lease agreement with Pitney Bowes Credit Corporation for a postage meter. The lease is classified as an operating lease with a term of 69 months and expires on March 31, 2010. Equipment Lease expense for the fiscal year ended June 30, 2005 was \$3,324. Future minimum lease payments are: Fiscal Years Ending June 30, 2006 through June 30, 2009 - \$3,324 each and Fiscal Year Ended June 30, 2010 - \$2,493.

NOTE 3 - RETIREMENT PLAN

The Organization contributes to a multi-employer, non-contributory, defined benefit pension plan, sponsored by the National Telecommunications Cooperative Association. Employees begin participating in the plan quarterly coincident with their date of employment. Contributions to the plan are paid annually and based on 11.3% of compensation for all full-time employees and part-time employees, who work at least 1,000 hours per calendar year. Benefits will be paid to participants in an amount dependent on years of service and the final average salary as defined in the Plan Document. Retirement expense for the Fiscal Year ending June 30, 2005 was \$57,453.

NOTE 4 - RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Excess of Revenues Over Expenses	\$ 2,283,026
<i>Items not requiring cash</i>	
Increase in Accounts Receivable	\$ (173,697)
Increase in Prepaid Expenses	(14,536)
Decrease in Accounts Payable	(588,567)
Depreciation	<u>43,241</u>
Net of items not requiring cash	<u>(733,559)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,549,467</u>

Disclosure of Accounting Policy:

For purposes of the Statement of Cash Flows, the cash maintained in a Checking/Investment Account are considered cash equivalents.

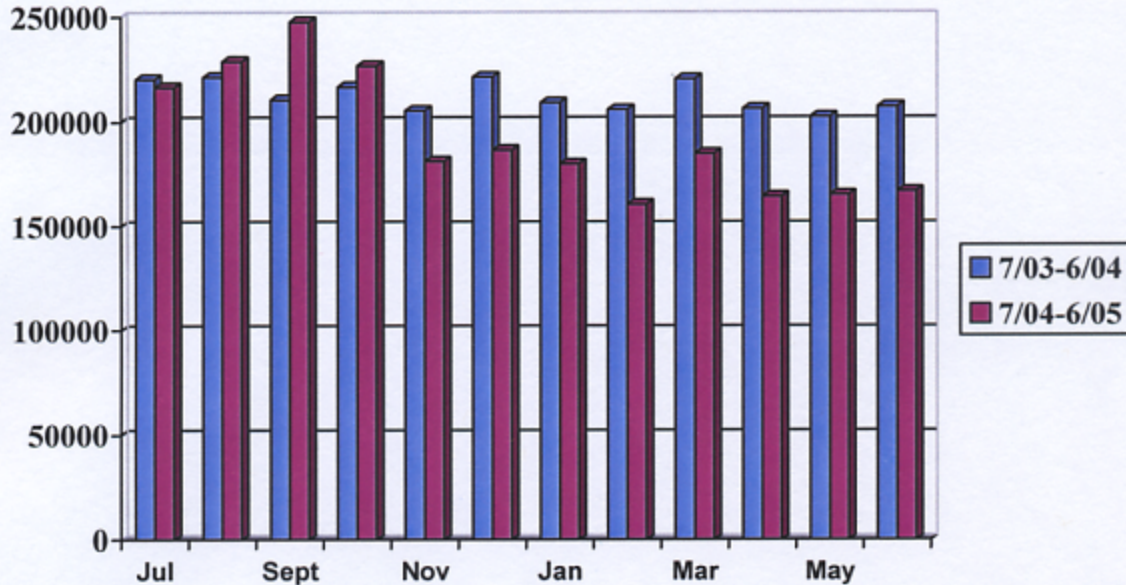
NOTE 5 - CONCENTRATION OF RISK

Florida Telecommunications Relay, Inc. maintains two bank accounts at Amsouth Bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this institution exceeded federally insured limits. At June 30, 2005 FTRI's uninsured cash balances total \$3,481,389.

