

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

**FINANCIAL STATEMENTS**

**Year Ended August 31, 2024**  
**with Summarized Comparative Information for the year ended**  
**August 31, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

To 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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, 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 21, 2025

**HEARING LOSS ASSOCIATION OF AMERICA, INC.**

**STATEMENT OF FINANCIAL POSITION**

**August 31, 2024 (with Comparative Information as of August 31, 2023)**

	2024	2023
<b>CURRENT ASSETS</b>		
Cash	\$ 1,070,397	\$ 506,251
Accounts receivable	99,929	193,619
Grants receivable	-	74,683
Prepaid expenses	37,286	47,362
<b>TOTAL CURRENT ASSETS</b>	<b>1,207,612</b>	<b>821,915</b>
<b>PROPERTY AND EQUIPMENT, at cost, net</b>	<b>48,422</b>	<b>62,717</b>
<b>OTHER ASSETS</b>		
Investments	4,584,361	4,334,446
Security deposit	11,181	11,181
Right-of-use asset - operating	693,371	779,466
<b>TOTAL OTHER ASSETS</b>	<b>5,288,913</b>	<b>5,125,093</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,544,947</b>	<b>\$ 6,009,725</b>

See Notes to Financial Statements.

**HEARING LOSS ASSOCIATION OF AMERICA, INC.**

**STATEMENT OF FINANCIAL POSITION**

**August 31, 2024 (with Comparative Information as of August 31, 2023)**

**LIABILITIES AND NET ASSETS**

	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 213,490	\$ 319,749
Deferred revenue	86,025	134,456
Operating lease liability - current	<u>96,083</u>	<u>89,980</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>395,598</u>	<u>544,185</u>
<b>LONG-TERM LIABILITIES</b>		
Operating lease liability, net of current portion	<u>709,400</u>	<u>805,483</u>
<b>TOTAL LIABILITIES</b>	<u>1,104,998</u>	<u>1,349,668</u>
<b>NET ASSETS</b>		
Without donor restriction	5,033,731	4,176,937
With donor restriction	<u>406,218</u>	<u>483,120</u>
<b>TOTAL NET ASSETS</b>	<u>5,439,949</u>	<u>4,660,057</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 6,544,947</u></u>	<u><u>\$ 6,009,725</u></u>

See Notes to Financial Statements.

# HEARING LOSS ASSOCIATION OF AMERICA, INC.

## STATEMENT OF ACTIVITIES

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

	2024			2023
	Without Donor Restriction	With Donor Restriction	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,780,364	\$ -	\$ 1,780,364	\$ 1,193,327
Walk4Hearing	454,139	-	454,139	406,334
Investment return	540,906	-	540,906	252,046
Conferences, meetings, and seminars	236,912	-	236,912	171,110
Grants and contracts	187,663	-	187,663	167,139
Advertising	58,430	-	58,430	111,590
Membership dues	77,517	-	77,517	97,339
In-kind	25,000	-	25,000	25,000
Other	32,889	-	32,889	163
Consulting income	2,568	-	2,568	-
Net assets released from restrictions:				
Satisfaction of purpose restrictions	76,902	(76,902)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,473,290</b>	<b>(76,902)</b>	<b>3,396,388</b>	<b>2,424,048</b>
<b>EXPENSES</b>				
Program	2,067,954	-	2,067,954	2,009,619
Fundraising	365,589	-	365,589	376,913
Management and general	182,954	-	182,954	144,156
<b>TOTAL EXPENSES</b>	<b>2,616,496</b>	<b>-</b>	<b>2,616,496</b>	<b>2,530,688</b>
<b>CHANGE IN NET ASSETS</b>	<b>856,794</b>	<b>(76,902)</b>	<b>779,892</b>	<b>(106,640)</b>
<b>NET ASSETS, beginning of year</b>	<b>4,176,937</b>	<b>483,120</b>	<b>4,660,057</b>	<b>4,766,697</b>
<b>NET ASSETS, end of year</b>	<b>\$ 5,033,731</b>	<b>\$ 406,218</b>	<b>\$ 5,439,949</b>	<b>\$ 4,660,057</b>

See Notes to Financial Statements.



HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

Year Ended August 31, 2024

	Program Services							
	Convention	Chapters, State Organizations, Members	Education	Advocacy	Walk4Hearing Awareness	Accessibility and Technology	Get in the Hearing Loop	Program Total
Salaries	\$ 105,632	\$ 389,393	\$ 216,976	\$ 244,586	\$ 100,215	\$ -	\$ -	\$ 1,056,802
Employer payroll tax	7,632	28,135	15,677	17,672	7,241	-	-	76,357
Health insurance	6,137	22,623	12,606	14,210	5,822	-	-	61,398
Life/LTD insurance	967	3,565	1,986	2,239	917	-	-	9,674
Employer 403(b) contributions	3,007	11,086	6,177	6,963	2,853	-	-	30,086
Consulting	6,043	-	8,078	1,204	-	74,248	29,365	118,936
Awards	-	979	-	-	-	-	-	979
Bank and credit card fees	3,683	10,789	-	-	8,631	-	-	23,103
Blackbaud/software	9,172	25,079	-	-	12,726	-	-	46,977
Board-related	746	2,751	1,534	1,728	708	-	-	7,467
Captioning and signing	14,502	4,326	1,086	100	840	-	240	21,094
Commissions	196	-	5,916	-	-	-	-	6,112
Decorations	10,584	-	-	-	-	-	-	10,584
Depreciation	1,152	4,245	2,365	2,666	1,092	-	-	11,520
Design and typesetting services	310	1,418	8,640	-	1,039	-	-	11,407
Dues and subscriptions	-	1,771	2,444	585	1,417	978	1,407	8,603
Equipment rentals	71,272	3,358	-	-	2,686	-	-	77,316
Event-related	155,123	607	-	-	485	-	8,287	164,503
General insurance	1,202	4,429	2,468	2,782	1,140	-	-	12,021
In-kind	25,000	-	-	-	-	-	-	25,000
IT	893	3,292	1,834	2,068	847	-	-	8,934
Miscellaneous	-	196	-	-	-	-	-	196
Miscellaneous licenses and taxes	-	7,967	-	-	-	-	-	7,967
Office rent	9,640	35,535	19,800	22,320	9,145	-	-	96,440
Postage, shipping, courier	505	954	4,114	-	764	-	-	6,337
Printing, paper and envelopes	5,547	7,577	22,033	-	5,311	-	1,114	41,581
Public relations and promotional	4,521	16,981	6,604	-	12,710	-	-	40,816
Scholarships - convention	2,500	-	-	-	-	-	-	2,500
Small office equipment and software	11,401	2,167	10,643	-	55	120	1,080	25,466
Supplies	121	1,159	-	-	927	-	-	2,207
Telephone	-	376	-	-	280	-	-	656
Travel, meals, and lodging	20,007	8,274	25	2,813	6,619	3,896	6,846	48,480
Volunteer recognition	-	1,083	-	-	866	-	-	1,949
Web hosting	-	-	4,487	-	-	-	-	4,487
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ 477,495</b>	<b>\$ 600,113</b>	<b>\$ 355,492</b>	<b>\$ 321,935</b>	<b>\$ 185,336</b>	<b>\$ 79,242</b>	<b>\$ 48,339</b>	<b>\$ 2,067,954</b>

