

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Management  
The Hearing and Speech Agency of Metropolitan Baltimore, Inc.  
Baltimore, Maryland

We have audited the accompanying financial statements of The Hearing and Speech Agency of Metropolitan Baltimore, Inc., dba: HASA (HASA), which comprises the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and change in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
The Hearing and Speech Agency  
of Metropolitan Baltimore, Inc.  
dba: HASA

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HASA as of June 30, 2019 and 2018, and the changes its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
October 23, 2019

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,409,838	\$ 2,389,901
Investments	705,821	569,292
Accounts Receivable	1,845,112	1,048,175
Contributions Receivable	31,875	3,750
Prepaid Expenses	17,988	20,487
Restricted Cash	69,883	69,883
Land, Building, and Equipment, Net	4,694,139	4,885,208
Total Assets	\$ 8,774,656	\$ 8,986,696
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 213,699	\$ 124,556
Accrued Payroll	227,992	228,570
Total Liabilities	441,691	353,126
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Available for General Activities	7,483,726	7,881,561
Board-Designated Scholarship Fund	25,000	25,000
Total Net Assets Without Donor Restrictions	7,508,726	7,906,561
With Donor Restrictions:		
Restricted by Donors for Specific Purpose	734,356	648,126
Restricted by Donors for Passage of Time	20,000	9,000
Restricted by Donor; Interest Only to Be Used to Support Audiology	69,883	69,883
Total Net Assets With Donor Restrictions	824,239	727,009
Total Net Assets	8,332,965	8,633,570
Total Liabilities and Net Assets	\$ 8,774,656	\$ 8,986,696

See accompanying Notes to Financial Statements.

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	Without Donor Restrictions	With Donor Restrictions	2018 Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>						
Public Support:						
Contributions	\$ 309,426	\$ 105,400	\$ 414,826	\$ 359,920	\$ -	\$ 359,920
Received Indirectly:						
United Way Community Support	-	-	-	2,904	-	2,904
Total Public Support	309,426	105,400	414,826	362,824	-	362,824
Program Service Revenue:						
CIRS	2,627,818	-	2,627,818	2,964,833	-	2,964,833
Clinical	1,221,510	-	1,221,510	1,149,710	-	1,149,710
Gateway School	2,553,766	-	2,553,766	2,415,516	-	2,415,516
Total Program Service Revenue	6,403,094	-	6,403,094	6,530,059	-	6,530,059
Other Revenue:						
Miscellaneous Income	20,393	-	20,393	108,171	-	108,171
Investment Income	35,835	1,364	37,199	17,676	733	18,409
Total Other Revenue	56,228	1,364	57,592	125,847	733	126,580
Net Assets Released from Restrictions	9,534	(9,534)	-	103,463	(103,463)	-
Total Revenues, Gains, and Other Support	6,778,282	97,230	6,875,512	7,122,193	(102,730)	7,019,463
<b>EXPENSES</b>						
Program Services	6,498,238	-	6,498,238	6,407,444	-	6,407,444
Support Services Expense:						
Management and General	336,428	-	336,428	381,762	-	381,762
Fundraising	341,451	-	341,451	262,337	-	262,337
Total Support Services Expense	677,879	-	677,879	644,099	-	644,099
Total Expenses	7,176,117	-	7,176,117	7,051,543	-	7,051,543
<b>CHANGE IN NET ASSETS</b>	(397,835)	97,230	(300,605)	70,650	(102,730)	(32,080)
Net Assets - Beginning of Year	7,906,561	727,009	8,633,570	7,835,911	829,739	8,665,650
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,508,726</u>	<u>\$ 824,239</u>	<u>\$ 8,332,965</u>	<u>\$ 7,906,561</u>	<u>\$ 727,009</u>	<u>\$ 8,633,570</u>

See accompanying Notes to Financial Statements.

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (300,605)	\$ (32,080)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	229,380	226,418
Realized and Unrealized (Gain) Loss on Investments	(12,651)	18,339
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(796,937)	(468,756)
Contributions Receivable	(28,125)	36,250
Prepaid Expenses	2,499	42,110
Accounts Payable and Accrued Expenses	89,143	(18,154)
Accrued Payroll	(578)	91,803
Deferred Tuition	-	(400)
Net Cash Used by Operating Activities	(817,874)	(104,470)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures	(38,311)	(69,572)
Purchase of Investments and Reinvested Dividends	(123,878)	(30,925)
Net Cash Used by Investing Activities	(162,189)	(100,497)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(980,063)	(204,967)
Cash and Cash Equivalents - Beginning of Year	2,389,901	2,594,868
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,409,838	\$ 2,389,901

See accompanying Notes to Financial Statements.

