

**Hadley Institute  
For the Blind and Visually Impaired**

Financial Statements  
and Independent Auditor's Report

June 30, 2024 and 2023

**HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Hadley Institute for the Blind and Visually Impaired

### **Opinion**

We have audited the accompanying financial statements of Hadley Institute for the Blind and Visually Impaired ("Hadley"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Hadley as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hadley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Hadley's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 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 Hadley'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 Hadley'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.

*FGMK, LLC*

Bannockburn, Illinois  
December 18, 2024

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

## ASSETS

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 339,456	\$ 1,045,427
Investments	92,301,493	85,934,398
Receivables:		
Contributions	650,503	838,959
Other	1,418	412
Prepaid expenses	147,916	140,218
Property and equipment, net	7,328,766	7,675,741
Website development, net	901,391	981,517
	<u>\$ 101,670,943</u>	<u>\$ 96,616,672</u>

## LIABILITIES AND NET ASSETS

## LIABILITIES

Accounts payable and accrued expenses	<u>\$ 566,766</u>	<u>\$ 603,716</u>
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## NET ASSETS

Without donor restrictions	94,366,585	89,074,335
With donor restrictions	<u>6,737,592</u>	<u>6,938,621</u>
	<u>101,104,177</u>	<u>96,012,956</u>
	<u>\$ 101,670,943</u>	<u>\$ 96,616,672</u>

The accompanying notes are an integral part of these statements.

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## STATEMENTS OF ACTIVITIES

## YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND PUBLIC SUPPORT</b>						
Contributions						
Corporate	\$ 5,798	\$ 5,293	\$ 11,091	\$ 14,432	\$ 605	\$ 15,037
Foundations	215,700	104,200	319,900	204,351	65,000	269,351
Individuals	775,808	13,100	788,908	635,841	26,382	662,223
Service clubs	13,762	-	13,762	17,109	-	17,109
Woman's board	190,850	-	190,850	166,100	-	166,100
Bequests	551,043	-	551,043	1,516,799	-	1,516,799
Major gifts campaign	-	-	-	20,000	1,000,000	1,020,000
Young Visionaries Board	4,931	-	4,931	10,017	1,000	11,017
Donated materials and services	134,255	-	134,255	161,769	-	161,769
	<u>1,892,147</u>	<u>122,593</u>	<u>2,014,740</u>	<u>2,746,418</u>	<u>1,092,987</u>	<u>3,839,405</u>
Release of net assets from restriction arising from satisfaction of program restrictions	548,503	( 548,503)	-	387,981	( 387,981)	-
Investment income (net of management fees)	1,545,399	218,229	1,763,628	2,441,921	192,977	2,634,898
Net realized gain on sales of investments	789,376	-	789,376	660,371	-	660,371
Net change in unrealized gain(loss) on investments	8,249,530	6,652	8,256,182	5,343,535	( 146,069)	5,197,466
Employee retention credit	801,155	-	801,155	-	-	-
Other revenue	4,854	-	4,854	11,721	-	11,721
	<u>13,830,964</u>	<u>( 201,029)</u>	<u>13,629,935</u>	<u>11,591,947</u>	<u>751,914</u>	<u>12,343,861</u>
<b>EXPENSES</b>						
Member programs and public awareness	6,217,577	-	6,217,577	6,063,771	-	6,063,771
Fundraising	1,133,949	-	1,133,949	1,273,215	-	1,273,215
General and administrative	1,187,188	-	1,187,188	1,095,937	-	1,095,937
	<u>8,538,714</u>	<u>-</u>	<u>8,538,714</u>	<u>8,432,923</u>	<u>-</u>	<u>8,432,923</u>
<b>WRITE-OFF OF PLEDGE RECEIVABLE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
<b>CHANGE IN NET ASSETS</b>	<u>5,292,250</u>	<u>( 201,029)</u>	<u>5,091,221</u>	<u>3,159,024</u>	<u>731,914</u>	<u>3,890,938</u>
<b>NET ASSETS</b>						
Beginning of year	<u>89,074,335</u>	<u>6,938,621</u>	<u>96,012,956</u>	<u>85,915,311</u>	<u>6,206,707</u>	<u>92,122,018</u>
End of year	<u>\$ 94,366,585</u>	<u>\$ 6,737,592</u>	<u>\$ 101,104,177</u>	<u>\$ 89,074,335</u>	<u>\$ 6,938,621</u>	<u>\$ 96,012,956</u>

The accompanying notes are an integral part of these statements.