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

	2024					2023	
			Fundraising			Total	Total
Program	General and						
Total	Administrative	Development	Fundraising	Fundraising	Total	Total	Total
Salaries	1,056,802	79,670	149,800	25,054	174,854	1,311,326	1,081,959
Employer payroll tax	76,357	5,756	10,823	1,810	12,633	94,746	84,328
Health insurance	61,398	4,628	8,703	1,456	10,159	76,184	42,861
Life/LTD insurance	9,674	729	1,371	229	1,600	12,003	10,038
Employer 403(b) contributions	30,086	2,268	4,265	713	4,978	37,332	36,947
Consulting	118,936	-	81,047	-	81,047	199,983	260,573
Awards	979	-	-	-	-	979	1,559
Bank and credit card fees	23,103	2,264	2,086	2,158	4,244	29,611	27,223
Blackbaud/software	46,977	12,556	9,171	3,181	12,352	71,885	69,997
Board-related	7,467	563	1,100	177	1,277	9,307	4,095
Captioning and signing	21,094	2,233	-	210	210	23,537	28,897
Commissions	6,112	630	-	-	-	6,742	28,891
Decorations	10,584	-	-	-	-	10,584	7,345
Depreciation	11,520	868	1,633	273	1,906	14,294	18,124
Design and typesetting services	11,407	-	1,945	260	2,205	13,611	19,745
Dues and subscriptions	8,603	12,380	1,392	354	1,746	22,729	23,913
Equipment rentals	77,316	3,245	-	672	672	81,232	79,678
Event-related	164,503	-	-	121	121	164,624	172,854
General insurance	12,021	907	1,704	285	1,989	14,917	18,770
In-kind	25,000	-	-	-	-	25,000	25,000
IT	8,934	674	1,266	212	1,478	11,086	10,809
Legal and accounting	-	19,530	-	-	-	19,530	26,817
Miscellaneous	196	-	-	-	-	196	-
Miscellaneous licenses and taxes	7,967	275	-	-	-	8,242	7,163
Office rent	96,440	7,270	13,670	2,286	15,956	119,666	119,722
Payroll services	-	4,599	-	-	-	4,599	5,030
Postage, shipping, courier	6,337	7,193	5,810	191	6,001	19,531	20,138
Printing, paper and envelopes	41,581	2,308	19,171	1,328	20,499	64,388	64,130
Public relations and promotional	40,816	50	-	3,178	3,178	44,044	57,914
Repairs and maintenance	-	-	-	-	-	-	3,079
Scholarships - convention	2,500	-	-	-	-	2,500	3,000
Small office equipment and software	25,466	1,402	-	14	14	26,882	21,437
Staff training & recruitment	-	281	89	-	89	370	1,750
Supplies	2,207	345	194	232	426	2,978	4,250
Telephone	656	7,619	20	70	90	8,365	9,118
Travel, meals, and lodging	48,480	2,695	3,447	1,655	5,101	56,276	68,631
Unified membership program	-	-	-	-	-	-	3,901
Volunteer recognition	1,949	-	-	217	217	2,165	3,696
Web hosting	4,487	16	548	-	548	5,051	57,306
<b>TOTAL EXPENSES</b>	<b>\$ 2,067,954</b>	<b>\$ 182,954</b>	<b>\$ 319,255</b>	<b>\$ 46,334</b>	<b>\$ 365,589</b>	<b>\$ 2,616,496</b>	<b>\$ 2,530,688</b>

See Notes to Financial Statements.

**HEARING LOSS ASSOCIATION OF AMERICA, INC.****STATEMENT OF CASH FLOWS****Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations		
Revenue	\$ 2,975,424	\$ 2,027,055
Investment return	<u>71,715</u>	<u>60,853</u>
Total cash received from operations	<u>3,047,139</u>	<u>2,087,908</u>
Cash disbursed by operations		
Payments to employees and suppliers	<u>2,702,269</u>	<u>2,407,018</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>344,870</u>	<u>(319,110)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,017,203	81,271
Purchase of investments	<u>(797,927)</u>	<u>(148,258)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>219,276</u>	<u>(66,987)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	564,146	(386,097)
<b>CASH, beginning of year</b>	<u>506,251</u>	<u>892,348</u>
<b>CASH, end of year</b>	<u><u>\$ 1,070,397</u></u>	<u><u>\$ 506,251</u></u>
<b>NON-CASH INVESTING ACTIVITIES</b>		
Unrealized gain in market value of investments	\$ (333,657)	\$ (184,849)
Increase in investment value	<u>333,657</u>	<u>184,849</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, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)**

