



Audited Financial Statements  
June 30, 2024

# Heights and Hills, Inc.

## Audited Financial Statements

June 30, 2024

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## Independent Auditor's Report

To the Board of Directors  
Heights and Hills, Inc.

### Opinion

We have audited the accompanying financial statements of Heights and Hills, Inc. (the "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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2023. 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.

*Sax CPAs LLP*

New York, NY  
November 21, 2024

# Heights and Hills, Inc.

## Statement of Financial Position

For the Year as of June 30, 2024  
(With comparative totals as of June 30, 2023)

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 287,800	\$ 415,982
Grants and contributions receivable, net	1,037,624	881,724
Investments - board designated	1,488,544	1,339,786
Property and equipment (net of accumulated depreciation)	80,586	118,833
Security deposit	69,999	69,999
Operating lease right-of-use ("ROU") asset	29,889	350,642
<b>TOTAL ASSETS</b>	<b><u>\$ 2,994,442</u></b>	<b><u>\$ 3,176,966</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 258,129	\$ 195,188
Operating lease liability	29,889	359,587
Total liabilities	<u>288,018</u>	<u>554,775</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,480,531	2,302,643
With donor restrictions	225,893	319,548
Total net assets	<u>2,706,424</u>	<u>2,622,191</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,994,442</u></b>	<b><u>\$ 3,176,966</u></b>

*The attached notes and auditor's report are an integral part of these financial statements.*

# Heights and Hills, Inc.

## Statement of Activities

For the Year Ended June 30, 2024  
(With comparative totals for the year ended June 30, 2023)

	<u>Operations</u>	<u>Board Designated</u>	<u>Total Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/24</u>	<u>Total 6/30/23</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
Government grants	\$ 4,697,294	\$ -	\$ 4,697,294	\$ -	\$ 4,697,294	\$ 4,378,977
Contributions	137,854	-	137,854	-	137,854	135,730
Foundation and corporate grants	46,159	-	46,159	100,000	146,159	388,266
Special events (net of \$24,655 and \$19,539 of direct event expenses, respectively)	137,186	-	137,186	-	137,186	129,560
Other income	-	-	-	-	-	155
Net assets released from restrictions	268,655	(75,000)	193,655	(193,655)	-	-
Total revenue and support	<u>5,287,148</u>	<u>(75,000)</u>	<u>5,212,148</u>	<u>(93,655)</u>	<u>5,118,493</u>	<u>5,032,688</u>
<b>EXPENSES</b>						
Program services	4,616,849	-	4,616,849	-	4,616,849	4,227,699
Management and general	445,261	-	445,261	-	445,261	600,394
Fundraising	195,931	-	195,931	-	195,931	220,349
Total expenses	<u>5,258,041</u>	<u>-</u>	<u>5,258,041</u>	<u>-</u>	<u>5,258,041</u>	<u>5,048,442</u>
Change in net assets from operating activities	<u>29,107</u>	<u>(75,000)</u>	<u>(45,893)</u>	<u>(93,655)</u>	<u>(139,548)</u>	<u>(15,754)</u>
Non-operating activities:						
Investment return	-	181,111	181,111	-	181,111	58,755
Interest and dividend income	23	42,647	42,670	-	42,670	45,064
Total non-operating activities	<u>23</u>	<u>223,758</u>	<u>223,781</u>	<u>-</u>	<u>223,781</u>	<u>103,819</u>
<b>Change in net assets</b>	29,130	148,758	177,888	(93,655)	84,233	88,065
<b>NET ASSETS, beginning of year</b>	<u>962,857</u>	<u>1,339,786</u>	<u>2,302,643</u>	<u>319,548</u>	<u>2,622,191</u>	<u>2,534,126</u>
<b>NET ASSETS, end of year</b>	<u>\$ 991,987</u>	<u>\$ 1,488,544</u>	<u>\$ 2,480,531</u>	<u>\$ 225,893</u>	<u>\$ 2,706,424</u>	<u>\$ 2,622,191</u>

The attached notes and auditor's report are an integral part of these financial statements.

