

HEARING LOSS ASSOCIATION OF AMERICA, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS

Year Ended August 31, 2023
with Summarized Comparative Information for the year ended
August 31, 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hearing Loss Association of America, Inc.
Rockville, Maryland

Opinion

We have audited the accompanying financial statements of Hearing Loss Association of America (the Association), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the Association's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Renner and Company, CPA, P.C.

Alexandria, Virginia
February 14, 2024

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

August 31, 2023 (with Comparative Information as of August 31, 2022)

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 506,251	\$ 892,348
Accounts receivable	193,619	56,342
Grants receivable	74,683	33,657
Prepaid expenses	<u>47,362</u>	<u>45,038</u>
TOTAL CURRENT ASSETS	<u>821,915</u>	<u>1,027,385</u>
PROPERTY AND EQUIPMENT, at cost, net	<u>62,717</u>	<u>80,841</u>
OTHER ASSETS		
Investments	4,334,446	4,076,266
Security deposit	11,181	11,181
Right-of-use asset - operating	<u>779,466</u>	<u>-</u>
TOTAL OTHER ASSETS	<u>5,125,093</u>	<u>4,087,447</u>
TOTAL ASSETS	<u><u>\$ 6,009,725</u></u>	<u><u>\$ 5,195,673</u></u>

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

August 31, 2023 (with Comparative Information as of August 31, 2022)

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 319,749	\$ 210,890
Deferred revenue	134,456	101,100
Operating lease liability - current	89,980	-
Deferred rent	-	116,986

TOTAL CURRENT LIABILITIES

544,185	428,976
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LONG-TERM LIABILITIES

Operating lease liability, net of current portion	805,483	-
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TOTAL LIABILITIES

1,349,668	428,976
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NET ASSETS

Without donor restriction	4,176,937	4,237,629
With donor restriction	483,120	529,068

TOTAL NET ASSETS

4,660,057	4,766,697
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TOTAL LIABILITIES AND NET ASSETS

\$ 6,009,725	\$ 5,195,673
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See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF ACTIVITIES

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

	2023			2022
	Without	With		
	Donor Restriction	Donor Restriction	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 1,193,327	\$ -	\$ 1,193,327	\$ 1,544,275
Walk4Hearing	406,334	-	406,334	450,274
Investment income (loss)	252,046	-	252,046	(391,427)
Conferences, meetings, and seminars	171,110	-	171,110	133,631
Grants and contracts	167,139	-	167,139	176,324
Advertising	111,590	-	111,590	100,258
Membership dues	97,339	-	97,339	101,332
In-kind	25,000	-	25,000	26,034
Other	163	-	163	2,424
Consulting income	-	-	-	6,065
Gain on extinguishment of debt	-	-	-	178,425
Net assets released from restrictions:				
Satisfaction of purpose restrictions	45,948	(45,948)	-	-
TOTAL SUPPORT AND REVENUE	2,469,996	(45,948)	2,424,048	2,327,615
EXPENSES				
Program	2,009,619	-	2,009,619	1,828,836
Fundraising	376,913	-	376,913	328,184
Management and general	144,156	-	144,156	137,156
TOTAL EXPENSES	2,530,688	-	2,530,688	2,294,176
CHANGE IN NET ASSETS	(60,692)	(45,948)	(106,640)	33,439
NET ASSETS, beginning of year	4,237,629	529,068	4,766,697	4,733,258
NET ASSETS, end of year	\$ 4,176,937	\$ 483,120	\$ 4,660,057	\$ 4,766,697

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES
Year Ended August 31, 2023

