

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

FINANCIAL STATEMENTS

**Year Ended August 31, 2025
with Summarized Comparative Information
for the year ended August 31, 2024**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hearing Loss Association of America, Inc.
McLean, Virginia

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, 2025, 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, 2025, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 21, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, 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 18, 2026

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

August 31, 2025 (with Comparative Information as of August 31, 2024)

ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash	\$ 494,155	\$ 1,070,397
Accounts receivable	79,836	99,929
Prepaid expenses	<u>46,518</u>	<u>37,286</u>
TOTAL CURRENT ASSETS	<u>620,509</u>	<u>1,207,612</u>
PROPERTY AND EQUIPMENT, at cost, net	<u>35,556</u>	<u>48,422</u>
OTHER ASSETS		
Investments	5,888,696	4,584,361
Security deposit	11,181	11,181
Right-of-use asset, operating lease	<u>588,951</u>	<u>693,371</u>
TOTAL OTHER ASSETS	<u>6,488,828</u>	<u>5,288,913</u>
TOTAL ASSETS	<u><u>\$ 7,144,893</u></u>	<u><u>\$ 6,544,947</u></u>

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

August 31, 2025 (with Comparative Information as of August 31, 2024)

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 132,062	\$ 213,490
Deferred revenue	13,180	86,025
Operating lease liability - current	<u>102,469</u>	<u>96,083</u>
TOTAL CURRENT LIABILITIES	<u>247,711</u>	<u>395,598</u>
LONG-TERM LIABILITIES		
Operating lease liability, net of current portion	<u>590,135</u>	<u>709,400</u>
TOTAL LIABILITIES	<u>837,846</u>	<u>1,104,998</u>
NET ASSETS		
Without donor restriction	5,903,079	5,033,731
With donor restriction	<u>403,968</u>	<u>406,218</u>
TOTAL NET ASSETS	<u>6,307,047</u>	<u>5,439,949</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,144,893</u>	<u>\$ 6,544,947</u>

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF ACTIVITIES

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

	2025		2024	
	Without Donor Restriction	With Donor Restriction	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 1,809,566		\$ 1,809,566	\$ 1,780,364
Contributions from Walk4Hearing	574,771	-	574,771	454,139
Investment return	505,432	-	505,432	540,906
Conferences, meetings, and seminars	243,198	-	243,198	236,912
Advertising	67,325	-	67,325	58,430
Grants and contracts	58,845	40,000	98,845	187,663
In-kind	25,000	-	25,000	25,000
Membership dues	10,931	-	10,931	77,517
Other	5,767	-	5,767	32,889
Consulting income	-	-	-	2,568
Net assets released from restrictions:				
Satisfaction of purpose restrictions	42,250	(42,250)	-	-
TOTAL SUPPORT AND REVENUE	3,343,085	(2,250)	3,340,835	3,396,388
EXPENSES				
Program	1,980,656	-	1,980,656	2,067,954
Management and general	200,804	-	200,804	182,953
Fundraising	292,277	-	292,277	365,589
TOTAL EXPENSES	2,473,737	-	2,473,737	2,616,496
CHANGE IN NET ASSETS	869,348	(2,250)	867,098	779,892
NET ASSETS, beginning of year	5,033,731	406,218	5,439,949	4,660,057
NET ASSETS, end of year	\$ 5,903,079	\$ 403,968	\$ 6,307,047	\$ 5,439,949

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES
Year Ended August 31, 2025

