

Hill House, Inc.

Financial Statements and Independent Auditors' Report

June 30, 2024

Hill House, Inc.
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DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Hill House, Inc.

Opinion

We have audited the accompanying financial statements of Hill House, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hill House, Inc. as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hill House, Inc. 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 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 Hill House, Inc.'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 auditors' 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 Hill House, Inc.'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 Hill House, Inc.'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 Hill House, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Daniel Dennis & Company LLP

May 13, 2025

Hill House, Inc.
Statements of Financial Position
June 30, 2024
(With Comparative Totals as of June 30, 2023)

<i>Assets</i>		
	<i>2024</i>	<i>2023</i>
Current Assets:		
Cash and cash equivalents	\$ 1,011,277	\$ 1,026,588
Accounts receivable	51,505	-
Pledges receivable	50,000	-
Investments	698,057	630,417
Prepaid expenses	29,324	43,728
Total current assets	<u>1,840,163</u>	<u>1,700,733</u>
Fixed Assets:		
Land	120,500	120,500
Land improvements	30,150	30,150
Building and building improvements	5,418,904	5,399,631
Building equipment	187,912	187,912
Office furnishings and equipment	77,729	77,729
Total fixed assets	5,835,195	5,815,922
Less: accumulated depreciation	<u>(3,191,802)</u>	<u>(3,017,982)</u>
Net fixed assets	<u>2,643,393</u>	<u>2,797,940</u>
Total assets	<u>\$ 4,483,556</u>	<u>\$ 4,498,673</u>
<i>Liabilities and Net Assets</i>		
Current Liabilities:		
Accounts payable	\$ 42,673	\$ 34,763
Accrued expenses	54,105	55,763
Prepaid rent	17,997	-
Rent deposits	2,250	2,250
Membership deposits	31,956	32,565
Program and other deposits	616,170	635,983
Total current liabilities	<u>765,151</u>	<u>761,324</u>
Total liabilities	<u>765,151</u>	<u>761,324</u>
Net Assets:		
Board designated net assets without donor restrictions	419,791	381,192
Other net assets without donor restrictions	<u>2,948,982</u>	<u>3,130,199</u>
Total net assets without donor restrictions	3,368,773	3,511,391
Net assets with donor restrictions	<u>349,632</u>	<u>225,958</u>
Total net assets	<u>3,718,405</u>	<u>3,737,349</u>
Total liabilities and net assets	<u>\$ 4,483,556</u>	<u>\$ 4,498,673</u>

See accompanying notes to financial statements.

Hill House, Inc.
Statements of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	<u>2024</u>			<u>2023</u>
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Total</i>
Revenues and Support:				
Program fees	\$ 1,477,065	\$ -	\$ 1,477,065	\$ 1,349,663
Membership dues	55,408	-	55,408	63,121
Contributions	157,980	100,000	257,980	153,363
Rental income	272,936	-	272,936	213,342
Special event fees	158,565	-	158,565	155,816
Investment return, net	27,127	23,674	50,801	-
Interest and dividend income	17,322	-	17,322	12,869
Total revenues and support	<u>2,166,403</u>	<u>123,674</u>	<u>2,290,077</u>	<u>1,948,174</u>
Expenses:				
Program services	1,151,011	-	1,151,011	1,017,849
Property operations	577,563	-	577,563	583,579
Supporting services	580,447	-	580,447	537,381
Total expenses	<u>2,309,021</u>	<u>-</u>	<u>2,309,021</u>	<u>2,138,809</u>
Change in net assets	<u>(142,618)</u>	<u>123,674</u>	<u>(18,944)</u>	<u>(190,635)</u>
Net assets - beginning of year	<u>3,511,391</u>	<u>225,958</u>	<u>3,737,349</u>	<u>3,927,984</u>
Net assets - end of year	<u>\$ 3,368,773</u>	<u>\$ 349,632</u>	<u>\$ 3,718,405</u>	<u>\$ 3,737,349</u>

See accompanying notes to financial statements.