	<u>2024</u>	<u>2023</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CHANGE IN NET ASSETS</b>	<u>\$ 779,892</u>	<u>\$ (106,640)</u>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation	14,295	18,124
Lease expense	(3,885)	(989)
Unrealized and realized gain on investments	<u>(469,191)</u>	<u>(191,193)</u>
<b>NET ADJUSTMENTS</b>	<u>(458,781)</u>	<u>(174,058)</u>
<b>CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING (USING) CASH</b>		
<b>ASSETS</b>		
Accounts receivable	93,690	(137,277)
Grants receivable	74,683	(41,026)
Prepaid expenses	<u>10,076</u>	<u>(2,324)</u>
<b>NET CHANGES IN ASSETS</b>	<u>178,449</u>	<u>(180,627)</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	(106,259)	108,859
Deferred revenue	<u>(48,431)</u>	<u>33,356</u>
<b>NET CHANGES IN LIABILITIES</b>	<u>(154,690)</u>	<u>142,215</u>
<b>NET CHANGES IN ASSETS AND LIABILITIES</b>	<u>23,759</u>	<u>(38,412)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 344,870</u></u>	<u><u>\$ (319,110)</u></u>

See Notes to Financial Statements.

## **HEARING LOSS ASSOCIATION OF AMERICA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)**

#### **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, 2024 and 2023, cash consists of a checking account. As of August 31, 2024 and 2023, 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 the 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, 2024 and 2023, 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, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)**

#### **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 Association 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.

##### **Restricted Investments**

The Association kept a stock gift permanently based on the donors' intent. The gift, along with related dividends, were retained as restricted investments. 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 was \$238,455, and was recorded as net assets with donor restriction.

During the year ended August 31, 2024, the stock gift was sold. The corpus plus earnings of the donation was classified as net assets with donor restriction as to preserve the donors' intention. Restricted investments as of August 31, 2024 was \$167,158.

##### **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, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)**

#### **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 from Contracts with Customers**

Program revenues are classified as exchange transactions. Such revenue is recorded when the performance obligations for each contract are met. The Association has disaggregated revenue from contracts with customers according to the type of service it provides as this best reflects how the nature, amount, timing, and uncertainty of revenue and cash flows are impacted by economic factors. Revenue streams that are classified as exchange transactions are conferences, meetings, seminars, and advertising revenue. The Association has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on sales price. Revenues received in advance of satisfying the performance obligations in a contract are recorded as deferred revenue.

## **HEARING LOSS ASSOCIATION OF AMERICA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)**

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

##### **Revenue Recognition from Contracts with Customers (Continued)**

###### **Performance Obligations**

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 in the form of page ads in conference programs, other publications, or in the Association's website. Advertisement rates range from \$350 to \$1,500 a year. Refunds are provided on demand.

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 partnership selected. Performance obligations include registrations to conferences, exhibit booths, and ads, among others. Rates for the year ended August 31, 2024, ranged from \$10,000 through \$100,000 depending on the type of partnership selected.

###### **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 that accounts for all the expenses to be incurred and includes it in the transaction price.

##### **Revenue Recognition from Contributions**

The Association recognizes all unconditional contributed support in the period in which the commitment or donation is made. Contributions and donations are recorded by the Association as increases in net assets without donor restrictions or net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions.

Membership revenue is recognized when received and is considered a contribution as there are no special benefits being provided to members that have not been provided to the public or benefits to members are negligible. Additionally, membership payments are nonrefundable, the request for membership describes that dues are being used to provide benefits to the general public or to the Association's service beneficiaries, and membership is available to the general public.



## **HEARING LOSS ASSOCIATION OF AMERICA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)**

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

##### **Revenue Recognition from Contributions (Continued)**

Grant revenue is recorded as earned under the contribution model of revenue recognition; that is, when the grant is awarded, unless there are conditions limiting such recognition. For cost-reimbursement grants, spending in accordance with the grant is deemed as a condition. Once expenditures are made, the condition is deemed to have been met and grant revenue is recognized. For grants that approximate the likelihood of an exchange transaction, revenue is recognized as the performance obligations are satisfied. The provisions of the grant determine the timing of revenue recognition and the standards to which it applies.

##### **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 June 2016, the Financial Accounting Standards Board issued ASC 326 Financial Instruments -Credit Losses effective for years beginning after December 15, 2022 that significantly changed how entities measure credit losses for most financial assets, including trade receivables. The guidance implemented a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Association that are subject to this guidance were accounts receivable.