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Member Programs and Public Awareness							Total
	Member Products and Support Services	Technology Services	Media and Materials Production	Communications and Outreach	Total Programs	Fundraising	General and Administrative	
<b>PERSONNEL</b>								
Salaries	\$ 1,798,110	\$ 375,693	\$ 304,495	\$ 495,905	\$ 2,974,203	\$ 658,867	\$ 569,065	\$ 4,202,135
Employee benefits	435,869	81,362	75,114	135,598	727,943	165,964	106,789	1,000,696
	<u>2,233,979</u>	<u>457,055</u>	<u>379,609</u>	<u>631,503</u>	<u>3,702,146</u>	<u>824,831</u>	<u>675,854</u>	<u>5,202,831</u>
<b>EXPENSES</b>								
Consulting services	52,580	109,910	-	416,361	578,851	5,570	187,199	771,620
Support services	-	-	-	10,240	10,240	9,192	20,927	40,359
Legal services	-	-	-	-	-	-	4,242	4,242
Accounting services	14,036	2,846	2,417	3,966	23,265	5,095	4,323	32,683
Content development contracts	500	-	37,426	-	37,926	-	-	37,926
Professional development	17,156	-	719	-	17,875	287	7,329	25,491
Conferences and meetings	29,843	-	2,704	33,972	66,519	4,322	13,179	84,020
Utilities	35,484	7,260	6,051	9,799	58,594	12,759	10,668	82,021
Postage and delivery	4,421	898	853	1,387	7,559	50,594	1,329	59,482
Repairs and maintenance	-	-	-	-	-	-	130,808	130,808
Technology and Software	-	274,014	4,507	-	278,521	-	38,597	317,118
Lease	17,792	3,578	3,030	4,834	29,234	6,314	5,345	40,893
Insurance premiums	29,265	5,785	4,960	7,510	47,520	10,540	8,888	66,948
Bank fees	881	177	150	242	1,450	4,894	261	6,605
External printing services	-	-	-	-	-	127,664	-	127,664
Advertising and promotion	-	-	-	938,747	938,747	1,881	-	940,628
General supplies	1,773	-	11,596	182	13,551	1,799	5,181	20,531
Textbooks and materials	-	-	75,717	-	75,717	-	-	75,717
Miscellaneous	-	-	-	-	-	90	33	123
Non-capital expenditures	3,426	-	12,016	-	15,442	-	15,462	30,904
	<u>207,157</u>	<u>404,468</u>	<u>162,146</u>	<u>1,427,240</u>	<u>2,201,011</u>	<u>241,001</u>	<u>453,771</u>	<u>2,895,783</u>
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>	<u>191,199</u>	<u>38,516</u>	<u>32,583</u>	<u>52,122</u>	<u>314,420</u>	<u>68,117</u>	<u>57,563</u>	<u>440,100</u>
	<u>\$ 2,632,335</u>	<u>\$ 900,039</u>	<u>\$ 574,338</u>	<u>\$ 2,110,865</u>	<u>\$ 6,217,577</u>	<u>\$ 1,133,949</u>	<u>\$ 1,187,188</u>	<u>\$ 8,538,714</u>

The accompanying notes are an integral part of this statement.