## Heights and Hills, Inc.

### Statement of Functional Expenses

For the Year Ended June 30, 2024  
(With comparative totals for the year ended June 30, 2023)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses 6/30/24</b>	<b>Total Expenses 6/30/23</b>
Salaries	\$ 2,810,712	\$ 244,815	\$ 108,750	\$ 3,164,277	\$ 2,831,430
Payroll taxes and employee benefits	751,580	65,465	29,080	846,125	765,985
Occupancy	426,602	30,332	9,722	466,656	453,415
Catered meals	98,468	-	-	98,468	91,357
Telephone	20,292	1,443	462	22,197	25,149
Postage	4,070	290	2,923	7,283	5,215
Office supplies and printing	35,176	2,329	25,418	62,923	56,518
Equipment and service contracts	12,408	883	283	13,574	10,662
Program supplies	111,802	-	-	111,802	116,555
Travel and conferences	12,079	1,760	275	14,114	12,660
Dues	5,020	373	-	5,393	6,497
Insurance	21,961	7,163	500	29,624	37,796
Professional	252,302	86,916	6,461	345,679	522,825
Special events	-	-	35,709	35,709	36,103
Depreciation	41,145	2,925	938	45,008	82,119
Other	13,232	567	65	13,864	13,695
<b>Total expenses</b>	<b>4,616,849</b>	<b>445,261</b>	<b>220,586</b>	<b>5,282,696</b>	<b>5,067,981</b>
Less: direct special event expenses netted with revenue	-	-	(24,655)	(24,655)	(19,539)
<b>Total expenses</b>	<b>\$ 4,616,849</b>	<b>\$ 445,261</b>	<b>\$ 195,931</b>	<b>\$ 5,258,041</b>	<b>\$ 5,048,442</b>

*The attached notes and auditor's report are an integral part of these financial statements.*

# Heights and Hills, Inc.

## Statement of Cash Flows

For the Year Ended June 30, 2024  
(With comparative totals for the year ended June 30, 2023)

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 84,233	\$ 88,065
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	45,008	82,119
Investment return	(181,111)	(58,755)
Change in operating lease right-of-use assets and liabilities	(8,945)	8,945
Changes in assets and liabilities:		
Grants and contributions receivable	(155,900)	51,979
Prepaid expenses and other assets	-	24,004
Accounts payable and accrued expenses	62,941	150,861
Government grant advance	-	(6,150)
Deferred rent	-	(19,500)
Total adjustments	<u>(238,007)</u>	<u>233,503</u>
Net cash (used for)/provided by operating activities	<u>(153,774)</u>	<u>321,568</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments (including reinvestment of investment income)	(693,952)	(45,041)
Sales of investments	726,305	-
Purchase of property and equipment	<u>(6,761)</u>	<u>(32,585)</u>
Net cash provided by/ (used for) investing activities	<u>25,592</u>	<u>(77,626)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(128,182)</b>	<b>243,942</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>415,982</u>	<u>172,040</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b><u>\$ 287,800</u></b>	<b><u>\$ 415,982</u></b>

### SUPPLEMENTAL INFORMATION

No interest or taxes were paid.

*The attached notes and auditor's report are an integral part of these financial statements.*



# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 1 - Organization and Summary of Significant Accounting Policies

#### a. Organization

Heights and Hills, Inc. (the "Organization"), a non-profit corporation in the state of New York, promotes successful aging in Brooklyn by providing direct services to older adults, their families and the community at large. The Organization's main source of revenue is from government grants.

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has not been designated as a private foundation.

#### b. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

#### c. Recently Adopted Accounting Standards

On July 1, 2023, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses* ("Topic 326"). Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions. The adoption of this standard did not have a material impact on the Organization's financial statements.

#### d. Basis of Presentation

The financial statements are presented in accordance with the provisions of the FASB's Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statement of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets Without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use. The Organization maintains an investment account that is restricted by the board of directors. See Note 3 for details.
- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

#### e. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities are limited to gains or losses on investments, interest, and dividends.

# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *f. Revenue Recognition*

The Organization follows the requirements of the FASB ASC 958-605 for recording contributions and government grants, which are recognized at the time they become unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. 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. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Government grants are primarily conditional non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Cash received on government grants that exceed revenue recognized is reflected as government grant advances, which will be applied to future years or paid back to the grantor.

Contributions and grants that are due within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2024, and 2023.

#### *g. Cash and Cash Equivalents*

All highly liquid financial instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statement of financial position and cash flows.

#### *h. Concentration of Credit Risk*

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of cash and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of the Organization. At times, balances may exceed federally insured limits. At year end, a significant portion of the funds were not insured; however, the Organization has not experienced any losses from these accounts due to bank failure.

#### *i. Investments*

Investments are recorded at fair value which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities.

# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *j. Capitalization Policies*

The Organization capitalizes furniture, equipment, vehicles, and leasehold improvements at cost if they exceed \$5,000 and benefit future periods. Equipment purchased with funds received from government grants where title remains with the grantor, or it is likely that the grantor will maintain ownership of the asset, are expensed in the period incurred.

Routine maintenance and repair costs are also charged to expense when incurred. All property, and equipment and leasehold improvements are depreciated using the straight-line method over the estimated useful lives of the assets (generally 3 to 7 years) or the terms of the lease.

#### *k. Leases*

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization elected the practical expedient to not separate lease and non-lease components for all leases.