PROGRAM EXPENSES	Program Services								
	Convention	Chapters, State Organizations, Members	Education	Advocacy	Hearing Health Awareness	Accessibility and Technology	Get in the Hearing Loop	Program Total	
Salaries	\$ 127,600	\$ 255,200	\$ 220,399	\$ 197,199	\$ 116,000	\$ -	\$ -	\$ 916,398	
Employer payroll tax	9,579	19,157	16,545	14,804	8,708	-	-	68,793	
Health insurance	6,609	13,217	11,415	10,213	6,008	-	-	47,462	
Life/LTD insurance	1,275	2,550	2,202	1,970	1,160	-	-	9,157	
Employer 403(b) contributions	3,936	7,871	6,799	6,083	3,578	-	-	28,267	
Consulting	20,000	251	3,410	1,913	314	71,104	32,500	129,492	
Awards	792	-	-	-	-	-	-	792	
Bank and credit card fees	3,074	7,868	-	-	9,835	-	-	20,777	
Board-related expense	1,177	2,354	2,033	1,819	1,070	-	-	8,453	
Captioning/signing	21,108	4,378	451	300	1,286	-	-	27,523	
Blackbaud/software	9,723	23,052	-	-	16,661	-	-	49,436	
Decorations	10,569	-	-	-	-	-	-	10,569	
Depreciation	1,415	2,829	2,445	2,187	1,285	-	-	10,161	
Design and typesetting service	180	864	6,930	-	830	-	-	8,804	
Dues and subscriptions	-	-	2,400	1,650	-	467	-	4,517	
Equipment rentals	76,411	1,580	-	-	1,975	-	-	79,966	
Events, meetings, and supplies	156,851	39,519	1,660	-	49,399	-	15	247,444	
General insurance	1,575	3,149	2,720	2,433	1,432	-	-	11,309	
In-kind expense	25,000	-	-	-	-	-	-	25,000	
Information technology	1,366	2,731	2,359	2,111	1,242	16	-	9,825	
Legal and accounting	-	-	-	-	-	250	-	250	
Miscellaneous licenses/taxes	-	9,149	-	-	-	-	-	9,149	
Office rent	13,883	27,766	23,979	21,455	12,621	-	-	99,704	
Postage/shipping/courier	405	1,080	5,900	-	1,275	-	-	8,660	
Printing/paper/envelopes	2,350	4,396	16,966	7	5,495	214	1,275	30,703	
Public relations/promotional	5,644	10,940	8,210	-	13,675	-	-	38,469	
Scholarships-convention	3,065	-	-	-	-	-	-	3,065	
Small office equipment/software	10,661	594	6,337	5,087	-	120	-	22,799	
Staff training and recruitment	-	87	-	-	109	-	-	196	
State coordinator	-	1,502	-	-	-	-	-	1,502	
Supplies	307	501	-	-	626	491	-	1,925	
Telephone	-	216	-	-	271	-	-	487	
Travel, meals, and lodging	11,505	7,255	436	1,040	9,054	39	5,453	34,782	
Volunteer recognition	-	1,462	-	-	1,828	-	-	3,290	
Web hosting	-	-	11,020	-	-	510	-	11,530	
TOTAL PROGRAM EXPENSES	\$ 526,060	\$ 451,518	\$ 354,616	\$ 270,271	\$ 265,737	\$ 73,211	\$ 39,243	\$ 1,980,656	

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

	2025			2024	
	Program Total	Supporting Activities		Total	Total
		General and Administrative	Development and Fundraising		
EXPENSES					
Salaries	916,398	92,800	150,800	1,159,998	1,311,326
Employer payroll tax	68,793	6,968	11,321	87,082	94,746
Health insurance	47,462	4,806	7,811	60,079	76,184
Life/LTD insurance	9,157	927	1,507	11,591	12,003
Employer 403(b) contributions	28,267	2,863	4,652	35,782	37,332
Consulting	129,492	-	34,026	163,518	199,983
Awards	792	-	-	792	979
Bank and credit card Fees	20,777	1,931	6,963	29,671	29,611
Blackbaud/software	49,436	13,310	13,913	76,659	71,885
Board-related expense	8,453	856	1,391	10,700	9,307
Captioning/signing	27,523	95	257	27,875	23,537
Commissions	-	-	-	-	6,742
Decorations	10,569	-	-	10,569	10,584
Depreciation	10,161	1,033	1,672	12,866	14,294
Design and typesetting Service	8,804	-	1,906	10,710	13,611
Dues and subscriptions	4,517	7,146	1,086	12,749	22,729
Equipment rentals	79,966	3,516	395	83,877	81,232
Events, meetings, and supplies	247,444	-	12,272	259,716	164,624
General insurance	11,309	1,145	1,861	14,315	14,917
In-kind expenses	25,000	-	-	25,000	25,000
Information technology	9,825	993	1,614	12,432	11,086
Legal and accounting	250	19,280	-	19,530	19,530
Miscellaneous	1,502	-	-	1,502	197
Miscellaneous licenses/taxes	9,149	481	-	9,630	8,242
Office rent	99,704	10,097	16,407	126,208	119,666
Payroll services	-	6,315	-	6,315	4,599
Postage/shipping/courier	8,660	5,371	2,562	16,593	19,531
Printing/paper/envelopes	30,703	1,616	10,795	43,114	64,388
Public relations/promotional	38,469	-	2,735	41,204	44,044
Scholarships-convention	3,065	-	-	3,065	2,500
Small office equipment/ software	22,799	5,632	-	28,431	26,882
Staff training & recruitment	196	3,056	522	3,774	370
Supplies	1,925	663	461	3,049	2,978
Telephone	487	8,089	54	8,630	8,365
Travel, meals, and lodging	34,782	1,815	4,829	41,426	56,276
Volunteer recognition	3,290	-	366	3,656	2,165
Web hosting	11,530	-	99	11,629	5,051
TOTAL EXPENSES	\$ 1,980,656	\$ 200,804	\$ 292,277	\$ 2,473,737	\$ 2,616,496