Hill House, Inc.
Statements of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	<i>Supporting Services</i>					<i>Total Expenses</i>	<i>2023 Total</i>
	<i>Program Services</i>	<i>Property Operations</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>		
Salaries and wages	\$ 654,793	\$ 54,922	\$ 115,770	\$ 161,330	\$ 277,100	\$ 986,815	\$ 927,401
Payroll taxes and benefits	95,398	7,592	34,262	24,846	59,108	162,098	148,930
Contract labor	124,361	-	375	-	375	124,736	116,522
Professional fees	-	6,000	13,140	-	13,140	19,140	16,900
Outside services	31,610	-	17,217	-	17,217	48,827	17,994
Repairs and maintenance	-	126,780	-	-	-	126,780	105,613
Utilities	-	51,546	-	-	-	51,546	56,803
Supplies	68,836	8,330	965	12,571	13,536	90,702	98,843
Management fees	-	81,206	-	-	-	81,206	78,923
Security	-	27,247	-	-	-	27,247	27,677
Insurance	-	26,742	58,315	-	58,315	85,057	56,163
Printing	2,230	-	2,515	6,709	9,224	11,454	11,932
Postage and delivery	158	-	816	1,859	2,675	2,833	4,941
Facility rental	32,561	-	-	-	-	32,561	24,919
Equipment rental	1,275	-	5,966	-	5,966	7,241	7,931
Advertising	-	-	160	644	804	804	1,278
Telephone	-	13,120	13,979	-	13,979	27,099	53,394
Depreciation	-	173,820	-	-	-	173,820	173,685
Field trips	18,127	-	-	-	-	18,127	16,048
Receptions/food	-	-	-	57,065	57,065	57,065	44,077
Travel	1,472	-	7,121	126	7,247	8,719	8,781
Interest and bank fees	82,244	-	-	21,258	21,258	103,502	93,892
Dues and subscriptions	20,911	258	8,331	-	8,331	29,500	22,498
Licenses and permits	812	-	7,462	-	7,462	8,274	5,766
Education and seminars	-	-	4,319	-	4,319	4,319	1,488
Donations	16,223	-	500	-	500	16,723	15,900
Other expense	-	-	2,826	-	2,826	2,826	510
Total	<u>\$ 1,151,011</u>	<u>\$ 577,563</u>	<u>\$ 294,039</u>	<u>\$ 286,408</u>	<u>\$ 580,447</u>	<u>\$ 2,309,021</u>	<u>\$ 2,138,809</u>

See accompanying notes to financial statements.

Hill House, Inc.
Statements of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024	2023
<i>Operating Activities</i>		
Change in net assets	\$ (18,944)	\$ (190,635)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	173,820	173,685
Change in operating assets and liabilities:		
Accounts receivable	(51,505)	-
Pledges receivable	(50,000)	-
Prepaid expenses	14,404	(20,469)
Accounts payable	7,910	26,707
Accrued expenses	(1,658)	10,833
Prepaid rent	17,997	(13,705)
Deposits	<u>(20,422)</u>	<u>80,170</u>
Net cash provided by operating activities	<u>71,602</u>	<u>66,586</u>
<i>Investing Activities</i>		
Purchases of fixed assets	(19,273)	(36,799)
Purchases of investments, net	<u>(67,640)</u>	<u>(630,417)</u>
Net cash used in investing activities	<u>(86,913)</u>	<u>(667,216)</u>
<i>Financing Activities - None</i>		
Net change in cash and cash equivalents	(15,311)	(600,630)
Cash and cash equivalents - beginning of year	<u>1,026,588</u>	<u>1,627,218</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,011,277</u></u>	<u><u>\$ 1,026,588</u></u>

See accompanying notes to financial statements.

Hill House, Inc.
Notes to Financial Statements
June 30, 2024

1. *Description of Organization*

Hill House, Inc., is a neighborhood community center serving the people of Boston's downtown neighborhoods by providing educational, library, recreational and social welfare facilities and programs. Hill House Inc.'s programs, funded primarily through program and special event fees, membership dues, and contributions, consist of educational classes for children and adults, sports and dance activities for youth, and a summer camp.

Program activities consist of the following:

Classes - Hill House Inc., offers a variety of classes to families in the City of Boston, including art, music, chess, dance, gymnastics, and playgroups. Classes are offered to children ranging from ages 1 through 12 years old.

Sports - Hill House Inc. offers a variety of sport programs to families in the City of Boston including soccer, basketball, baseball, karate and fencing. Programs are offered to children ranging from age 3 through 12 years old.

Summer Camp - Hill House Inc., offers a ten-week summer program to families in the City of Boston, which includes weekly themes, adventurous activities, field trips, action packed sports and games. Three different summer camp options include Day Camp (ages 5-10), Sports Camp (ages 7-10), and Kiddie Camp (ages 3-5).

Community Events - Hill House Inc. is continuously looking for ways to unite with neighbors, offering over twenty-five community events each year including holiday parties for kids, family bingo, movie nights, and the backyard dash.