The Association adopted the standard effective August 1, 2023 with no effect on beginning net assets without donor restrictions. The impact of the adoption resulted primarily in enhanced disclosures only.

## **HEARING LOSS ASSOCIATION OF AMERICA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

**Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)**

#### **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, 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 based on level of effort. 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, 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, 2023, from which the summarized information was derived.

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 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, 2025 are as follows:

Financial Assets	
Cash	\$ 1,070,397
Investments	4,584,361
Accounts receivable	99,929
Total Financial Assets	<u>\$ 5,754,687</u>
Less amounts not available within one year	
Purpose restricted net assets	<u>(406,218)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 5,348,469</u></u>

#### 2. CASH

Cash at August 31, 2024 and 2023 consisted of the following:

	2024	2023
Checking	<u>\$ 1,070,397</u>	<u>\$ 506,251</u>

The checking accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Association's uninsured bank balances totaled \$568,262 and \$0 as of August 31, 2024 and 2023, respectively.

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 3. PROPERTY AND EQUIPMENT

A summary of information relative to property and equipment, and related depreciation, for the years ended August 31, 2024 and 2023 is as follows:

	2024				
	Cost	Depreciation Expense	Accumulated Depreciation	Book Value	Useful life (years)
Furniture	\$ 45,230	\$ 4,113	\$ 16,790	\$ 28,440	11
Office equipment	65,841	9,337	51,700	14,141	5
Leasehold improvements	9,290	844	3,449	5,841	11
	<u>\$ 120,361</u>	<u>\$ 14,294</u>	<u>\$ 71,939</u>	<u>\$ 48,422</u>	

  

	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 improvements	9,290	843	2,601	6,689	11
	<u>\$ 120,361</u>	<u>\$ 18,124</u>	<u>\$ 57,644</u>	<u>\$ 62,717</u>	

#### 4. INVESTMENTS

The Association records investments based on fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exist price) in an orderly transaction between market participants at the measurement date. In other words, fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or a liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy is used that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity, (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 4. INVESTMENTS (CONTINUED)

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 at the measurement date.

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. Model inputs that are observable that are other than quoted prices include interest rates, foreign exchange rates, and yield curves.

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 as there is little, if any, related market activity.

The following is a summary of the inputs used to value the investments as of August 31, 2024 and 2023:

	2024		
	Fair Value	Level 1	Level 2
Money market funds	\$ 6,365	\$ 6,365	\$ -
Mutual funds			
Large blend	1,496,190	1,496,190	-
Foreign large blend	687,574	687,574	-
Diversified emerging markets	378,081	378,081	-
Mid-cap blend	264,546	264,546	-
Small blend	226,794	226,794	-
Savings deposits	472,892	472,892	
Certificates of deposit	1,051,919	-	1,051,919
	<u>\$ 4,584,361</u>	<u>\$ 3,532,442</u>	<u>\$ 1,051,919</u>

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 4. INVESTMENTS (CONTINUED)

	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>

Investment income for the years ended August 31, 2024 and 2023 is as follows:

	2024	2023
Interest	\$ 33,253	\$ 24,457
Dividends	66,209	60,085
Unrealized and realized gains	469,191	191,193
Investment management fees	(27,746)	(23,689)
	<u>\$ 540,907</u>	<u>\$ 252,046</u>

#### 5. DEFERRED REVENUE

Deferred revenue at August 31, 2024 and 2023 consists of the following:

	2024	2023
Membership	\$ 10,931	\$ 62,342
Grants	75,094	38,758
	<u>\$ 86,025</u>	<u>\$ 101,100</u>

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 6. ENDOWMENTS

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 was held in perpetuity. Cash dividends on the ADM shares were unrestricted, and can be used by the Association for operations. Dividends in stock each year were to be retained as stock. During the year ended August 31, 2024, the Association re-evaluated the restriction of the stock and concluded that the investment vehicle was not restricted in itself, but the total funds. For this reason, the investment vehicle was changed to exchange-traded and closed-end funds.

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 6. ENDOWMENTS (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.