	Program Services							
	Convention	Chapters, State Organizations, Members	Education	Advocacy	Walk4Hearing Awareness	Accessibility and Technology	Get in the Hearing Loop	Program Total
Salaries	\$ 84,110	\$ 333,363	\$ 112,982	\$ 219,739	\$ 110,547	\$ -	\$ -	\$ 860,741
Employer payroll tax	6,555	25,983	8,806	17,126	8,616	-	-	67,086
Health insurance	2,964	11,747	3,982	7,744	3,896	-	-	30,333
Life/LTD insurance	780	3,093	1,048	2,039	1,026	-	-	7,986
Employer 403(b) contributions	2,872	11,384	3,858	7,504	3,775	-	-	29,393
Consulting	50,984	-	6,240	-	-	72,725	30,000	159,949
Awards	-	1,559	-	-	-	-	-	1,559
Bank and credit card fees	2,202	7,837	-	-	9,781	-	-	19,820
Blackbaud/software	9,153	21,430	-	-	15,346	-	-	45,929
Board-related	-	-	-	-	-	-	-	-
Captioning and signing	18,789	3,400	1,755	-	955	-	1,171	26,070
Commissions	6,118	-	15,553	-	-	-	-	21,671
Decorations	7,345	-	-	-	-	-	-	7,345
Depreciation	1,409	5,585	1,893	3,681	1,852	-	-	14,420
Design and typesetting services	313	1,401	14,950	-	1,751	-	-	18,415
Dues and subscriptions	624	3,956	5,776	2,312	230	679	1,971	15,548
Equipment rentals	69,605	2,408	-	-	3,010	-	-	75,023
Event-related	167,876	-	-	-	-	-	4,620	172,496
General insurance	1,459	5,783	1,960	3,812	1,918	-	-	14,932
In-kind expense	25,000	-	-	-	-	-	-	25,000
IT	840	3,331	1,129	2,194	1,105	-	-	8,599
Legal and accounting	-	-	-	8,430	-	-	-	8,430
Miscellaneous	-	-	-	-	-	-	-	-
Miscellaneous licenses and taxes	-	6,787	-	-	-	-	-	6,787
Office rent	9,307	36,888	12,502	24,315	12,232	-	-	95,244
Payroll services	-	-	-	-	-	-	-	-
Postage, shipping, courier	578	2,961	6,731	1,510	1,598	10	334	13,722
Printing, paper and envelopes	2,822	9,141	25,657	-	7,313	-	5,026	49,959
Public relations and promotional	8,161	15,883	9,895	-	19,854	-	-	53,793
Repairs and maintenance	-	100	-	-	-	-	-	100
Scholarships - convention	3,000	-	-	-	-	-	-	3,000
Small office equipment and software	6,738	5,372	5,268	-	-	-	-	17,378
Staff training & recruitment	-	676	-	-	845	-	-	1,521
Supplies	775	307	-	-	383	-	420	1,885
Telephone	659	2,869	885	1,721	1,189	-	-	7,323
Travel, meals, and lodging	16,445	8,610	30	191	9,124	2,205	27,569	64,174
Unified membership program	-	3,901	-	-	-	-	-	3,901
UBIT Expense	-	-	-	-	-	-	-	-
Volunteer recognition	-	1,502	-	-	1,828	-	-	3,330
Web hosting	-	-	56,757	-	-	-	-	56,757
TOTAL PROGRAM EXPENSES	\$ 507,483	\$ 537,257	\$ 297,657	\$ 302,318	\$ 218,174	\$ 75,619	\$ 71,111	\$ 2,009,619