TABLE OF CONTENTS

Monthly Incoming Calls	43
Monthly Incoming Calls by Type	44
Monthly Incoming Calls - TTY Calls vs Incoming Voice Calls	45
Monthly Incoming and Monthly Outgoing Calls.....	46
Monthly Outgoing Calls	47
Monthly Outgoing Call Types	48
Monthly Outgoing Local VS Long Distance Calls.....	49
Completed Outgoing Call Distribution – In Daily Average Minutes	50
CapTel Minutes and Charges	51

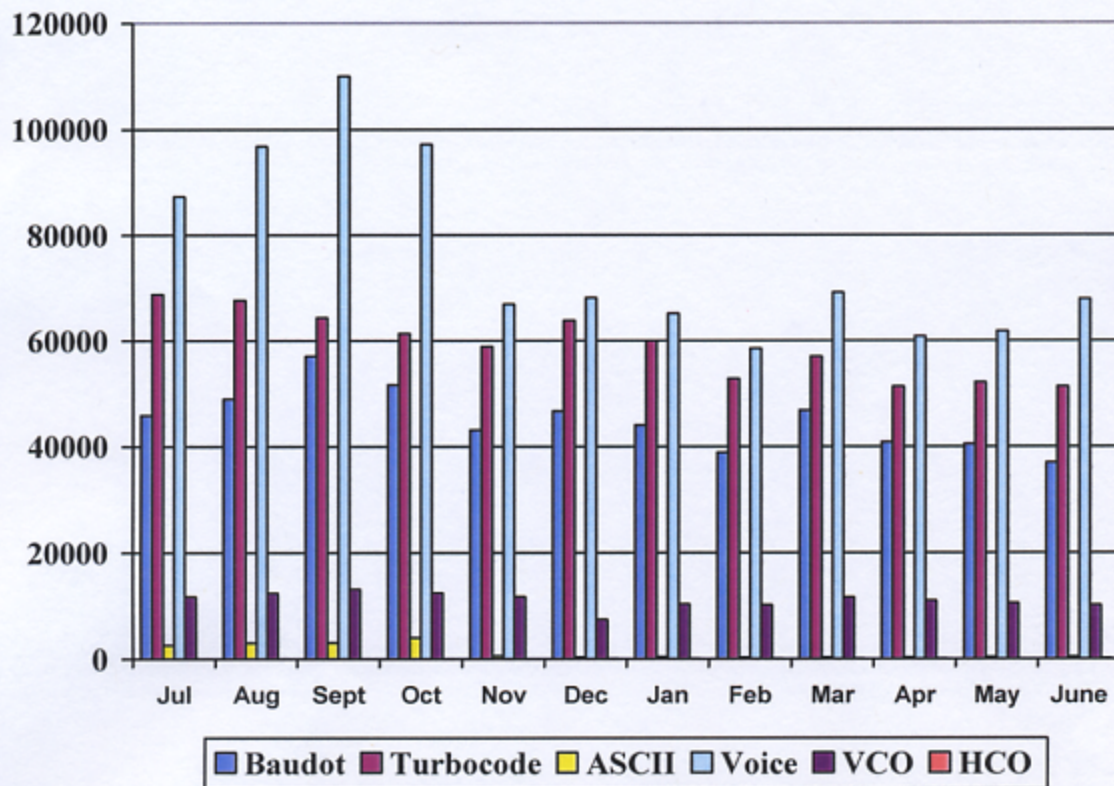
Monthly Incoming Calls			
Total Incoming Calls July 2003 – June 2004		Total Incoming Calls July 2004 – June 2005	
Jul	220,344	Jul	216,462
Aug	221,299	Aug	228,823
Sep	210,438	Sep	247,641
Oct	216,699	Oct	226,698
Nov	205,375	Nov	181,243
Dec	221,442	Dec	186,565
Jan	209,194	Jan	179,994
Feb	205,865	Feb	160,654
Mar	220,482	Mar	184,898
Apr	206,303	Apr	164,383
May	202,490	May	165,329
June	207,257	June	166,948
Total	2,547,188	Total	2,309,638