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
STATEMENTS OF FUNCTIONAL EXPENSE  
YEAR ENDED JUNE 30, 2019 AND 2018**

	CIRS	Clinical	Gateway School	Program Services Total	Supporting Services		2019 Total
					Management and General	Fund Raising	
Payroll and Payroll Related	\$ 312,546	\$ 1,093,709	\$ 1,865,971	\$ 3,272,226	\$ 204,828	\$ 231,488	\$ 3,708,542
Professional Fees	1,788,347	109,851	271,347	2,169,545	49,380	21,537	2,240,462
Supplies	15,543	258,337	37,304	311,184	2,232	3,075	316,491
Office	45,957	93,447	68,322	207,726	11,239	32,682	251,647
Occupancy	40,948	162,112	94,581	297,641	32,275	11,795	341,711
Local Transportation	3,896	1,009	954	5,859	1,474	150	7,483
Conferences and Conventions	281	3,465	2,911	6,657	297	-	6,954
Other	457	2,127	29,922	32,506	7,178	33,763	73,447
Depreciation	27,842	111,368	55,684	194,894	27,525	6,961	229,380
<b>Total Functional Expenses</b>	<b>\$ 2,235,817</b>	<b>\$ 1,835,425</b>	<b>\$ 2,426,996</b>	<b>\$ 6,498,238</b>	<b>\$ 336,428</b>	<b>\$ 341,451</b>	<b>\$ 7,176,117</b>

	CIRS	Clinical	Gateway School	Program Services Total	Supporting Services		2018 Total
					Management and General	Fund Raising	
Payroll and Payroll Related	\$ 505,776	\$ 1,006,224	\$ 1,675,724	\$ 3,187,724	\$ 266,568	\$ 197,492	\$ 3,651,784
Professional Fees	1,959,126	63,579	174,206	2,196,911	85,340	10,570	2,292,821
Supplies	27,366	249,981	31,745	309,092	8,688	1,677	319,457
Office	50,424	63,238	54,323	167,985	11,922	25,440	205,347
Occupancy	83,309	88,703	120,627	292,639	2,213	32	294,884
Local Transportation	2,004	728	1,468	4,200	52	81	4,333
Conferences and Conventions	155	5,634	8,366	14,155	2,232	211	16,598
Other	-	712	9,800	10,512	2,555	26,834	39,901
Depreciation	21,481	73,111	129,634	224,226	2,192	-	226,418
<b>Total Functional Expenses</b>	<b>\$ 2,649,641</b>	<b>\$ 1,551,910</b>	<b>\$ 2,205,893</b>	<b>\$ 6,407,444</b>	<b>\$ 381,762</b>	<b>\$ 262,337</b>	<b>\$ 7,051,543</b>

See accompanying Notes to Financial Statements.



**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Founded in 1926 as a community gathering place for the hard of hearing, HASA has grown into an organization that serves more than 4,000 children and adults every year, helping them communicate more effectively – both on our campus and through community-based programming. Our mission, to connect people to their worlds, is crucial because there is an absolute need to understand and be understood. HASA's core program areas are education; hearing health; inclusion; language access; and speech and language.

On-campus programs include Gateway School, a language-based program for children diagnosed with autism and other related communication disorder; a clinical services program providing speech, language, and hearing health services; and CIRS Interpreting, the only non-profit American Sign Language (ASL) interpreting provider in Maryland. Throughout the community, HASA teaches sign language classes, provides training on inclusion for employers and customer-based industries, offers hearing and speech screenings, and has a school outreach program (Baltimore Soundscape Project) focusing on noise-induced hearing loss.

**Contributions and Revenue**

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished ), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. Governmental grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give.

**Donated Services**

HASA recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Cash Equivalents**

For purposes of the statement of cash flows, HASA considers cash equivalents to include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three (3) months or less.

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Receivables are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are believed to be uncollectible by the time the financial statements are issued. Accounting principles generally accepted in the United States of America (GAAP) require the allowance method for accounting for bad debts, but the differences between the two methods is not significant.