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.**STATEMENT OF CASH FLOWS****Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Revenue	\$ 2,782,651	\$ 2,975,424
Interest and dividends	87,222	71,715
	<u>2,869,873</u>	<u>3,047,139</u>
Cash disbursed by operations		
Payments to employees and suppliers	<u>2,559,990</u>	<u>2,702,269</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>309,883</u>	<u>344,870</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	964,665	1,017,203
Purchase of investments	<u>(1,850,790)</u>	<u>(797,927)</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(886,125)</u>	<u>219,276</u>
NET (DECREASE) INCREASE IN CASH	(576,242)	564,146
CASH, beginning of year	<u>1,070,397</u>	<u>506,251</u>
CASH, end of year	<u>\$ 494,155</u>	<u>\$ 1,070,397</u>
NON-CASH INVESTING ACTIVITIES		
Unrealized gain in market value of investments	\$ (415,935)	\$ (333,657)
Increase in investment value	<u>415,935</u>	<u>333,657</u>
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

STATEMENT OF CASH FLOWS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	<u>\$ 867,098</u>	<u>\$ 779,892</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	12,866	14,295
Non-cash occupancy costs	(8,459)	(3,885)
Unrealized and realized gain on investments	<u>(418,210)</u>	<u>(469,191)</u>
NET ADJUSTMENTS	<u>(413,803)</u>	<u>(458,781)</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING CASH		
ASSETS		
Accounts receivable	20,093	93,690
Grants receivable	-	74,683
Prepaid expenses	<u>(9,232)</u>	<u>10,076</u>
NET CHANGES IN ASSETS	<u>10,861</u>	<u>178,449</u>
LIABILITIES		
Accounts payable and accrued expenses	(81,428)	(106,259)
Deferred revenue	<u>(72,845)</u>	<u>(48,431)</u>
NET CHANGES IN LIABILITIES	<u>(154,273)</u>	<u>(154,690)</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>(143,412)</u>	<u>23,759</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 309,883</u></u>	<u><u>\$ 344,870</u></u>

See Notes to Financial Statements.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

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, 2025 and 2024, cash consists of checking accounts. As of August 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

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.

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.

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.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

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

Classes of Assets (Continued)

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. The Board of Directors 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.

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, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

1. ORGANIZATION AND SUMMARY OF 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 \$325 to \$1,870 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 \$75 to \$905 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, 2025, ranged from \$10,000 through \$100,000 depending on the type of partnership selected.

Significant Judgments

Significant judgments related to revenue recognition include the determination of whether performance obligations are satisfied over time or at a point in time and the identification of distinct performance obligations within customer contracts.

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, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

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 are similar to 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.