Monthly Incoming Calls

Monthly Incoming Calls by Type

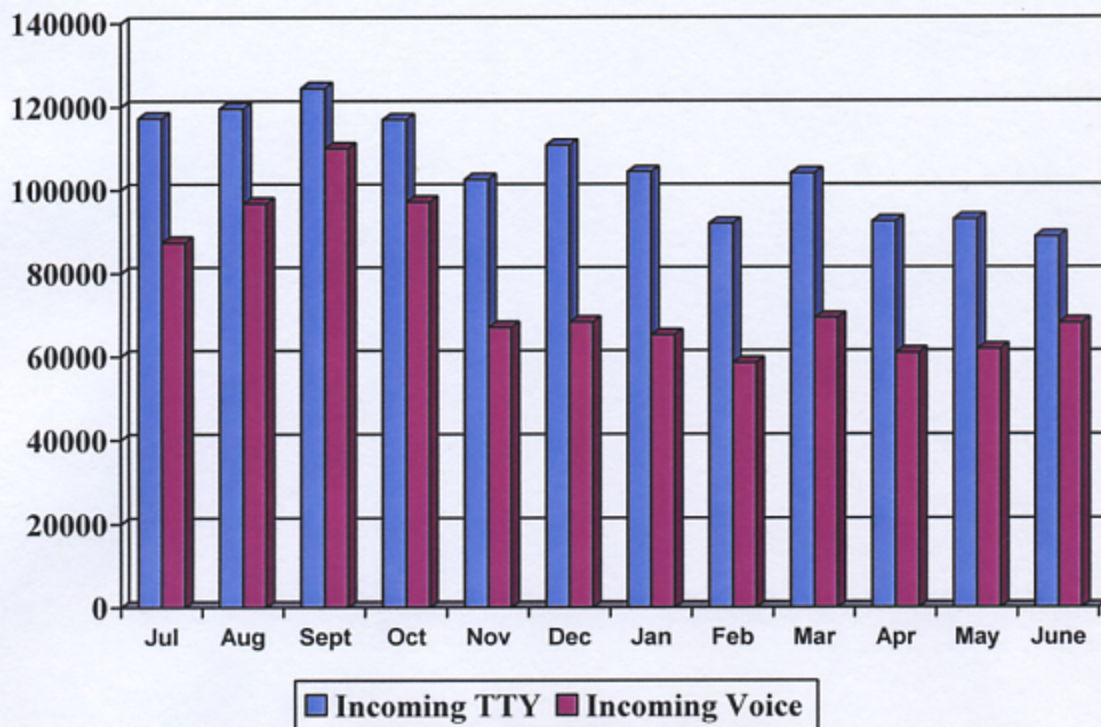
	Incoming Baudot	Incoming Turbocode	Incoming ASCII	Incoming Voice	Incoming VCO	Incoming HCO	Total Incoming
Jul	45,879	68,828	2,601	87,378	11,761	14	216,461
Aug	48,940	67,707	2,969	96,805	12,374	25	228,820
Sep	57,019	64,369	3,036	110,014	13,181	12	247,631
Oct	51,638	61,346	4,019	97,179	12,447	5	226,634
Nov	43,114	58,805	611	66,915	11,719	4	181,168
Dec	46,656	63,780	364	68,177	7,499	50	186,526
Jan	44,021	59,961	418	65,144	10,369	77	179,990
Feb	38,899	52,756	314	58,454	10,181	47	160,651
Mar	46,770	56,968	284	69,181	11,628	64	184,895
Apr	40,870	51,268	328	60,832	11,021	57	164,376
May	40,502	52,135	378	61,740	10,547	23	165,325
June	37,032	51,270	449	67,917	10,181	93	166,942
Total	541,340	709,193	15,771	909,736	132,908	471	2,309,419