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Member Programs and Public Awareness							
	Member Products and Support Services	Technology Services	Media and Materials Production	Communications and Outreach	Total Programs	Fundraising	General and Administrative	Total
<b>PERSONNEL</b>								
Salaries	\$ 1,902,090	\$ 374,694	\$ 298,745	\$ 449,084	\$ 3,024,613	\$ 646,452	\$ 577,902	\$ 4,248,967
Employee benefits	460,447	66,002	79,585	122,131	728,165	184,363	106,381	1,018,909
	<u>2,362,537</u>	<u>440,696</u>	<u>378,330</u>	<u>571,215</u>	<u>3,752,778</u>	<u>830,815</u>	<u>684,283</u>	<u>5,267,876</u>
<b>EXPENSES</b>								
Consulting services	-	48,039	-	277,950	325,989	124,747	82,036	532,772
Support services	5,804	-	-	-	5,804	22,086	19,502	47,392
Legal services	-	-	-	-	-	-	21,293	21,293
Accounting services	19,508	3,514	2,886	4,731	30,639	6,580	5,183	42,402
Content development contracts	1,400	-	83,427	-	84,827	-	-	84,827
Professional development	4,943	-	30	-	4,973	2,739	3,495	11,207
Conferences and meetings	38,485	-	48	21,340	59,873	11,130	16,567	87,570
Utilities	40,401	7,354	6,109	9,677	63,541	13,766	10,956	88,263
Postage and delivery	6,974	1,261	1,448	4,979	14,662	26,702	1,920	43,284
Repairs and maintenance	200	-	-	-	200	-	99,415	99,615
Technology and Software	-	219,066	5,129	-	224,195	17,588	48,991	290,774
Leases	12,203	2,183	1,806	2,915	19,107	4,074	3,212	26,393
Insurance premiums	33,145	5,988	4,931	7,926	51,990	11,222	8,875	72,087
Bank fees	1,083	194	160	258	1,695	4,415	284	6,394
Interest	74,967	13,565	11,251	17,969	117,752	25,374	20,080	163,206
External printing services	17	-	-	-	17	84,962	-	84,979
Advertising and promotion	7,016	-	-	759,969	766,985	2,840	-	769,825
General supplies	1,374	-	24,186	133	25,693	2,285	5,348	33,326
Textbooks and materials	-	-	173,188	-	173,188	-	-	173,188
Miscellaneous	-	-	-	-	-	10,000	14	10,014
Non-capital expenditures	2,839	-	5,883	154	8,876	235	7,490	16,601
	<u>250,359</u>	<u>301,164</u>	<u>320,482</u>	<u>1,108,001</u>	<u>1,980,006</u>	<u>370,745</u>	<u>354,661</u>	<u>2,705,412</u>
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>	<u>210,509</u>	<u>38,282</u>	<u>31,826</u>	<u>50,370</u>	<u>330,987</u>	<u>71,655</u>	<u>56,993</u>	<u>459,635</u>
	<u>\$ 2,823,405</u>	<u>\$ 780,142</u>	<u>\$ 730,638</u>	<u>\$ 1,729,586</u>	<u>\$ 6,063,771</u>	<u>\$ 1,273,215</u>	<u>\$ 1,095,937</u>	<u>\$ 8,432,923</u>

The accompanying notes are an integral part of this statement.



## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,091,221	\$ 3,890,938
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	440,100	459,635
Net realized gain on sales of investments	( 789,376)	( 660,371)
Net change in unrealized gain on investments	( 8,256,182)	( 5,197,466)
Changes in operating assets and liabilities:		
Pledges and other receivables	187,450	( 648,477)
Prepaid expenses	( 7,698)	97,285
Accounts payable and accrued expenses	( 36,950)	( 162,553)
Net Cash Used In Operating Activities	<u>( 3,371,435)</u>	<u>( 2,221,009)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	( 6,450,435)	( 7,328,352)
Proceeds from sales of investments	9,128,898	16,262,270
Payments for property and equipment and capitalized website development	( 12,999)	( 56,507)
Net Cash Provided By Investing Activities	<u>2,665,464</u>	<u>8,877,411</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	<u>-</u>	<u>( 6,336,515)</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH</b>	( 705,971)	319,887
<b>CASH, CASH EQUIVALENTS, RESTRICTED CASH - BEGINNING OF YEAR</b>	<u>1,045,427</u>	<u>725,540</u>
<b>CASH, CASH EQUIVALENTS, RESTRICTED CASH - END OF YEAR</b>	<u>\$ 339,456</u>	<u>\$ 1,045,427</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ -</u>	<u>\$ 163,206</u>

The accompanying notes are an integral part of these statements.