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, 2024, from which the summarized information was derived.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

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, bank and credit card fees, Blackbaud/software, board-related expenses, captioning and signing, depreciation, dues and subscriptions, equipment rentals, general insurance, IT, office rent, postage, shipping and courier, printing, paper and envelopes, staff training & 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. Consulting, design and typesetting services, event-related expenses, public relations, promotion, volunteer recognition, and web hosting are allocated to program and fundraising based on level of effort. Awards, decorations, in-kind expense, scholarships-convention, and state coordinator expenses are solely allocated to program. Payroll services are allocated solely to general and administrative. Lastly, legal & accounting, miscellaneous licenses and taxes, and small office equipment and software are allocated to program and general and administrative expenses.

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, 2026 are as follows:

Financial Assets	
Cash	\$ 494,155
Investments	5,888,696
Accounts receivable	79,836
Total financial assets	<u>\$ 6,462,687</u>
Less amounts not available within one year	
Purpose restricted net assets	<u>(403,968)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 6,058,719</u></u>

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

2. CASH

Cash at August 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Checking	<u>\$ 494,155</u>	<u>\$ 1,070,397</u>

The checking accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Association's uninsured bank balances totaled \$244,066 and \$568,262 as of August 31, 2025 and 2024, respectively.

3. PROPERTY AND EQUIPMENT

A summary of information relative to property and equipment, and related depreciation, for the years ended August 31, 2025 and 2024 is as follows:

	<u>2025</u>				
	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Useful life (years)</u>
Furniture	\$ 45,230	\$ 4,111	\$ 20,901	\$ 24,329	11
Office equipment	65,841	7,911	59,611	6,230	5
Leasehold improvements	<u>9,290</u>	<u>844</u>	<u>4,293</u>	<u>4,997</u>	11
	<u>\$ 120,361</u>	<u>\$ 12,866</u>	<u>\$ 84,805</u>	<u>\$ 35,556</u>	
	<u>2024</u>				
	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Useful life (years)</u>
Furniture	\$ 45,230	\$ 4,113	\$ 16,790	\$ 28,440	11
Office equipment	65,841	9,337	51,700	14,141	5
Leasehold improvements	<u>9,290</u>	<u>844</u>	<u>3,449</u>	<u>5,841</u>	11
	<u>\$ 120,361</u>	<u>\$ 14,294</u>	<u>\$ 71,939</u>	<u>\$ 48,422</u>	

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

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).

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.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

4. INVESTMENTS (CONTINUED)

The following is a summary of the inputs used to value the investments as of August 31, 2025 and 2024:

	2025		
	Fair Value	Level 1	Level 2
Money market funds	\$ 91,924	\$ 91,924	\$ -
Mutual funds			
Large blend	1,725,792	1,725,792	-
Foreign large blend	823,936	823,936	-
Diversified emerging markets	505,612	505,612	-
Mid-cap blend	327,041	327,041	-
Small blend	272,953	272,953	-
Savings deposits	277,934	277,934	-
Certificates of deposit	1,863,504	-	1,863,504
	<u>\$ 5,888,696</u>	<u>\$ 4,025,192</u>	<u>\$ 1,863,504</u>
	2024		
	Fair Value	Level 1	Level 2
Money market funds	\$ 6,365	\$ 6,365	\$ -
Common stocks			
Consumer goods	-	-	-
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, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

4. INVESTMENTS (CONTINUED)

Investment income for the years ended August 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Interest	\$ 55,140	\$ 33,253
Dividends	65,064	66,209
Unrealized and realized gains	418,210	469,190
Investment management fees	<u>(32,982)</u>	<u>(27,746)</u>
	<u>\$ 505,432</u>	<u>\$ 540,906</u>

5. DEFERRED REVENUE

Deferred revenue at August 31, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Membership	\$ -	\$ 10,931
Grants	<u>13,180</u>	<u>75,094</u>
	<u>\$ 13,180</u>	<u>\$ 86,025</u>

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.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

6. ENDOWMENTS (CONTINUED)

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.