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discounts on those amounts are computed using rates applicable to the facts and circumstances applicable to each of the promises to give. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**Property and Equipment**

HASA capitalizes expenditures for property and equipment over \$5,000 and having a useful life of three (3) or more years. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of 5 – 40 years using the straight-line method. Repairs and maintenance are expensed as incurred.

**Investments**

Investments consist of mutual funds with readily determinable fair values and are carried at those values based on quoted prices in active markets (Level 1). Realized and unrealized gains and or losses on investments are recorded in the period in which the gains or losses occur.

**Impairment of Long-Lived Assets**

HASA reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended June 30, 2019 and 2018.

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, costs have been allocated among the programs and supporting services that benefit from those costs. Management allocates expenses based on time allocation. Management and general expenses include those expenses that are not directly identified with any other specific function, but provide for the overall support and direction of HASA, Inc.

**Reclassifications**

Certain amounts in the prior period have been reclassified to conform to the current year's presentation. These reclassifications have no effect on previously reported net assets.

**Subsequent Events**

We have evaluated subsequent events through the October 23, 2019, the date the financial statements were available to be issued.

**Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**NOTE 2 INCOME TAXES**

HASA is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. HASA has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 3 RETIREMENT PLAN**

HASA participates in a 403(b) thrift plan. All employees may participate and are able to withhold the maximum limited by current tax law. Employees who have attained the age of 21 and have worked at least one thousand (1,000) hours within a 12-month period, shall be entitled to receive an allocation of Employer Matching Contributions equal to the participant's pro rata share of any discretionary Employer Matching Contributions made for the plan year. Employees are fully vested after six years of service. There was a 4% discretionary match made for the years ended June 30, 2019 and 2018. Expenses are under this plan were \$56,269 and \$60,456 for the years ended June 30, 2019 and 2018, respectively.

**NOTE 4 USE OF ESTIMATES IN FINANCIAL STATEMENTS**

The preparation of financial statements in accordance with auditing standards generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted of the following unconditional promises to give at June 30:

	2019	2018
Collectible in Less than One Year	<u>\$ 31,875</u>	<u>\$ 3,750</u>

**NOTE 6 DONOR-DESIGNATED ENDOWMENTS**

HASA's endowment consists of one (1) individual fund consisting of donor-restricted funds established for audiology. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 6 DONOR-DESIGNATED ENDOWMENTS (CONTINUED)**

The board of directors of HASA has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, HASA classifies as net assets with donor restrictions, to be held in perpetuity (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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by HASA in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with IVIUPMIFA, HASA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 HASA, and (7) HASA's investment policies.

Currently, HASA's policy is to invest the funds in money market accounts to preserve the principal and spend the interest earned on the program. The interest is restricted for the purpose of audiology.

Currently, HASA only has donor-restricted endowment funds. The donor restricted endowment fund balances and changes in the endowment net assets as of and for the years ended June 30, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total Endowment Net Assets
		Purpose Restricted	Endowment	
Endowment Net Assets - June 30, 2017	\$ -	\$ 135	\$ 69,883	\$ 70,018
Contributions	-	-	-	-
Investment Income	-	733	-	733
Amounts Appropriated for Expenditure	-	-	-	-
Endowment Net Assets - June 30, 2018	-	868	69,883	70,751
Contributions	-	-	-	-
Investment Income	-	1,364	-	1,364
Amounts Appropriated for Expenditure	-	-	-	-
Endowment Net Assets - June 30, 2019	<u>\$ -</u>	<u>\$ 2,232</u>	<u>\$ 69,883</u>	<u>\$ 72,115</u>

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Net Assets Restricted by Donors for Specific Purpose:		
Scholarships	\$ 601,724	\$ 592,258
Family Education	55,000	55,000
Charitable Care for Senior Citizens	50,000	-
Gateway Expansion	25,400	-
Endowment - Audiology	2,232	868
Total Purpose Restricted Net Assets	<u>734,356</u>	<u>648,126</u>
Net Assets Restricted by Donors for Passage of Time	20,000	9,000
Net Assets Restricted by Donor; Interest Only to Be Used to Support Audiology:		
Lieberman Fund	69,883	69,883
Total Net Assets With Donor Restrictions	<u>\$ 824,239</u>	<u>\$ 727,009</u>