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities.** Hadley Institute for the Blind and Visually Impaired (“Hadley”) is a not-for-profit organization located in Winnetka, Illinois, whose mission is to provide both practical and social/emotional help to older adults adjusting to vision loss, empowering them to adapt and thrive.

Programs for members are offered free of charge; Hadley’s activities are funded primarily by charitable contributions and investment returns. As a result, fundraising is a critically important function and supporting service at Hadley.

**Basis of Accounting.** Hadley’s financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other assets and liabilities.

**Financial Statement Presentation.** Hadley is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

**Without Donor Restrictions** - Amounts that are currently available for use in Hadley’s operations and for acquisition of property and equipment.

**With Donor Restrictions** - Amounts that are stipulated by donors for specific operating purposes, for use in future periods or to be maintained permanently by Hadley.

**Management Estimates and Assumptions.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and the operating environment changes.

**Cash, Cash Equivalents and Restricted Cash.** Hadley maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Hadley has not experienced any losses in such accounts. Management believes that Hadley is not exposed to any significant credit risk on cash. Cash equivalents with an original maturity of ninety days or less that are considered a portion of investments are classified and reported as investments.

**Investments.** Investments are presented in the financial statements at fair value. Investment income, realized gains (losses), and changes in unrealized gains (losses) are reflected in the statements of activities. Investments received as contributions are recorded at fair value at the date of receipt. Hadley’s investment portfolio is subject to various risks, such as interest rate, credit and overall market volatility. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect Hadley’s financial statements.

**Contributions Receivable.** Contributions, including unconditional promises, are recognized as contribution revenue when the donor’s commitment is received. Unconditional promises to give and grants expected to be received in over one year are recorded at the present value of their estimated future cash flows. Conditional promises are recorded when donor stipulations are substantially met. Unconditional promises to give expected to be received within one year and within one to five years are \$151,400 and \$499,103, respectively, as of June 30, 2024.

**Property and Equipment.** Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the time of receipt. Additions and improvements to existing property and equipment over \$5,000 during the year are capitalized, while general maintenance and repairs are charged to expense. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. For building and improvements, lives range from 5 to 40 years, and for equipment, lives range from 3 to 10 years.

(Continued)

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

**Website Development.** Website development represents costs related to upgrade the online learning portal for blind and visually impaired individuals. Hadley has elected to amortize the intangible asset over an estimated useful life of 15 years. Hadley reviews intangible assets for impairment annually. If circumstances suggest that associated costs are irrecoverable, the carrying value is then reduced to fair value. There were no impairment charges for the years ended June 30, 2024 and 2023.

**Contributions.** Hadley reports contributions, including unconditional promises to give, as revenue in the period the contribution or promise is received. Contributions of cash and other assets are reported as restricted revenue if received with donor stipulations that limit the use of the contribution. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. When the donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Donated Services.** Donated services and other noncash donations are recorded as contribution revenue at their estimated fair value on the date received. Many individuals volunteer their time and perform a variety of tasks that assist Hadley with its programs and administration, but these donated services are not reflected in the financial statements because they do not meet the requirements for inclusion. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Hadley recorded in-kind contribution revenue under other revenue in the statements of activities for donated printing services, legal consultation, and office space.

**Income Taxes.** Hadley is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes excluding any income not related to its tax-exempt purpose. Accordingly, no provision for income taxes has been recorded in the financial statements.

**Functional Allocation of Expenses.** The costs of providing the various programs and other activities for the years ended June 30, 2024 and 2023 have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services on the basis of management estimates.