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

	2023					2022	
	Program Total	General and Administrative	Fundraising			Total	Total
			Development	Fundraising	Total Fundraising		
Salaries	860,741	43,876	155,233	22,109	177,342	1,081,959	1,030,424
Employer payroll tax	67,086	3,420	12,099	1,723	13,822	84,328	85,326
Health insurance	30,333	6,279	5,470	779	6,249	42,861	49,346
Life/LTD insurance	7,986	407	1,440	205	1,645	10,038	11,299
Employer 403(b) contributions	29,393	1,498	5,301	755	6,056	36,947	36,397
Consulting	159,949	6,497	94,127	-	94,127	260,573	221,214
Awards	1,559	-	-	-	-	1,559	1,637
Bank and credit card fees	19,820	5,447	-	1,956	1,956	27,223	29,274
Blackbaud/software	45,929	11,846	9,153	3,069	12,222	69,997	78,787
Board-related	-	4,095	-	-	-	4,095	4,432
Captioning and signing	26,070	2,636	-	191	191	28,897	32,205
Commissions	21,671	5,220	2,000	-	2,000	28,891	43,654
Decorations	7,345	-	-	-	-	7,345	6,719
Depreciation	14,420	734	2,600	370	2,970	18,124	18,125
Design and typesetting services	18,415	-	980	350	1,330	19,745	32,089
Dues and subscriptions	15,548	4,649	3,670	46	3,716	23,913	17,609
Equipment rentals	75,023	4,053	-	602	602	79,678	79,624
Event-related	172,496	358	-	-	-	172,854	128,510
General insurance	14,932	761	2,693	384	3,077	18,770	17,008
In-kind expense	25,000	-	-	-	-	25,000	26,034
IT	8,599	438	1,551	221	1,772	10,809	10,708
Legal and accounting	8,430	18,387	-	-	-	26,817	17,559
Miscellaneous	-	-	-	-	-	-	315
Miscellaneous licenses and taxes	6,787	376	-	-	-	7,163	7,322
Office rent	95,244	4,855	17,177	2,446	19,623	119,722	118,400
Payroll services	-	5,030	-	-	-	5,030	4,721
Postage, shipping, courier	13,722	301	5,795	320	6,115	20,138	16,977
Printing, paper and envelopes	49,959	1,872	10,836	1,463	12,299	64,130	39,631
Public relations and promotional	53,793	150	-	3,971	3,971	57,914	44,383
Repairs and maintenance	100	2,979	-	-	-	3,079	1,932
Scholarships - convention	3,000	-	-	-	-	3,000	2,500
Small office equipment and software	17,378	4,059	-	-	-	21,437	12,932
Staff training & recruitment	1,521	60	-	169	169	1,750	195
Supplies	1,885	2,238	50	77	127	4,250	3,087
Telephone	7,323	343	1,214	238	1,452	9,118	10,031
Travel, meals, and lodging	64,174	1,292	1,340	1,825	3,165	68,631	43,746
Unified membership program	3,901	-	-	-	-	3,901	3,779
UBIT Expense	-	-	-	-	-	-	718
Volunteer recognition	3,330	-	-	366	366	3,696	2,612
Web hosting	56,757	-	549	-	549	57,306	2,915
TOTAL EXPENSES	\$ 2,009,619	\$ 144,156	\$ 333,278	\$ 43,635	\$ 376,913	\$ 2,530,688	\$ 2,294,176

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.**STATEMENT OF CASH FLOWS****Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Revenue	\$ 2,027,055	\$ 2,540,360
Investment income	<u>60,853</u>	<u>44,285</u>
Total cash received from operations	<u>2,087,908</u>	<u>2,584,645</u>
Cash disbursed by operations		
Payments to employees and suppliers	2,407,018	2,347,126
Income tax paid	<u>-</u>	<u>718</u>
Total cash disbursed from operations	<u>2,407,018</u>	<u>2,347,844</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(319,110)</u>	<u>236,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	81,271	355,403
Purchase of investments	<u>(148,258)</u>	<u>(1,055,879)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(66,987)</u>	<u>(700,476)</u>
NET DECREASE IN CASH	(386,097)	(463,675)
CASH, beginning of year	<u>892,348</u>	<u>1,356,023</u>
CASH, end of year	<u><u>\$ 506,251</u></u>	<u><u>\$ 892,348</u></u>
NON-CASH INVESTING ACTIVITIES		
Unrealized (gain) loss in market value of investments	\$ (184,849)	\$ 436,016
Increase (decrease) in investment value	184,849	(436,016)
Forgiveness of Paycheck Protection Program loan	-	178,425
Gain on extinguishment debt	<u>-</u>	<u>(178,425)</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF CASH FLOWS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	<u>\$ (106,640)</u>	<u>\$ 33,439</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	18,124	18,125
Non-cash occupancy costs	(989)	1,661
Unrealized and realized (gain) loss on investments	(191,193)	435,711
Forgiveness of Paycheck Protection Program loan	<u>-</u>	<u>(178,425)</u>
NET ADJUSTMENTS	<u>(174,058)</u>	<u>277,072</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Accounts receivable	(137,277)	(1,192)
Grants receivable	(41,026)	-
Prepaid expenses	<u>(2,324)</u>	<u>(22,735)</u>
NET CHANGES IN ASSETS	<u>(180,627)</u>	<u>(23,927)</u>
LIABILITIES		
Accounts payable and accrued expenses	108,859	(50,719)
Deferred revenue	<u>33,356</u>	<u>936</u>
NET CHANGES IN LIABILITIES	<u>142,215</u>	<u>(49,783)</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>(38,412)</u>	<u>(73,710)</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (319,110)</u></u>	<u><u>\$ 236,801</u></u>

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Hearing Loss Association of America, Inc. (the Association), formerly Self Help for Hard of Hearing People, Inc. is a Delaware nonprofit corporation. The Association is the nation's foremost membership and advocacy organization for people with hearing loss. The Association opens the world of communication to people with hearing loss through information, education, support and advocacy.