#### 7. NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2024 and 2023, net assets with donor restrictions consisted of the following:

	2024		
	Balance August 31, 2023	Contributions/ Investment Income	Balance August 31, 2024
Endowment	\$ 238,455	\$ -	\$ 167,158
Rocky and Ahme Stone endowment fund	137,740	-	135,240
Pooled income fund	98,720	-	98,720
C. Perazzoli restricted gift	2,382	-	-
Hearing industry - social media	723	-	-
Advancing health care	5,100	-	5,100
	<u>\$ 483,120</u>	<u>\$ -</u>	<u>\$ 406,218</u>

  

	2023		
	Balance August 31, 2023	Contributions/ Investment Income	Balance August 31, 2023
Endowment	\$ 264,285	\$ -	\$ 238,455
Rocky and Ahme Stone endowment fund	140,240	-	137,740
Pooled income fund	98,720	-	98,720
Branigin restricted gift	-	-	-
C. Perazzoli restricted gift	20,000	-	2,382
Hearing industry - social media	723	-	723
Advancing health care	5,100	-	5,100
	<u>\$ 529,068</u>	<u>\$ -</u>	<u>\$ 483,120</u>



## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

#### 8. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors 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.

#### 9. IN-KIND CONTRIBUTIONS

During the year ended August 31, 2024, the Association was the beneficiary of donated equipment and services for the convention. Due to the nature of these nonfinancial assets, the services were all utilized in the period they were received and there were no donor-imposed restrictions. These contributions were recorded at their fair value as of the date of the gift. 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. The following table outlines the activity for the years ended August 31, 2024 and 2023, respectively:

	2024	2023
Donated services - convention	<u>\$ 25,000</u>	<u>\$ 25,000</u>

#### 10. 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 \$37,332 and \$36,947 for the years ended August 31, 2024 and 2023, respectively

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 11. 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, 2024 and 2023, 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, 2024, 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.

#### 12. 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 2024, the Association had agreements with certain local chapters and affiliates to conduct local Walk4Hearing fundraising and awareness 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. 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.

The following balances reflect the related Walk4Hearing transactions between the Association and its state organizations and chapters as of and for the years ended August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Accounts receivable	<u>\$ 36,333</u>	<u>\$ 23,026</u>
Accounts payable	<u>\$ 49,011</u>	<u>\$ 50,495</u>
Revenues	<u>\$ 454,139</u>	<u>\$ 406,334</u>

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 13. 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:

	2024	2023
Fundraising	\$ 46,334	\$ 43,635
Program	417,007	392,712
	<u>\$ 463,341</u>	<u>\$ 436,347</u>

#### 14. 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. The weighted average remaining lease term used for the lease is 83 months and the weighted average discount rate is 3.38%. Cash paid for the operating lease totaled \$118,865 and \$115,969 for the years ended August 31, 2024 and 2023. Such payments were classified as cash outflows from operating activities in the accompanying statement of cash flows.

Future minimum lease payments related to this lease are as follows:

For the fiscal years ended August 31,	
2025	\$ 121,833
2026	124,873
2027	127,985
2028	131,173
2029	134,466
Thereafter	<u>278,807</u>
	<u>\$ 919,137</u>

## HEARING LOSS ASSOCIATION OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

#### 14. LEASES (CONTINUED)

##### Operating Lease - Office (Continued)

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended August 31, 2024 is as follows:

Undiscounted future cash flows	\$ 919,137
Less: discount to present value	<u>(113,654)</u>
Operating lease liability	<u><u>\$ 805,483</u></u>

##### Operating Sublease

The Association entered into an operating sublease that commenced on May 1, 2024 and terminated on September 30, 2024. Monthly installments consist of \$8,179.

Total lease cost for the year ended August 31, 2024 and 2023 consisted of the following:

Lease costs:	2024	2023
Operating lease cost	\$ 114,980	\$ 114,980
Sublease revenue	<u>(32,716)</u>	<u>-</u>
Total lease cost	<u><u>\$ 82,264</u></u>	<u><u>\$ 114,980</u></u>

#### 15. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 21, 2025, the date the financial statements were available to be issued.