**Liquidity and Availability.** Hadley regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Hadley has various sources of liquidity at its disposal, including cash and cash equivalents and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Hadley considers all expenditures related to its ongoing activities to be general expenditures. Hadley's content is provided tuition-free. As of June 30, 2024, approximately \$339,000 of cash and \$88 million of investments without donor restriction could readily be made available within one year of the statement of financial position date to meet general expenditures.

## NOTE 2 – DESCRIPTION OF PROGRAMS

**Member Products and Support Services.** These departments are responsible for the development and delivery of Hadley's program content, and interaction with members. Included in these departments are vision rehab professionals, content designers, and help desk.

**Technology Services.** Technology is central to Hadley's ability to deliver its content in formats that are accessible to people who are visually impaired. The Technology Services department also supports the technology needs of Hadley's staff.

(Continued)

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2 – DESCRIPTION OF PROGRAMS (Concluded)

**Media and Materials Production.** Hadley provides content in five formats: braille, large print, audio, telephony and online. This department is responsible for the production of the content in these formats and for the delivery of offline materials to members.

**Communications and Outreach.** The number of older individuals who are visually impaired is expected to double in the next 10 years. This is due to the incidence of age-related eye conditions such as macular degeneration, glaucoma, and diabetic retinopathy. Hadley is committed to reaching members of this population as early as possible following diagnosis in order to help people live as independently as possible for as long as possible. Hadley continually reaches out to target populations to identify content for members that is relevant and timely.

## NOTE 3 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) 820, *Fair Value Measurements and Disclosure*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1.** Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that Hadley has the ability to access.
- Level 2.** Inputs to the valuation methodology include the following:
- Quoted prices for similar assets or liabilities in active market;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3.** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability’s 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2024 and 2023.

**Cash and Cash Equivalents.** Cash included in investments is presented at face value (Level 1 inputs). Fair values of cash equivalents included in investments, consisting of money market funds, are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 2 inputs).

**Mutual Funds.** These investments consist of mutual fund holdings primarily invested in equity securities, fixed income funds, and real estate funds. The fair values of these investments are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

(Continued)

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

**Alternative Investments.** Investments in private equity funds, hedge funds, direct lending funds, and real estate funds reported at fair value based on net asset values (“NAV”) provided by the external investment manager as of the date of their most recent audited financial statements, adjusted for cash receipts, cash disbursements and other anticipated income or loss through Hadley’s fiscal year end. The NAVs of the investment funds are determined on the accrual basis of accounting in conformity with GAAP. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of Hadley’s investments in investment limited partnerships generally represents the amount Hadley would expect to receive if it were to liquidate its investment in the investment limited partnerships excluding any redemption charges that may apply.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Hadley believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The partnerships have annual, quarterly, or weekly redemption periods with notice periods ranging from 5 to 90 days. As of June 30, 2024 and 2023, Hadley had unfunded commitments of approximately \$6,014,000 and \$8,025,000, respectively. Unfunded commitments represent capital calls which can be made at the discretion of the general partner within contractual limits. These commitments do not represent obligations required to be accrued on the Statements of Financial Position.

Hadley’s private equity funds invest primarily in middle market companies, mezzanine funds and private companies. Hadley’s hedge fund holdings invest in other hedge funds that invest primarily in exchange traded equity and debt securities. Investments in direct lending funds provide debt financing to middle market companies for debt refinancing, growth capital, acquisitions, buyouts and balance sheet recapitalizations. Hadley’s real estate fund holdings invest primarily in core stable institutional quality office, retail, industrial and multi-family residential properties that are substantially leased and have minimal deferred maintenance or functional obsolescence.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

(Continued)

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 3 – FAIR VALUE MEASUREMENTS (Concluded)

The following tables summarize investments according to the fair value hierarchy as of June 30, 2024 and 2023.