The Association has a network of state organizations and local chapters that provide strategies and support that are modeled after the Association's philosophy. These organizations have volunteer leaders that have direct experience with hearing loss. Services provided to these organizations include advocacy and promotional material, fundraising, and other services as provided under related arrangements.

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

The Association considers certificates of deposit and highly liquid investments with an initial maturity of three months or less, when purchased, to be cash equivalents. As of August 31, 2023 and 2022, cash consists of a checking account. As of August 31, 2023 and 2022, there were no cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Bills are considered due within 30 days of invoice date. The Association maintains an allowance for doubtful accounts for estimated losses that may result from the inability of advertisers or others to make payments. Such allowance is based on several factors, including, but not limited to, historical experience and the financial condition of the payee. As of August 31, 2023 and 2022, the Association did not have a balance in the allowance for doubtful accounts. Outstanding balances are written off after management has made reasonable collection efforts.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. The Foundation recognizes bad debts when, in the opinion of management, a specific account becomes uncollectible.

Property

The Association has adopted a capitalization policy to capitalize all purchases greater than \$5,000 that meet the criteria for capitalization. Property and equipment is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally over a three year period.

Investments

Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investments in certificates of deposits are carried at cost, which approximates fair value. Income earned from investments, including realized and unrealized gains and losses, is recorded in the net asset class owning the assets, except donor restricted investments, including realized and unrealized gains and losses, which are recorded as net assets with donor restrictions and then reclassified to net assets without donor restrictions upon appropriation by the Board. Certain net assets with donor restrictions have donor imposed restrictions such that only investment income is available for use by the Association with unrealized gains and losses being retained in net assets with donor restrictions.

Common Stock

The Association has received a stock gift, and the donors have specified that the gift, along with any related dividends, should be retained as stock and not be sold. The gift is recorded as a net asset with donor restriction. Under the agreement, the Association is permitted to use any cash dividends to fund current operations. Accordingly, the fair value of the stock as of August 31, 2023 and 2022 is \$238,455 and \$264,285, respectively, and has been recorded as net assets with donor restriction.

Fair Value Measurements

The Association applies accounting principles generally accepted in the United States (U.S. GAAP) for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value on the financial statements on a recurring basis.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classes of Assets

In accordance with U.S. GAAP, the Association's net assets are classified into two categories: without donor restriction and with donor restriction. Net assets without donor restriction are available for the general operations of the Association or are designated by the Board for a particular purpose. Net assets with donor restriction are subject to donor-imposed stipulations as to their use for specific programs conducted by the Association or are held in perpetuity.

Without Donor Restriction

The Association includes operating net assets that are available for the general operations of the Association as net assets without donor restriction, as well as Board-designated net assets set aside for future use.

With Donor Restriction

The Association reports gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Investment gains and losses earned on donor restricted funds held by the Association are recorded as an increase or decrease in net assets with donor restriction.

Revenue Recognition

Renewal membership dues are recognized ratably over the membership period. Memberships received in advance are deferred to the appropriate membership period. Contributions received are recorded as net asset without donor restriction or net asset with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with donor restriction at their fair value. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Grants received that are considered to be conditional promises to give are recorded as refundable advances until the conditions are substantially met. Advertising revenue is recognized at a point in time; once the advertisement has been published. Convention registration revenue is recognized at a point in time; once the convention has occurred. Corporate Donations are recognized ratably over the partnership period. Partnerships received in advance are deferred to the appropriate partnership period.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Performance Obligations

Renewal membership dues are recognized over the membership period. The contract for renewal membership dues is established once payment for membership is paid, depending on the type of membership selected. With rates ranging from \$45 a year for individual memberships and \$80 a year for professional/nonprofit membership. The payment is not refundable to the resource provided.

Web advertising revenues are recognized at the time the advertisement has been published. The contract for web advertising revenues is established once payment is received, for which the Association provides advertising services. Rates range from \$350 to \$1,500 a year for newsletters. Refunds are provided on demand.

Individual and foundation grants are recognized at the beginning of the year. There is no contractual obligations for individual and foundation grants, for which the Association does not provide anything to donors in return of donations. Grants have variable rates depends on the categories of the payment and nature of contracts with customer. The revenues are nonrefundable.