Monthly Incoming Calls by Type



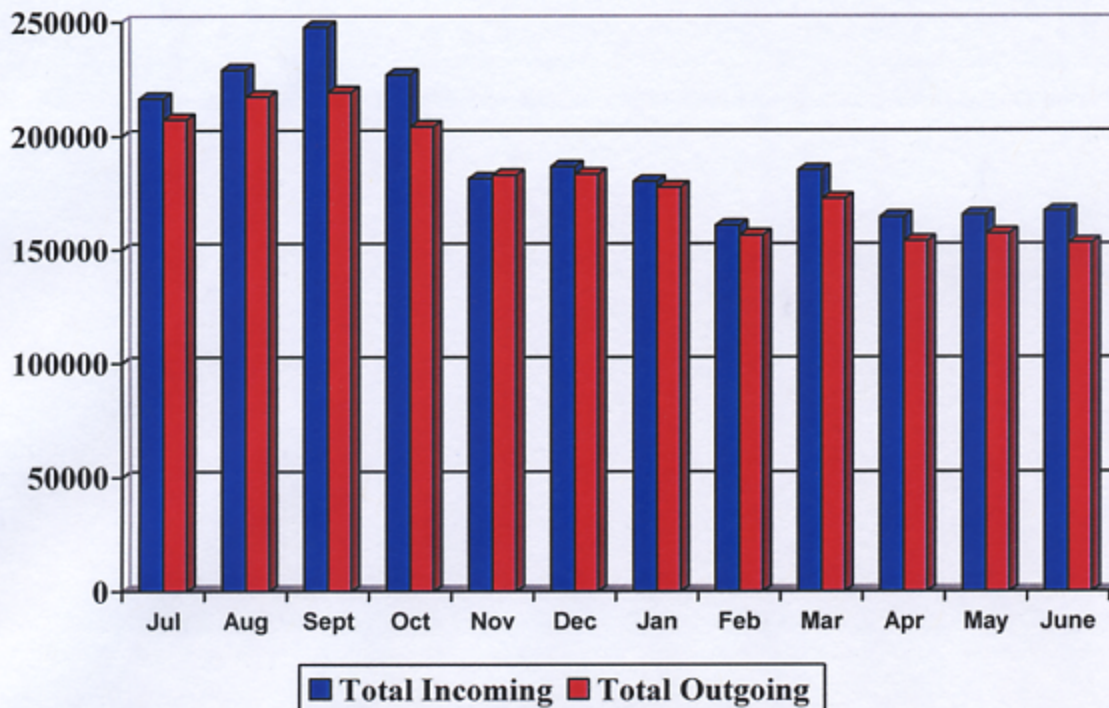
Monthly Incoming TTY Calls vs. Incoming Voice Calls		
	Incoming TTY (Baudot+Turbo Code+ASCII)	Incoming Voice
Jul	117,308	87,378
Aug	119,616	96,805
Sep	124,424	110,014
Oct	117,003	97,179
Nov	102,530	66,915
Dec	110,800	68,177
Jan	104,400	65,144
Feb	91,969	58,454
Mar	104,022	69,181
Apr	92,466	60,832
May	93,015	61,740
June	88,751	67,917
Total	1,266,304	909,736