#### *l. In-Kind Services*

Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind, are recognized at fair value.

A substantial amount of management, administrative and fundraising duties are performed voluntarily by the board of directors. Those services have not been recorded as they have not met the criteria outlined above. Volunteer hours for provision of direct services for the years ended June 30, 2024 and 2023 were approximately 3,300 and 3,479, respectively.

#### *m. Advertising*

The cost of advertising is expensed as incurred.

#### *n. Donated Assets*

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. There were no donated assets during the years ended June 30, 2024, and June 30, 2023.

# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *o. Summarized Comparative Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

#### *p. Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following expenses were allocated using time and effort as the basis:

- Salaries
- Payroll taxes and employee benefits
- Occupancy
- Telephone
- Equipment and service contracts
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

#### *q. Management Estimates*

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

#### *r. Accounting for Uncertainty of Income Taxes*

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2021, and later are subject to examination by applicable taxing authorities.

# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 2 - Grants and Contributions Receivable

Grants and contributions receivable as of June 30, 2024 are anticipated to be collected in the following periods:

Year ending June 30,	
2025	\$ 996,581
2026	45,000
	<u>1,041,581</u>
Less: present value discount at 3.115%	(3,957)
Total	<u>\$ 1,037,624</u>

### Note 3 - Board Designated Net Assets/ Investments

Investments consist of a board designated fund. Changes in investments were as follows:

	June 30,	
	2024	2023
Investments - beginning of year	\$ 1,339,786	\$ 1,235,990
Investment return:		
Unrealized gain on investments	242,607	58,755
Realized loss on investments	(61,496)	-
Net transfers	(75,000)	-
Interest and dividend income	42,647	45,041
Investments - end of year	<u>\$ 1,488,544</u>	<u>\$ 1,339,786</u>

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All investments were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets.

# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 3 - Board Designated Net Assets/ Investments - Continued

The following summarizes the composition of investments:

	June 30,	
	2024	2023
Money funds	\$ 50,429	\$ 246,259
US Mutual funds - equities	730,717	560,613
US Mutual funds - government bonds	-	227,562
US Mutual funds - bonds	462,530	305,352
Foreign mutual funds - equities	244,868	-
Total	<u>\$ 1,488,544</u>	<u>\$ 1,339,786</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The investment portfolio maintains a moderate risk profile through long-term allocation among several asset classes in order to preserve the inflation-adjusted purchasing power of the portfolio.

The policy is to accumulate interest, dividends, and other market gains for future appropriation, in order to meet future programmatic needs and strategic goals. Appropriations are approved by the board of directors as deemed prudent and distributed for operating purposes.

All dividends received during the year have been reinvested in additional shares.

### Note 4 - Property and Equipment

Property and equipment consist of:

	June 30,	
	2024	2023
Equipment and furniture (3 to 5 years)	\$ 255,006	\$ 248,245
Leasehold improvements (life of lease)	388,591	388,591
	<u>643,597</u>	<u>636,836</u>
Less: accumulated depreciation	(563,011)	(518,003)
Total property and equipment, net	<u>\$ 80,586</u>	<u>\$ 118,833</u>

# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 5 - Net Assets with Donor Restrictions

The following summarized the nature of net assets with donor restrictions:

	June 30, 2024			
	Balance 7/1/23	Restricted Contributions	Release from Restrictions	Balance 6/30/24
Program restricted:				
Volunteer programs	\$ 70,000	\$ 80,000	\$ (70,000)	\$ 80,000
Caregiver Outreach	121,182	-	(71,332)	49,850
Other programs	-	20,000	(10,000)	10,000
Total programs	191,182	100,000	(151,332)	139,850
Time Restricted	128,366	-	(42,323)	86,043
Total	<u>\$ 319,548</u>	<u>\$ 100,000</u>	<u>\$ (193,655)</u>	<u>\$ 225,893</u>

  

	June 30, 2023			
	Balance 7/1/22	Restricted Contributions	Release from Restrictions	Balance 6/30/23
Program restricted:				
Volunteer programs	\$ 50,000	\$ 70,000	\$ (50,000)	\$ 70,000
Caregiver Outreach	-	144,942	(23,760)	121,182
Senior Center	5,261	-	(5,261)	-
Client Technology Program	14,281	-	(14,281)	-
Shopping Squad	10,955	-	(10,955)	-
Other programs	5,000	-	(5,000)	-
Total programs	85,497	214,942	(109,257)	191,182
Time Restricted	-	128,366	-	128,366
Total	<u>\$ 85,497</u>	<u>\$ 343,308</u>	<u>\$ (109,257)</u>	<u>\$ 319,548</u>

### Note 6 - Operating Lease Right-of-Use ("ROU") Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Organization's right to use the underlying asset for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The Organization leases space for the main office and senior center in Brooklyn, NY, both under separate non-cancelable leases. The main office space operating lease expired on April 30, 2024 and was on a month-to-month basis until the lease renewal terms were entered into subsequent to year end. The lease renewal commenced on November 1, 2024 and will expire on October 31, 2025. The renewal has been determined to be a short-term lease. The senior center operating lease expires on November 30, 2024. The terms under both leases do not include any extension options. The senior center lease was subsequently renewed for seven months which extends the term through June 30, 2025. The senior center renewal has been determined to be a short-term lease.

# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 6 - Operating Lease Right-of-Use ("ROU") Asset and Operating Lease Liability - Continued

The future minimum commitments required by the subsequently renewed contracts as of June 30, 2024 are as follows:

Year ending June 30,	
2025	\$ 252,159
2026	105,046
Total	<u>\$ 357,205</u>

For the years ended June 30, 2024 and 2023, total operating lease cost was \$325,785 and \$376,519, respectively. There were short-term lease costs related to the month-to-month cost for the main office totaling \$52,523. There were no short-term lease costs during the year ended June 30, 2023.

Cash paid for operating leases for the years ended June 30, 2024 and 2023 was \$334,730 and \$384,194, respectively.

The weighted-average discount rate applied to calculate lease liabilities and the weighted average lease term as of June 30, 2024 was 3.115% and 5 months, respectively. The weighted-average discount rate applied to calculate lease liabilities and the weighted average lease term as of June 30, 2023 was 3.115% and one year, respectively. There were no other noncash investing and financing transactions related to leasing.

The aggregate future minimum lease payments due under these operating leases as of June 30, 2024 are as follows:

Year ending June 30,	
2025	\$ 30,048
Less: discount to present value at 3.115%	(159)
Total	<u>\$ 29,889</u>

### Note 7 - Special Events

The Organization holds an annual spring fundraising event. Special event proceeds are summarized as follows:

	June 30,	
	2024	2023
Event income	\$ 161,841	\$ 149,099
Less: expenses with a direct benefit to donors	(24,655)	(19,539)
	137,186	129,560
Less: other event expenses	(11,054)	(10,343)
Total	<u>\$ 126,132</u>	<u>\$ 119,217</u>



# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### Note 8 - Significant Concentrations

The Organization derives its income primarily from reimbursements from the New York City Department for the Aging (“DFTA”) and from donations and grants. Approximately 92% and 83% of the Organization’s support was derived from DFTA for the years ended June 30, 2024 and 2023, respectively. Additionally, approximately 88% and 73% of the Organizations grants and contributions receivable were derived from DFTA for the years ended June 30, 2024 and 2023, respectively.

### Note 9 - Retirement Plan

All employees who are at least 21 years of age and have worked at least one year of service with the Organization are covered by a defined contribution pension plan. Employees are 100% vested upon completion of 3 years of service. Contributions are 6% of covered employees’ salaries. Forfeitures are used to reduce administrative expenses. Total contributions to the plan for the years ended June 30, 2024 and 2023 were \$136,000 and \$117,000, respectively.

### Note 10 - Availability and Liquidity

Financial assets available within one year of the date of the statement of financial position for general expenditures are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$	287,800	
Grants receivable, due within one year		996,581	
Investments		<u>1,488,544</u>	
Total financial assets			\$ 2,772,925
Less amounts not available for general expenditures:			
Board designated fund		(1,488,544)	
Donor restricted contributions-purpose		<u>(139,850)</u>	
Total amounts not currently available for general expenditures			<u>(1,628,394)</u>
Financial assets available within one year to meet cash needs for general expenditures			<u>\$ 1,144,531</u>

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the Organization operates its programs within a board approved budget and relies on government grants and contributions to fund its operations and program activities. The Organization’s board designated funds consist of investments and while these assets are not considered available for general expenditures by management, the board restricted fund can be made available if the need arises.

In February 2019, the City of New York adopted the Health and Human Services Cost Policies and Procedures Manual to standardize cost allocation practices for HHS contracts and Indirect Cost Rate calculations. The Organization’s administrative costs have been evaluated by the Mayor’s Office of Contract Services in line with this manual and the Organization has been approved for additional funds through the initiative. The Department for the Aging is still calculating the amount owed to the Organization for the Fiscal Years ending June 30, 2023 and June 30, 2024. Once this figure has been calculated the Organization will receive retroactive funds for this year’s expenses which are projected to exceed the annual operating deficit.

# Heights and Hills Inc.

## Notes to Financial Statements

June 30, 2024

### **Note 11 - Subsequent Events**

Subsequent events have been evaluated through November 21, 2024, the date the financial statements were available to be issued. All events that have occurred that required adjustment to or disclosure to the financial statements have been recorded or disclosed.