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.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

7. NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2025 and 2024, net assets with donor restrictions consisted of the following:

	2025			Balance August 31, 2025
	Balance August 31, 2024	Contributions/ Investment Income	Releases	
Endowment	\$ 167,158	\$ -	\$ -	\$ 167,158
Rocky and Ahme Stone endowment fund	135,240	-	(2,250)	132,990
Pooled income fund	98,720	-	-	98,720
Advancing health care Loop grant	5,100 -	40,000	(40,000)	5,100 -
	<u>\$ 406,218</u>	<u>\$ 40,000</u>	<u>\$ (42,250)</u>	<u>\$ 403,968</u>
	2024			
	Balance August 31, 2023	Contributions/ Investment Income	Releases	Balance August 31, 2024
Endowment	\$ 238,455	\$ -	\$ (71,297)	\$ 167,158
Rocky and Ahme Stone endowment fund	137,740	-	(2,500)	135,240
Pooled income fund	98,720	-	-	98,720
C. Perazzoli restricted gift	2,382	-	(2,382)	-
Hearing industry - social media	723	-	(723)	-
Advancing health care	5,100	-	-	5,100
	<u>483,120</u>	<u>-</u>	<u>(76,902)</u>	<u>406,218</u>

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

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

9. IN-KIND CONTRIBUTIONS

During the year ended August 31, 2025, 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, 2025 and 2024, respectively:

	<u>2025</u>	<u>2024</u>
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 contributions made by eligible participants. Employer contributions to the plan were \$35,781 and \$37,332 for the years ended August 31, 2025 and 2024, respectively

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, 2025 and 2024, there were no income taxes due 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, 2025, 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.

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

12. RELATED PARTIES (CONTINUED)

Before March 2025, 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 provided support for the Walks through its website, promotional materials, and event coordination with local chapters and affiliates, for which no amounts were charged. In March 2025, the Association transitioned to a centralized model in which all Walk4Hearing events are fully managed by the Association, which absorbs all event-related costs and shares 40% of the fundraising revenue with participating chapters and affiliates to support programs and services for people with hearing loss.

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Accounts receivable	<u>\$ -</u>	<u>\$ 36,333</u>
Accounts payable	<u>\$ -</u>	<u>\$ 49,011</u>
Revenues	<u>\$ 574,771</u>	<u>\$ 454,139</u>

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:

	<u>2025</u>	<u>2024</u>
Fundraising	<u>\$ 53,147</u>	<u>\$ 46,334</u>
Program	<u>478,323</u>	<u>417,007</u>
	<u>\$ 531,470</u>	<u>\$ 463,341</u>

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

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 71 months and the weighted average discount rate is 3.38%. Cash paid for the operating lease totaled \$121,833 and \$118,865 for the years ended August 31, 2025 and 2024. 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 fiscal years ended August 31:	
2026	\$ 124,873
2027	127,985
2028	131,173
2029	134,466
2030	137,831
Thereafter	<u>129,228</u>
	<u>\$ 785,556</u>

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended August 31, 2025 is as follows:

	<u>2025</u>	<u>2024</u>
Undiscounted future cash flows	\$ 785,556	\$ 919,137
Less: discount to present value	<u>(92,952)</u>	<u>(113,654)</u>
Operating lease liability	<u>\$ 692,604</u>	<u>\$ 805,483</u>

Operating Sublease

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

HEARING LOSS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

14. LEASES (CONTINUED)

Total lease cost for the year ended August 31, 2025 and 2024 consisted of the following:

Lease costs:	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 126,208	\$ 114,980
Sublease revenue	<u>(8,179)</u>	<u>(32,716)</u>
Total lease cost	<u>\$ 118,029</u>	<u>\$ 82,264</u>

15. COMMITMENTS

Future Meeting Sites

The Association entered into agreements with a hotel for a future convention site. This agreement generally provides for liquidated damages in the case of cancellation by the Association. As of August 31, 2025, the Association's maximum potential exposure for liquidated damages under this agreement totaled approximately \$98,147.

16. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 18, 2026, the date the financial statements were available to be issued.

Sublease

Subsequent to the year end, on January 30, 2026, the Association entered into an operating sublease with monthly installments beginning at \$8,579. This sublease's term ranges from February 1, 2026, through July 31, 2031.