Convention registration revenues are recognized at the time the convention has occurred. The contract for the convention registration revenues is established once the Association provides access rights to their annual convention. Rates ranged from \$150 to \$675 depending on the types of the convention and the packages. Refunds are provided on demand.

Corporate partner program fees are recognized over the program period. The contract for corporate partnerships are established once payment for partnership is paid, depending on the type of partner selected. Rates for the year ended August 31, 2023, ranged from \$10,000 through \$100,000 depending on the type of partnership.

Significant Judgments

The Association's Board of Directors determines the price for its membership dues each year. The price for meetings and conferences is determined by management which accounts for all the expenses to be incurred and includes it in the transaction price.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gifts-In-Kind

Donated goods are recorded at their estimated fair value on the date of receipt. Donated services are recognized in the financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated. In-kind contributions are reported in the statement of activities as both revenue and expense.

Additionally, a number of volunteers have contributed significant amounts of time to the activities of the Association without compensation. These volunteer services are not recorded in the financial statements because the contributed services did not meet the criteria for recognition under generally accepted accounting principles.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right-of-use asset along with a lease liability.

The Association adopted ASU 2016-02 as of September 1, 2022. As a result, the statement of financial position as of August 31, 2023 includes the right-of-use asset and operating lease liability, which are not reflected in the statement of financial position as of August 31, 2022. There was no effect on beginning net assets without donor restrictions.

The Association elected to apply all practical expedients available under the ASU, allowing it to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2) not reassess the lease classification for any expired or existing leases; and 3) not reassess initial direct costs for any existing leases.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as salaries, employer payroll tax, health insurance, life/LTD insurance, employer 403(b) contributions, consulting, bank and credit card fees, Blackbaud/software, captioning and signing, commissions, depreciation, dues and subscriptions, equipment rentals, general insurance, IT, office rent, postage, shipping and courier, printing, paper and envelopes, public relations and promotional, staff training and recruitment, supplies, telephone, and travel, meals and lodging have been allocated among the program, general and administrative, and fundraising functions based on level of effort. Design and typesetting services, volunteer recognition, and web hosting are allocated to program and fundraising. Awards, decorations, in-kind expense, scholarships-convention, and unified membership program are solely allocated to program. Board-related and payroll services are allocated solely to general and administrative. Lastly, event-related, legal and accounting, miscellaneous licenses and taxes, repairs and maintenance, and small office equipment and software are allocated to program and general and administrative expenses.

Estimates

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

Summarized Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended August 31, 2022, from which the summarized information was derived.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity and Availability of Assets

The Association maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Association reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Association's monthly financial reporting process.

The Association's financial assets available within one year to meet cash needs for general expenditures through August 31, 2024 are as follows:

Financial Assets	
Cash	\$ 506,251
Investments	4,334,446
Accounts receivable	193,619
Grants receivable	74,683
Total Financial Assets	<u>\$ 5,108,999</u>
Less amounts not available within one year	
Purpose restricted net assets	<u>(483,120)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 4,625,879</u></u>

2. CASH

Cash at August 31, 2023 and 2022 consisted of the following:

	2023	2022
Checking	<u>\$ 506,251</u>	<u>\$ 892,348</u>

The checking accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of August 31, 2023 and 2022, the Association's uninsured balances per bank totaled \$0 and \$660,871, respectively.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

3. PROPERTY AND EQUIPMENT

A summary of information relative to property and equipment, and related depreciation, for the years ended August 31, 2023 and 2022 is as follows:

	2023				
	Cost	Depreciation Expense	Accumulated Depreciation	Book Value	Useful life (years)
Furniture	\$ 45,230	\$ 4,112	\$ 12,679	\$ 32,551	11
Office equipment	65,841	13,169	42,364	23,477	5
Leasehold improvement	9,290	843	2,601	6,689	11
	<u>\$ 120,361</u>	<u>\$ 18,124</u>	<u>\$ 57,644</u>	<u>\$ 62,717</u>	
	2022				
	Cost	Depreciation Expense	Accumulated Depreciation	Book Value	Useful life (years)
Furniture	\$ 45,230	\$ 4,112	\$ 8,567	\$ 36,663	11
Office equipment	65,841	13,169	29,195	36,646	5
Leasehold improvement	9,290	844	1,758	7,532	11
	<u>\$ 120,361</u>	<u>\$ 18,125</u>	<u>\$ 39,520</u>	<u>\$ 80,841</u>	