Monthly Incoming TTY Calls vs. Incoming Voice Calls



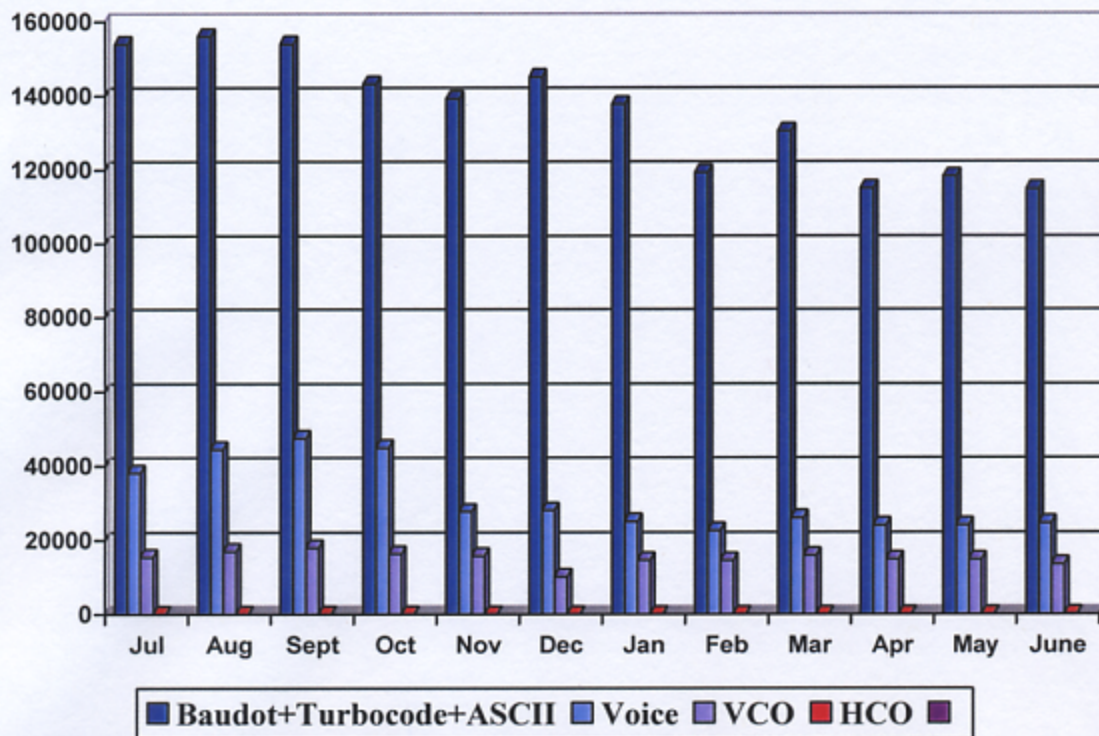
Monthly Incoming and Monthly Outgoing Calls				
	Total Incoming	Incomplete Outgoing	Complete Outgoing	Total Outgoing
Jul	216,462	43,328	164,026	207,354
Aug	228,823	49,938	167,296	217,234
Sep	247,641	55,080	164,111	219,191
Oct	226,698	46,083	158,197	204,280
Nov	181,243	39,757	142,951	182,708
Dec	186,565	37,125	146,104	183,229
Jan	179,994	35,797	141,598	177,395
Feb	160,654	31,104	125,185	156,289
Mar	184,898	36,282	136,107	172,389
Apr	164,383	31,062	122,711	153,773
May	165,329	31,518	125,482	157,000
June	166,948	31,045	121,825	152,870
Total	2,309,638	468,119	1,715,593	2,183,712