	Assets at Fair Value as of June 30, 2024				Total
	Level 1	Level 2	Level 3	NAV	
Cash and Cash Equivalents	\$ -	\$ 575,748	\$ -	\$ -	\$ 575,748
Mutual Funds:					
Mortgage backed fixed income	9,438,211	-	-	-	9,438,211
U.S. Equities	38,240,002	-	-	-	38,240,002
International Equities	15,704,051	-	-	-	15,704,051
Alternative Investments:					
Private equity funds	-	-	-	13,023,488	13,023,488
Hedge funds	-	-	-	3,602,105	3,602,105
Direct lending funds	-	-	-	6,175,933	6,175,933
Real estate funds	-	-	-	5,105,519	5,105,519
Other	436,436	-	-	-	436,436
	<u>\$ 63,818,700</u>	<u>\$ 575,748</u>	<u>\$ -</u>	<u>\$ 27,907,045</u>	<u>\$ 92,301,493</u>
	Assets at Fair Value as of June 30, 2023				Total
	Level 1	Level 2	Level 3	NAV	
Cash and Cash Equivalents	\$ -	\$ 1,174,411	\$ -	\$ -	\$ 1,174,411
Mutual Funds:					
Mortgage backed fixed income	9,257,792	-	-	-	9,257,792
U.S. Equities	33,079,115	-	-	-	33,079,115
International Equities	13,469,634	-	-	-	13,469,634
Alternative Investments:					
Private equity funds	-	-	-	11,902,137	11,902,137
Hedge funds	-	-	-	3,141,847	3,141,847
Direct lending funds	-	-	-	6,134,104	6,134,104
Real estate funds	-	-	-	7,340,131	7,340,131
Other	435,227	-	-	-	435,227
	<u>\$ 56,241,768</u>	<u>\$ 1,174,411</u>	<u>\$ -</u>	<u>\$ 28,518,219</u>	<u>\$ 85,934,398</u>

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 19,908	\$ 19,908
Building and improvements	10,595,545	10,595,545
Equipment	<u>2,051,536</u>	<u>2,038,536</u>
	12,666,989	12,653,989
Less: Accumulated depreciation	<u>5,338,223</u>	<u>4,978,248</u>
	<u>\$ 7,328,766</u>	<u>\$ 7,675,741</u>

Depreciation was \$359,974 and \$380,033 for the years ended June 30, 2024 and 2023, respectively.

## NOTE 5 – WEBSITE DEVELOPMENT

Website development consisted of the following components as of:

	<u>June 30, 2024</u>			<u>June 30, 2023</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Website development	<u>\$1,210,261</u>	<u>\$ 308,870</u>	<u>\$ 901,391</u>	<u>\$1,210,261</u>	<u>\$ 228,744</u>	<u>\$ 981,517</u>

Amortization was \$80,126 and \$79,602 for the years ended June 30, 2024 and 2023, respectively.

Estimated future amortization was as follows as of June 30, 2024:

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ 80,126
2026	80,126
2027	80,126
2028	80,126
2029	80,126
Thereafter	<u>500,761</u>
	<u>\$ 901,391</u>

## NOTE 6 – EMPLOYEE BENEFIT PLANS

Hadley provides a tax-sheltered retirement program in accordance with the provisions of Section 403(b) of the Internal Revenue Code, whereby it makes contributions equal to 25 cents for each dollar of payroll reduction contribution, subject to IRS limitations. Hadley's contribution was approximately \$108,000 for the years ended June 30, 2024 and 2023.

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes or periods as of June 30:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose*:		
Braille Instruction	\$ 622,118	\$ 754,114
Content development	6,700	7,929
Technology/Business	135,971	106,697
Florida recruiting	-	43,200
Seattle recruiting	20,000	-
Independent living and low vision	-	522
Leadership	26,043	37,242
Texas recruiting	9,275	71,432
Veterans	563,735	563,735
	<u>1,383,842</u>	<u>1,584,871</u>
Endowments:		
Awards ceremony	288,000	288,000
Braille instruction	169,700	169,700
Communications	1,000,000	1,000,000
Content development	100,000	100,000
Deaf/blind	185,000	185,000
General purpose	2,613,455	2,613,455
Independent living and low vision	299,631	299,631
Macular degeneration	406,464	406,464
Older blind	100,000	100,000
Reference materials	5,000	5,000
Member education	101,500	101,500
Member scholarship	50,000	50,000
Veterans	25,000	25,000
Youth education	10,000	10,000
	<u>5,353,750</u>	<u>5,353,750</u>
Total	<u>\$ 6,737,592</u>	<u>\$ 6,938,621</u>

\* A balance of \$3,323 as of June 30, 2024 and 2023, was restricted by time until appropriation.