2. *Summary of Significant Accounting Policies*

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. Hill House, Inc., reports information regarding its net assets and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions, based on the existence or absence of donor imposed restrictions on contributions received.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

2. *Summary of Significant Accounting Policies - Continued*

Contributions – Continued

Contributions received without donor imposed restrictions, or with donor imposed restrictions that are satisfied in the same year as received, are recorded as revenues within the net assets without donor restrictions class. Contributions received with donor imposed specific purpose or time restrictions that are not satisfied within the same year are recorded as revenue within the net assets with donor restrictions class. When a restriction has been satisfied (payment has been made in accordance with the restriction or the time restriction has expired), the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Goods and Services

Hill House, Inc., recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Hill House, Inc., receives services from a large number of volunteers who give a significant amount of their time to Hill House Inc.'s programs and fund-raising campaigns, which do not meet the criteria for financial statement recognition.

Pledges Receivable

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 beyond one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the year in which the promises are received. Amortization of the discounts is included in revenue. Hill House, Inc., evaluates its pledges receivable annually and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections and current conditions. There were pledges receivable \$50,000 and zero as of June 30, 2024 and 2023, respectively. Management has determined that the pledges receivable are fully collectible; therefore no allowance for doubtful accounts is considered necessary at June 30, 2024 and 2023.

Property, Equipment and Depreciation

Property and equipment are carried at cost if purchased, or fair value if contributed. Hill House, Inc., capitalizes any asset over \$1,000 that has an estimated useful life of more than one year. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are 10-40 years for building and improvements, 15 years for land improvements, 7 years for furnishings, and 3-7 years for equipment. Depreciation expense for the years ended June 30, 2024 and 2023, was \$173,820 and \$173,685, respectively.

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

2. *Summary of Significant Accounting Policies - Continued*

Property, Equipment and Depreciation – Continued

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are recorded within the net assets without donor restrictions class unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded within the net assets with donor restrictions class. Absent donors' stipulations regarding how long those donated assets must be maintained, Hill House, Inc., reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The related net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions at that time.

Hill House, Inc., gives consideration to its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. As of June 30, 2024, Hill House, Inc., has not recognized any reduction in the carrying value of its real estate.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs using various allocation methods.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits in checking and money market accounts. At June 30, 2024 and 2023, Hill House, Inc. held cash equivalents of \$92,550 and \$85,741, respectively. For the purposes of the statement of cash flows, Hill House, Inc., considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Summarized Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Hill House, Inc.'s financial statements for the year ended June 30, 2023, from which the summarized information was derived. Certain 2023 amounts have been reclassified to conform to the 2024 financial statement presentation.

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

2. *Summary of Significant Accounting Policies - Continued*

Fair Value Measurements

Generally accepted accounting principles 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 hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. |
| Level 2 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• 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. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset's 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.

Investments and Investment Income

Investments are recorded at fair value with unrealized gains and losses reported in the change in net assets for the year. Investments in marketable securities with readily determinable fair values are reported at their fair values in the consolidated statements of financial position. Realized gains and losses are included in the changes in net assets for the year. Realized gains and losses are accounted for on the specific identification method. Purchases and sales are recorded on a trade date basis.

Dividends, interest, gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law temporarily or permanently restrict their use. Dividends, interest and restricted gains whose restrictions are met in the same reporting period are reported as unrestricted support.

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

2. *Summary of Significant Accounting Policies - Continued*

Income Taxes

Hill House, Inc., is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the fiscal years ended June 30, 2024 and 2023, would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Hill House, Inc., evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* of being sustained by the applicable tax authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year financial statements. Hill House, Inc., has evaluated tax positions taken in its previously filed returns and those expected to be taken in its 2024 returns and believes they are *more-likely-than-not* to be sustained if examined by Federal or state tax authorities. Hill House, Inc.'s 2021 through 2023 tax years remain subject to examination by Federal and state taxing authorities.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Hill House, Inc. recognizes revenue from program service fees ratably over the period the programs are ongoing. The timing of revenue recognition and cash collections results in deferred program deposits on the Statement of Financial Position. The activity in program deposits for the years ended June 30, 2024 and 2023, were as follows:

	<i>2024</i>	<i>2023</i>
Deferred program fees, beginning of year	\$ 635,983	\$ 550,017
Previously deferred revenue recognized	(635,983)	(550,017)
Cash received for program fees	1,457,252	1,435,629
Current revenue recognized	<u>(841,082)</u>	<u>(799,646)</u>
Deferred program fees, end of year	<u>\$ 616,170</u>	<u>\$ 635,983</u>