**NOTE 8 LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 240,000	\$ 240,000
Building and Improvements	7,059,834	7,040,925
Furniture	356,280	356,356
Office Equipment	471,480	452,174
Program Equipment	574,713	574,540
Subtotal	<u>8,702,307</u>	<u>8,663,995</u>
Less: Accumulated Depreciation	4,008,168	3,778,787
Total	<u>\$ 4,694,139</u>	<u>\$ 4,885,208</u>

**NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restrictions consisted of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Education	\$ -	\$ 13,113
Scholarships	534	56,636
Time	9,000	33,714
Total	<u>\$ 9,534</u>	<u>\$ 103,463</u>

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 10 FDIC LIMITS**

Cash deposits in one (1) bank are insured up to \$250,000. HASA maintains balances in one (1) bank in excess of \$250,000. Amounts over \$250,000 are not insured under the FDIC. HASA has not experienced any losses with respect to its bank balances in excess of FDIC limits.

**NOTE 11 REVENUE CONCENTRATION**

HASA receives its Gateway School revenue from various governmental agencies. This made up approximately 37% and 34% of its revenue for the years ended June 30, 2019 and 2018, respectively.

**NOTE 12 FAIR VALUE MEASUREMENTS**

The accounting codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the assets or liabilities. The hierarchy requires the use of observable market data when available. The three levels of the fair value hierarchy are defined as follows:

*Level 1* – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

*Level 2* – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities and market-corroborated inputs.

If the assets or liabilities have a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liabilities.

*Level 3* – Inputs to the valuation methodology are unobservable for the assets or liabilities and are significant to the fair value measurement.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a description of the valuation methodologies used for assets measured at fair value. Mutual funds are listed on a national market or exchange, are valued at the last sale price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2019 and 2018.

HASA recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2019 and 2018.

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

	Fair Value	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2019</u>				
Mutual Funds	\$ 705,821	\$ 705,821	\$ -	\$ -
<u>June 30, 2018</u>				
Mutual Funds	\$ 569,292	\$ 569,292	\$ -	\$ -

**NOTE 13 COMMITMENTS**

HASA leases seven (7) copiers under the terms of a renewable operating lease expiring through November 2022 and a mail machine under the terms of a renewable operating lease expiring through September 2024. Monthly rentals approximate \$3,300 per month. Lease expense was approximately \$40,000 for the years ended June 30, 2019 and 2018.

Future minimum rentals for the years ended June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 40,492
2021	40,492
2022	40,492
2023	4,164
2024	2,901
Total Future Minimum Lease Payments	<u>\$ 128,541</u>



**THE HEARING AND SPEECH AGENCY  
OF METROPOLITAN BALTIMORE, INC., DBA: HASA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 14 INVESTMENTS**

Investments are carried at fair value (as determined by quoted prices in an active market for identical assets).

Investments consisted of the following at June 30:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 672,394	\$ 705,821	\$ 548,023	\$ 569,292

Investment income consisted of the following at June 30:

	2019	2018
Unrealized Gains and Losses	\$ 12,651	\$ (18,339)
Interest and Dividends	24,548	36,748
Total Investment Income	<u>\$ 37,199</u>	<u>\$ 18,409</u>

**NOTE 15 LIQUIDITY**

HASA has \$3,356,708 of financial assets on the balance sheet as of June 30, 2019, consisting of cash of \$1,479,721, accounts receivable of \$1,845,112, and contributions receivable of \$31,875. \$824,239 of these financial assets are subject to donor restrictions: \$754,356 are time or purpose restrictions and are not available for general expenditure within one year, and \$69,883 of these financial assets are donor endowment funds. HASA will not use endowment funds for general expenditures other than investment returns without purpose restrictions. The company attempts to maintain sufficient cash on hand to meet 60 days of normal operating expenses and will draw upon investment funds without donor restrictions, which were \$705,821 as of June 30, 2019, in the event of an unanticipated liquidity need. Financial assets of June 30, 2019 consisted of:

Cash	\$ 1,479,721
Accounts Receivable	1,845,112
Contributions Receivable	31,875
Current Financial Assets at Year-End	<u>3,356,708</u>
Less Those Unavailable for General Expenditures Within One Year Due to:	
Restricted by Donor-Time	20,000
Restricted by Donor-Purpose	734,356
Endowment	69,883
	<u>824,239</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,532,469</u>