4. INVESTMENTS

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Association has categorized its applicable financial instruments into a required three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Association has the ability to access.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

4. INVESTMENTS (CONTINUED)

Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following is a summary of the inputs used to value the investments as of August 31, 2023 and 2022:

	2023		
	Fair Value	Level 1	Level 2
Money market funds	\$ 3,913	\$ 3,913	\$ -
Common stocks			
Consumer goods	238,455	238,455	-
Mutual funds			
Large blend	1,238,705	1,238,705	-
Foreign large blend	627,664	627,664	-
Diversified emerging markets	347,921	347,921	-
Mid-cap blend	236,242	236,242	-
Small blend	198,892	198,892	-
Savings deposits	393,537	393,537	
Certificates of deposit	1,049,117	-	1,049,117
	<u>\$ 4,334,446</u>	<u>\$ 3,285,329</u>	<u>\$ 1,049,117</u>

HEARING LOSS ASSOCIATION OF AMERICA, INC.**NOTES TO FINANCIAL STATEMENTS****Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)****4. INVESTMENTS (CONTINUED)**

	2022		
	Fair Value	Level 1	Level 2
Money market funds	\$ 37,989	\$ 37,989	\$ -
Common stocks			
Consumer goods	264,285	264,285	-
Mutual funds			
Large blend	1,032,209	1,032,209	-
Foreign large blend	518,171	518,171	-
Diversified emerging markets	334,017	334,017	-
Mid-cap blend	205,261	205,261	-
Small blend	178,327	178,327	-
Savings deposits	374,949	374,949	-
Certificates of deposit	1,131,058	-	1,131,058
	<u>\$ 4,076,266</u>	<u>\$ 2,945,208</u>	<u>\$ 1,131,058</u>

Investment income (loss) for the year ended August 31, 2023 and 2022 is as follows:

	2023	2022
Interest	\$ 24,457	\$ 11,508
Dividends	60,085	56,684
Unrealized and realized gain (loss)	191,193	(435,712)
Management fee	(23,689)	(23,907)
	<u>\$ 252,046</u>	<u>\$ (391,427)</u>

5. DEFERRED REVENUE

Deferred revenue at August 31, 2023 and 2022 consists of the following:

	2023	2022
Membership	\$ 60,433	\$ 62,342
Grants	74,023	38,758
	<u>\$ 134,456</u>	<u>\$ 101,100</u>

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

6. NET ASSETS WITH DONOR RESTRICTION

The Association's investment funds consist of individual funds established for a variety of purposes. As required under generally accepted accounting principles, net assets associated with the investment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Association classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets without donor restriction is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

The Association has adopted investment and spending policies, approved by the Association's board, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes mutual funds. Over time, the Association expects its endowment assets, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

The Association received a gift of shares of Archer Daniels Midland Company (ADM) that must be held in perpetuity. Cash dividends on the ADM shares are unrestricted, and can be used by the Association for operations. Dividends in stock each year are to be retained as stock.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

6. NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

As part of the Rocky and Ahme Stone Fund, the Association has received and will continue to receive contributions that must be invested in perpetuity, but for which the related earnings thereon are restricted to fund certain annual expenses. Earnings on the Rocky and Ahme Stone Fund are recorded as net assets with donor restriction to the funding of the Association convention scholarship aid.

As of August 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

	2023		
	Balance August 31, 2022	Contributions/ Investment Income	Releases Balance August 31, 2023
Endowment - ADM shares	\$ 264,285	\$ -	\$ (25,830)
Rocky and Ahme Stone			
endowment fund	140,240	-	(2,500)
Pooled income fund	98,720	-	-
C. Perazzoli restricted gift	20,000	-	(17,618)
Hearing industry - social media	723	-	-
Advancing health care	5,100	-	-
	<u>\$ 529,068</u>	<u>\$ -</u>	<u>\$ (45,948)</u>
			<u>\$ 483,120</u>
	2022		
	Balance August 31, 2021	Contributions/ Investment Income	Releases Balance August 31, 2022
Endowment - ADM shares	\$ 180,420	\$ 83,865	\$ -
Rocky and Ahme Stone			
endowment fund	139,340	1,000	(100)
Pooled income fund	98,720	-	-
Branigin restricted gift	2,400	-	(2,400)
C. Perazzoli restricted gift	20,000	-	-
Hearing industry - social media	2,665	5,000	(6,942)
Advancing health care	5,100	-	-
	<u>\$ 448,645</u>	<u>\$ 89,865</u>	<u>\$ (9,442)</u>
			<u>\$ 529,068</u>

In many cases, the earnings on the investment of donor restricted funds, such as the pooled funds, are not similarly restricted.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Trustees of the Association has adopted an accounting and financial reporting policy for net assets without donor restrictions that defines net assets without donor restrictions as either operating or board reserved.