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

2. *Summary of Significant Accounting Policies - Continued*

Revenue Recognition – Continued

Hill House, Inc. recognizes revenue from membership dues ratably over the membership period as the benefits to members are consistent throughout the year. Payments for membership dues are due at the time of renewal or registration, which can be done at any point during the year. The timing of revenue recognition and cash collections results in deferred membership deposits on the Statement of Financial Position. The activity in membership deposits for the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Deferred membership dues, beginning of year	\$ 32,565	\$ 38,361
Previously deferred revenue recognized	(32,565)	(38,361)
Cash received for membership dues	54,799	57,325
Current revenue recognized	<u>(22,843)</u>	<u>(24,760)</u>
Deferred membership dues, end of year	<u>\$ 31,956</u>	<u>\$ 32,565</u>

Amounts received under cost-reimbursable grants and contracts are recognized as revenue when Hill House, Inc. has incurred the expenditures in compliance with specific contract and/or grant provisions. Amounts received prior to satisfying the grant and contract conditions are reported as deferred revenue in the statement of financial position. Hill House, Inc. has been awarded conditional grants of \$50,133 and zero, respectively, which have not been received or recognized as revenue at June 30, 2024 and 2023, because qualifying expenditures have not yet been incurred.

Adoption of New Accounting Pronouncement

Effective July 1, 2023, Hill House, Inc. adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. Hill House, Inc. adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. The adoption of this ASU did not have a material impact on Hill House, Inc.'s financial statement but did change how the allowance for credit losses is determined.

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

3. *Endowment Funds and Board Designated Net Assets*

Hill House, Inc., has one endowment with donor restrictions, and three board designated contingency reserves that serve as quasi-endowments. The investment objectives of the endowment funds are to provide a stable, but competitive rate of return. To achieve the investment objectives, the endowment funds are invested in money market accounts. Endowment funds with donor restrictions can be used for program activity in the event of an economical turndown (Note 4). Board contingency reserves are designated for ongoing maintenance of Hill House, Inc.'s real property and for operations, and can be used only with authorization from the board of directors.

The composition of and changes in endowment net assets for the years ended June 30, 2024 and 2023, were as follows:

	2024		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 381,192	\$ 222,079	\$ 603,271
Contributions	18,000	-	18,000
Interest income and unrealized/realized gains	34,399	25,610	60,009
Appropriated amounts and fees	<u>(13,800)</u>	<u>(1,936)</u>	<u>(15,736)</u>
Endowment net assets, end of year	<u>\$ 419,791</u>	<u>\$ 245,753</u>	<u>\$ 665,544</u>

	2023		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 367,998	\$ 213,269	\$ 581,267
Contributions	18,000	-	18,000
Interest income and unrealized/realized gains	5,589	8,810	14,399
Appropriated amounts and fees	<u>(10,395)</u>	<u>-</u>	<u>(10,395)</u>
Endowment net assets, end of year	<u>\$ 381,192</u>	<u>\$ 222,079</u>	<u>\$ 603,271</u>

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

4. Donor Restricted Net Assets

Donor restricted net assets at June 30, 2024 and 2023, consisted of contributions received for the following specific purposes that have not been expended at year-end:

<i>Description</i>	<i>2024</i>	<i>2023</i>
Program Endowment Fund (Note 3)	\$ 245,753	\$ 222,079
Firehouse improvement project	100,000	-
Summer Camp Fund	2,500	2,500
Poorman's Landing	<u>1,379</u>	<u>1,379</u>
Total donor restricted	<u>\$ 349,632</u>	<u>\$ 225,958</u>

5. Leasing Activities

Hill House, Inc. rents out a portion of its space at 74 Joy Street to four tenants under operating leases, one of which is a related party renting on a tenant-at-will basis (Note 8). Hill House, Inc., has lease agreements with a second and third tenant through June 30, 2024. In June 2024, Hill House, Inc. signed a twenty year lease agreement with one of the tenants commencing on July 1, 2024 through June 30, 2044 with the option to extend the lease for two additional terms of twenty years each. Monthly lease payments for these two tenants are based on each tenant's square footage percentage applied to estimated building operating costs, which are adjusted at year-end for actual building costs incurred. Hill House, Inc. has a tenant-at-will agreement with the fourth tenant.

Rental income is included in the statement of activities and cash receipts from operating leases are classified within cash flows from operating activities. Rental income from operating leases for the years ended June 30, 2024 and 2023 totaled \$272,936 and \$213,342, respectively.

The following is an analysis of the carrying amounts of the underlying assets related to operating leases at June 30, 2024 and 2023:

<i>74 Joy Street</i>	<i>2024</i>	<i>2023</i>
Land	\$ 83,000	\$ 83,000
Building and equipment	<u>3,994,141</u>	<u>3,989,301</u>
Total cost	4,077,141	4,072,301
Less: accumulated depreciation	<u>(2,100,812)</u>	<u>(1,984,461)</u>
Total cost, net	<u>\$ 1,976,329</u>	<u>\$ 2,087,840</u>

Future minimum rental income from lease agreements is based on the tenants' applicable percentage of building operating expenses per year, and is estimated to increase by approximately two and one-half percent each year.