## NOTE 8 – ENDOWMENT NET ASSETS

Hadley's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)



## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 8 – ENDOWMENT NET ASSETS (Continued)

Hadley has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) to require 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, Hadley retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Hadley in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Hadley considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The mission of Hadley and the purpose 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 Hadley; and
7. The investment policies of Hadley.

**Endowment Composition.** Hadley’s endowment net assets consisted of the following as of:

	June 30, 2024		
	Without Donor Restriction	With Donor Restrictions	Total
Board designated endowment funds	\$ 87,879,021	\$ -	\$ 87,879,021
Donor restricted endowment funds:			
Original donor restricted gift amount	-	5,353,750	5,353,750
Accumulated investment gains	-	3,323	3,323
	<u>\$ 87,879,021</u>	<u>\$ 5,357,073</u>	<u>\$ 93,236,094</u>
	June 30, 2023		
	Without Donor Restriction	With Donor Restrictions	Total
Board designated endowment funds	\$ 81,618,092	\$ -	\$ 81,618,092
Donor restricted endowment funds:			
Original donor restricted gift amount	-	5,353,750	5,353,750
Accumulated investment gains	-	3,323	3,323
	<u>\$ 81,618,092</u>	<u>\$ 5,357,073</u>	<u>\$ 86,975,165</u>

(Continued)

## HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 8 – ENDOWMENT NET ASSETS (Concluded)

**Changes in Endowment Net Assets.** Changes in endowment net assets were as follows for the years ended:

	Year Ended June 30, 2024		
	Without Donor Restriction	With Donor Restrictions	Total
Balance, beginning of year	\$ 81,618,092	\$ 5,357,073	\$ 86,975,165
Contributions	549,880	-	549,880
Net investment return	10,584,267	224,881	10,809,148
Appropriation of endowment assets for expenditure	( 4,873,218)	( 224,881)	( 5,098,099)
Balance, end of year	<u>\$ 87,879,021</u>	<u>\$ 5,357,073</u>	<u>\$ 93,236,094</u>
	Year Ended June 30, 2023		
	Without Donor Restriction	With Donor Restrictions	Total
Balance, beginning of year	\$ 84,593,097	\$ 5,357,073	\$ 89,950,170
Contributions	1,514,541	-	1,514,541
Net investment return	8,445,785	46,908	8,492,693
Appropriation of endowment assets for expenditure	( 12,935,331)	( 46,908)	( 12,982,239)
Balance, end of year	<u>\$ 81,618,092</u>	<u>\$ 5,357,073</u>	<u>\$ 86,975,165</u>

**Funds with Deficiencies.** From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires Hadley to retain as a fund of perpetual duration. Hadley has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2024 and 2023, there were no individual donor restricted endowment funds with deficiencies.

**Return Objectives and Risk Parameters.** Hadley has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Hadley must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner intended to achieve a rate of return that is consistently 5% over the rate of inflation (as measured by the National Consumer Price Index), on an after-fee-basis over a typical market cycle of no less than three years and no more than five years. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives.** To satisfy its long-term rate-of-return objectives, Hadley relies on a total return strategy in which returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Hadley targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy.** Hadley has a policy of appropriating an estimate of expenditures each year as part of a formal, annual budget. Changes to appropriations are also approved during the year as unexpected needs arise. In establishing this policy, Hadley considered the long-term expected return on its endowment and historical levels of contributions.

**HADLEY INSTITUTE FOR THE BLIND AND VISUALLY IMPAIRED**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – SUBSEQUENT EVENTS**

Hadley's management has evaluated all known subsequent events from June 30, 2024 through December 18, 2024, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period that have not been disclosed in the notes to the financial statements.