Monthly Incoming Calls and Monthly Outgoing Calls



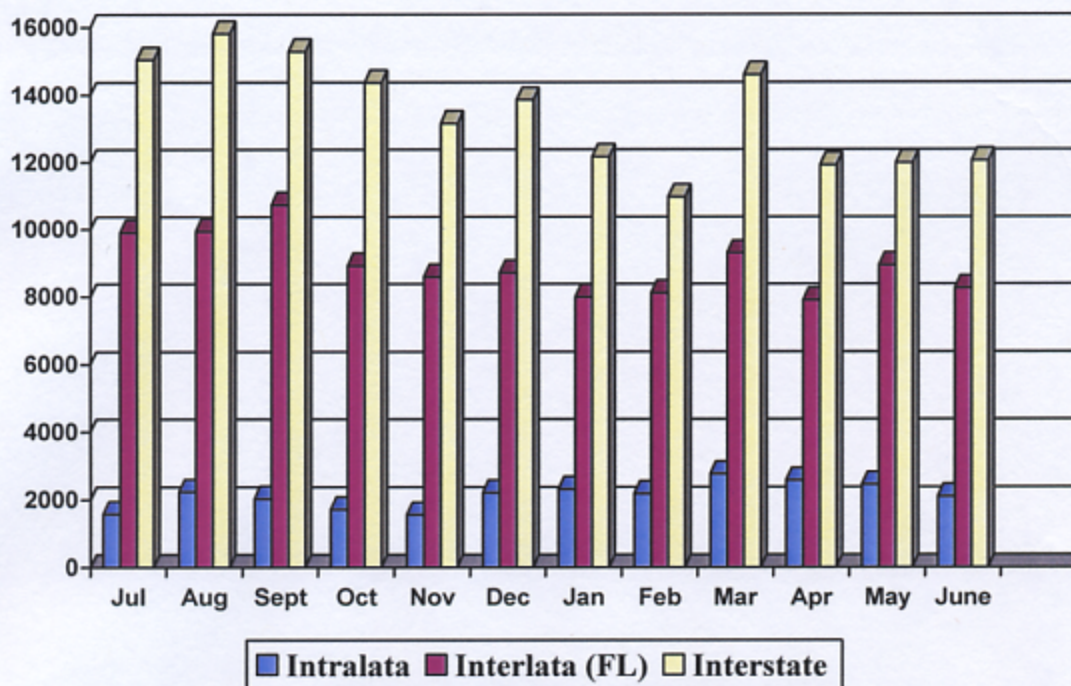
Monthly Outgoing Calls								
	Outgoing Baudot	TurboCode	Outgoing ASC II	Baudot +TurboCode +ASCII	Outgoing Voice	Outgoing VCO	Outgoing HCO	Total Outgoing
Jul	41,549	111,720	614	153,883	38,044	15,413	14	207,354
Aug	43,593	111,616	737	155,946	44,306	16,958	24	217,234
Sep	42,872	110,491	569	153,932	47,292	17,944	10	219,178
Oct	39,539	103,061	465	143,065	44,794	16,341	3	204,203
Nov	40,398	98,316	448	139,162	27,694	15,755	5	182,616
Dec	40,778	103,745	440	144,963	28,028	10,141	42	183,174
Jan	39,124	98,068	521	137,713	24,997	14,622	63	177,395
Feb	34,500	84,387	273	119,160	22,580	14,505	44	156,289
Mar	39,726	90,355	400	130,481	25,979	15,863	66	172,389
Apr	33,719	80,845	363	114,927	23,969	14,826	41	153,763
May	35,104	82,388	697	118,189	24,007	14,770	18	156,984
June	32,129	81,993	580	114,702	24,578	13,486	99	156,984
Total	463,031	1,156,985	6,107	1,626,123	376,268	180,624	429	2,187,563