Board-reserved net assets accumulate from other unusual and non-recurring income not associated with the day-to-day operations of the Association. Operating net assets without donor restriction accumulate from all other income net of expenses, and from amounts released from net assets with donor restrictions.

8. GIFTS IN KIND

The Association receives supplies donated from vendors and suppliers that contract services with the Association for their convention. The Association estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products and services in the United States. These goods and services were all utilized in the period they were received and there were no donor-restrictions imposed on them. The following table outlines the activity for the years ended August 31, 2023 and 2022, respectively:

	2023	2022
Donated equipment	\$ -	\$ 1,034
Donated services - convention	25,000	25,000
	<u>\$ 25,000</u>	<u>\$ 26,034</u>

9. DEFINED CONTRIBUTION PLAN

The Association maintains a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. The Association contributed up to 5% on behalf of the eligible participants' contributions. Employer contributions to the plan were \$36,947 for the years ended August 31, 2023 and 2022.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

10. INCOME TAXES

The Association is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, except that any unrelated business income is subject to federal taxes. During the fiscal years ended August 31, 2023 and 2022, there were no the income taxes for unrelated business income in connection with its website advertising activities, respectively.

Management has analyzed the tax position taken and has concluded that as of August 31, 2023, there were no uncertain tax positions taken or are expected to be taken. Accordingly, no interest or penalties related to uncertain tax positions have been accrued in the accompanying financial statements.

11. RELATED PARTIES

The Association has state organizations and chapters that reach people with hearing loss through its network. These chapters are administered by volunteers that perform events and conduct meetings that fulfill the Association's mission in their local areas. The Association provides strategies and support that are modeled after the Association's self-help philosophy.

During fiscal year 2023, the Association had agreements with certain local chapters and affiliates to conduct local Walk4Hearing fundraising events in numerous cities across the country. As part of these agreements, the Association and the local chapters and affiliates shared in the donations raised from the Walks in accordance with the agreement, with each entity receiving 50% of funds raised. As of August 31, 2023, the Association's share of revenue from these Walks totaled \$406,334 with a corresponding receivable of \$23,026 and payable of \$50,495. As of August 31, 2022, the Association's share of revenue from these Walks totaled \$450,274 with a corresponding receivable of \$31,528 and payable of \$53,797. In addition, the Association incurred expenses in providing assistance to the Walks through the use of its website and the disbursement of promotional material and event coordination with the local chapters and affiliates for which no amounts were charged.

12. JOINT COST ALLOCATION

The Association incurred joint costs for informational materials and activities that included fundraising appeals and a call to action during its walks. These joint costs were allocated as follows:

	2023	2022
Fundraising	\$ 43,635	\$ 42,138
Program	392,712	379,264
	<u>\$ 436,347</u>	<u>\$ 421,402</u>

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

13. LEASES

Operating Lease - Office

The Association entered into an operating lease for its headquarters that commenced August 1, 2020, and will expire on July 31, 2031. The lease contained rent abatements, build-out incentives and fixed increases in the annual rental amount. A weighted average remaining lease term used for the lease is 86 months and a weighted average discount rate is 3.38% as of the date of transition to the new lease standard. Cash paid for the operating lease for the years ended August 31, 2023 and 2022 totaled \$115,969 and \$113,146, respectively. The right-of-use asset balance is \$779,466 as of August 31, 2023 for the lease. Future minimum lease payments related to this lease are as follows:

For fiscal years ended August 31

2024	\$ 118,865
2025	121,833
2026	124,873
2027	127,985
2028	131,173
Thereafter	<u>401,525</u>
	<u>\$ 1,026,254</u>

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended August 31, 2023 is as follows:

Undiscounted future cash flows	\$ 1,026,254
Less: discount to present value	<u>(130,791)</u>
Operating lease liability	<u>\$ 895,463</u>

14. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 14, 2024, the date the financial statements were available to be issued.