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

6. *Investments*

As of June 30, 2024 and 2023, Hill House, Inc.'s investment account is maintained at one financial institution. The investments are subject to market fluctuations and due to the level of risk associated with investments it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could be material to the financial statements (see Note 7).

As of June 30, 2024 and 2023, the fair value of the investments is summarized as follows:

<i>Investments</i>	<i>2024</i>	<i>2023</i>
Money market mutual funds	\$ 11,155	\$ 23,125
Equity mutual funds	430,846	368,647
Bond mutual funds	<u>256,056</u>	<u>238,645</u>
Total	<u>\$ 698,057</u>	<u>\$ 630,417</u>

7. *Fair Value Measurements*

The following is a description of the valuation methodologies used for assets at fair value.

Money Market Mutual Funds

Carried at fair value based on the valuation of the financial institutions that hold the investments (Level 1 Inputs).

Equity and Bond Mutual Funds

Valued at the closing price reported on the active market on which the individual securities are traded (Level 1 Inputs).

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 Hill House, Inc. believes its 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.

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

7. Fair Value Measurements – Continued

Fair value of assets are measured on a recurring basis and at June 30, 2024 and 2023 were as follows:

<i>2024</i>		
	<i>Level 1</i>	
<i>Investments:</i>	<i>Inputs</i>	<i>Total</i>
Money market mutual funds	\$ 11,155	\$ 11,155
Equity mutual funds	430,846	430,846
Bond mutual funds	<u>256,056</u>	<u>256,056</u>
Total investments	<u>698,057</u>	<u>698,057</u>
Total fair value measurements	<u>\$ 698,057</u>	<u>\$ 698,057</u>

<i>2023</i>		
	<i>Level 1</i>	
<i>Investments:</i>	<i>Inputs</i>	<i>Total</i>
Money market mutual funds	\$ 23,125	\$ 23,125
Equity mutual funds	368,647	368,647
Bond mutual funds	<u>238,645</u>	<u>238,645</u>
Total investments	<u>630,417</u>	<u>630,417</u>
Total fair value measurements	<u>\$ 630,417</u>	<u>\$ 630,417</u>

Realized and unrealized gains and losses from these investments are reported in the statements of activities as they occur. There have been no changes in valuation techniques and related inputs.

8. Related Party Transactions

Beacon Hill Civic Association (BHCA), a tax-exempt, non-profit organization, is the sole member of Hill House, Inc., and approves the annual slate of Hill House, Inc.'s Board of Directors in accordance with Hill House, Inc.'s by-laws. BHCA occupies space at 74 Joy Street as a tenant-at-will. Rental income for both the years ended June 30, 2024 and 2023, totaled \$11,348.

Hill House, Inc.
Notes to Financial Statements - *Continued*
June 30, 2024

9. Concentrations

Cash

Hill House, Inc.'s bank accounts are held at a financial institution that is FDIC insured up to the maximum amount of \$250,000. Balances on deposit in these accounts may exceed this insured limit throughout the fiscal year. Hill House, Inc., has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash.

Revenue

Hill House, Inc.'s main source of revenue is program fees from the programs it operates as described in Note 1. These program fees represented approximately 64% and 69% of revenue for the years ended June 30, 2024 and 2023, respectively.

10. Liquidity and Availability

The following reflects Hill House, Inc.'s financial assets available to meet general expenditures within the next twelve months as of June 30, 2024 and 2023:

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 1,011,277	\$ 1,026,588
Accounts receivable	51,505	-
Pledges receivable	50,000	-
Investments	<u>698,057</u>	<u>630,417</u>
Total financial assets	1,810,839	1,657,005
Less financial assets not available for general expenditures, due to:		
Donor-imposed purpose restrictions	(349,632)	(225,958)
Board designated endowment fund, primarily for program activity in the event of an economic downturn	<u>(419,791)</u>	<u>(381,192)</u>
Financial assets available to meet general expenditures within the next twelve months	<u>\$ 1,041,416</u>	<u>\$ 1,049,855</u>

Hill House, Inc., monitors liquidity required to meet its needs of general operating expenditures and other contractual commitments over the next twelve months.

11. Subsequent Events

Hill House, Inc. has evaluated subsequent events through May 13, 2025, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2024, that requires recognition or disclosure in these financial statements.