Monthly Outgoing Calls

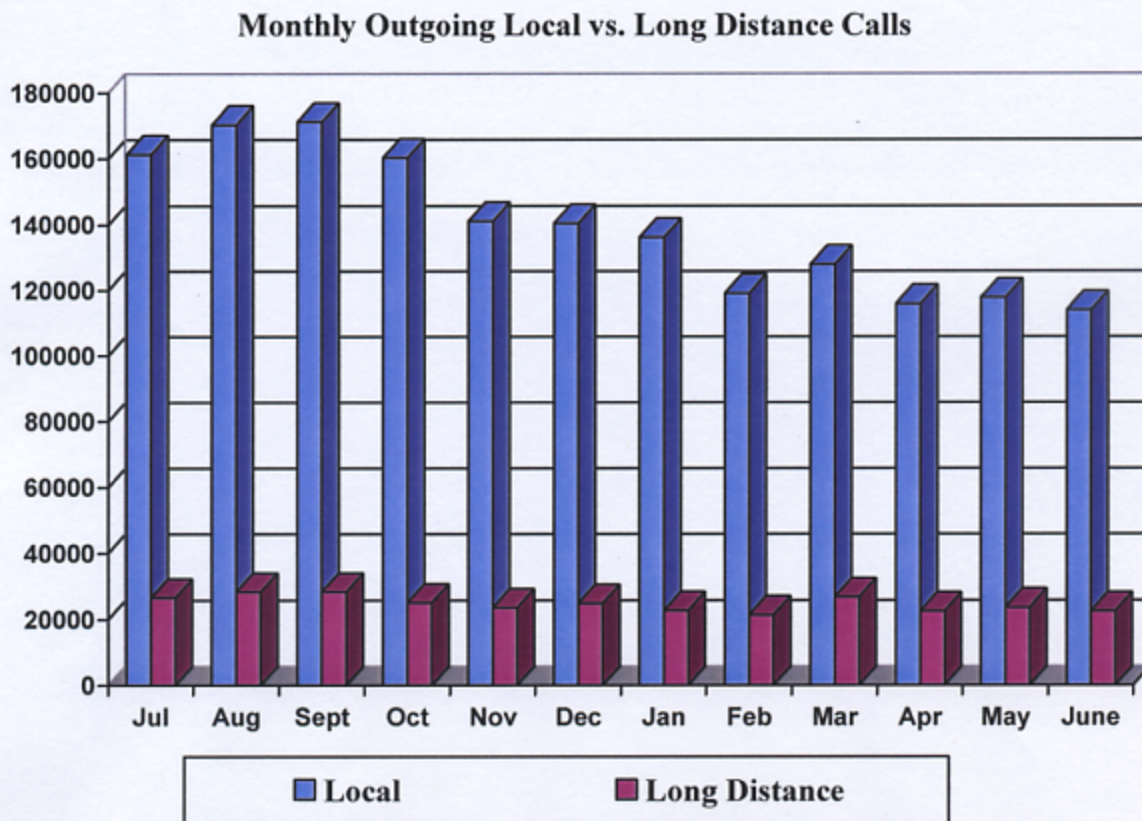


Monthly Outgoing Call Types							
	Local	Intralata	Interlata (FL)	Interstate	Toll Free	Misc. (COC,Dir Assistance, Internat'l)	Total Outgoing
Jul	161,373	1,577	9,897	15,048	18,330	1,129	207,354
Aug	170,311	2,230	9,937	15,819	17,619	1,318	217,234
Sep	171,232	2,027	10,734	15,290	18,794	1,114	219,191
Oct	160,289	1,705	8,911	14,370	18,034	971	204,280
Nov	141,098	1,553	8,585	13,154	17,089	1,229	182,708
Dec	140,482	2,210	8,709	13,855	16,803	1,170	183,229
Jan	136,197	2,313	7,987	12,158	16,954	1,786	177,395
Feb	119,083	2,182	8,116	10,973	14,419	1,516	156,289
Mar	127,871	2,765	9,292	14,601	16,503	1,357	172,389
Apr	115,904	2,568	7,885	11,910	14,375	1,131	153,773
May	117,798	2,447	8,931	11,979	14,315	1,530	157,000
June	114,035	2,096	8,249	12,047	15,466	977	152,870
Tota							
1	1,675,673	25,673	107,233	161,204	198,701	15,228	2,183,712

Monthly Outgoing Call Types

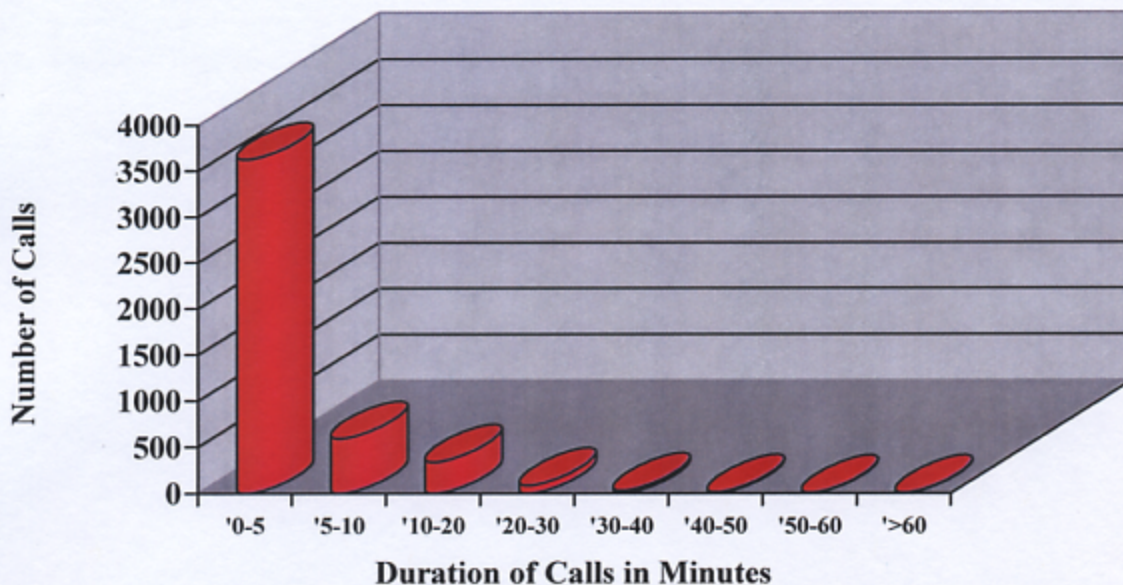


Monthly Outgoing Local vs. Long Distance Calls						
	Local	Total Long Distance	Intralata	Interlata/ Intrastate	Interstate	International
Jul	161,373	26,638	1,577	9,897	15,048	116
Aug	170,311	28,320	2,230	9,937	15,819	334
Sep	171,232	28,394	2,027	10,734	15,290	163
Oct	160,289	25,106	1,705	8,911	14,370	120
Nov	141,098	23,505	1,553	8,585	13,154	213
Dec	140,482	24,851	2,210	8,709	13,855	77
Jan	136,197	22,639	2,313	7,987	12,158	181
Feb	119,083	21,341	2,182	8,116	10,973	70
Mar	127,871	26,775	2,765	9,292	14,601	117
Apr	115,904	22,507	2,568	7,885	11,910	144
May	117,798	23,577	2,447	8,931	11,979	220
June	114,035	22,479	2,096	8,249	12,047	87
Total	1,675,673	296,132	25,673	107,233	161,204	1,842



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
Jul	4099	663	368	95	35	15	7	10
Aug	4190	668	376	97	34	15	7	9
Sep	4266	676	378	92	31	13	7	9
Oct	3978	610	369	86	32	14	6	8
Nov	3666	593	346	95	34	14	6	11
Dec	3644	586	330	91	32	14	7	9
Jan	3514	579	332	88	29	13	6	7
Feb	3413	588	332	82	29	12	6	7
Mar	3344	577	333	83	28	12	6	8
Apr	3140	528	297	75	26	11	5	7
May	3124	506	291	76	26	12	6	6
June	3134	507	294	76	26	12	5	6
Average	3,626	590	337	86	30	13	6	8

Completed Outgoing Call Distribution
In Daily Average Minutes



Capitel Minutes and Charges

July 04 – June 05			
	Minutes of Use		Charges
Jul	39,474.00		57,237.30
Aug	45,928.00		66,595.60
Sep	47,087.00		68,276.15
Oct	50,008.00		72,511.60
Nov	56,129.00		81,287.05
Dec	71,120.00		103,124.00
Jan	75,269.00		109,140.05
Feb	76,752.86		111,291.65
Mar	91,274.99		132,348.74
Apr	83,383.28		120,905.76
May	87,649.13		127,091.24
June	84,114.70		117,760.58
Total	808,189.96	Total	1,167,569.72

Capitel Minutes and Charges

