



Audited Financial Statements

June 30, 2025

Heights and Hills, Inc.
Audited Financial Statements
June 30, 2025

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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, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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 2024 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, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.



New York, NY
December 17, 2025

Heights and Hills, Inc.

Statement of Financial Position

As of June 30, 2025

(With comparative totals as of June 30, 2024)

	June 30,	
	2025	2024
ASSETS		
Cash and cash equivalents	\$ 473,543	\$ 287,800
Grants and contributions receivable	370,055	1,037,624
Investments - board designated	1,765,925	1,488,544
Property and equipment (net of accumulated depreciation)	50,506	80,586
Security deposit	69,999	69,999
Operating lease right-of-use asset	-	29,889
TOTAL ASSETS	\$ 2,730,028	\$ 2,994,442
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 208,874	\$ 258,129
Operating lease liability	-	29,889
Total liabilities	208,874	288,018
NET ASSETS		
Without donor restrictions	2,436,850	2,480,531
With donor restrictions	84,304	225,893
Total net assets	2,521,154	2,706,424
TOTAL LIABILITIES AND NET ASSETS	\$ 2,730,028	\$ 2,994,442

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, 2025
(With comparative totals for the year ended June 30, 2024)

	Without Donor Restrictions			With Donor Restrictions	Total 6/30/25	Total 6/30/24
	Operations	Board Designated	Total Without Donor Restrictions			
REVENUES, GAINS, AND OTHER SUPPORT						
Government grants	\$ 3,939,911	\$ -	\$ 3,939,911	\$ -	\$ 3,939,911	\$ 4,697,294
Contributions	130,905	-	130,905	-	130,905	137,854
Foundation and corporate grants	51,854	-	51,854	75,000	126,854	146,159
Special events (net of \$10,536 and \$24,655 of direct event expenses, respectively)	86,983	-	86,983	-	86,983	137,186
In-Kind contributions	304,355	-	304,355	-	304,355	-
Net assets released from restrictions	216,589	-	216,589	(216,589)	-	-
Total revenue and support	<u>4,730,597</u>	<u>-</u>	<u>4,730,597</u>	<u>(141,589)</u>	<u>4,589,008</u>	<u>5,118,493</u>
EXPENSES						
Program services	4,027,006	-	4,027,006	-	4,027,006	4,616,849
Management and general	666,238	-	666,238	-	666,238	445,261
Fundraising	283,523	-	283,523	-	283,523	195,931
Total expenses	<u>4,976,767</u>	<u>-</u>	<u>4,976,767</u>	<u>-</u>	<u>4,976,767</u>	<u>5,258,041</u>
Change in net assets from operating activities	<u>(246,170)</u>	<u>-</u>	<u>(246,170)</u>	<u>(141,589)</u>	<u>(387,759)</u>	<u>(139,548)</u>
Non-operating activities:						
Investment return	-	152,250	152,250	-	152,250	181,111
Interest and dividend income	108	50,131	50,239	-	50,239	42,670
Net transfers into board designated fund	(75,000)	75,000	-	-	-	-
Total non-operating activities	<u>108</u>	<u>277,381</u>	<u>202,489</u>	<u>-</u>	<u>202,489</u>	<u>223,781</u>
Change in net assets	(246,062)	277,381	(43,681)	(141,589)	(185,270)	84,233
NET ASSETS, beginning of year	<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>
NET ASSETS, end of year	<u>\$ 745,925</u>	<u>\$ 1,765,925</u>	<u>\$ 2,436,850</u>	<u>\$ 84,304</u>	<u>\$ 2,521,154</u>	<u>\$ 2,706,424</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, 2025
(With comparative totals for the year ended June 30, 2024)

	Program Services	Management and General	Fundraising	Total Expenses 6/30/25	Total Expenses 6/30/24
Salaries	\$ 2,373,296	\$ 234,825	\$ 122,753	\$ 2,730,874	\$ 3,164,277
Payroll taxes and employee benefits	631,657	62,499	32,671	726,827	846,125
Occupancy	426,089	28,836	12,430	467,355	466,656
Catered meals	96,794	-	-	96,794	98,468
Telephone and communications	22,968	1,514	757	25,239	22,197
Postage	2,087	142	3,388	5,617	7,283
Office supplies and printing	46,520	2,653	18,324	67,497	62,923
Equipment and service contracts	13,220	872	437	14,529	13,574
Program supplies	86,947	-	-	86,947	111,802
Travel and conferences	10,728	1,113	313	12,154	14,114
Dues	4,994	338	146	5,478	5,393
Insurance	28,593	7,536	834	36,963	29,624
Professional (including in-kind of \$304,355)	223,114	322,888	79,882	625,884	345,679
Special events	-	-	20,691	20,691	35,709
Depreciation	31,238	2,113	911	34,262	45,008
Other	28,761	909	522	30,192	13,864
	4,027,006	666,238	294,059	4,987,303	5,282,696
Less: direct special event expenses netted with revenue	-	-	(10,536)	(10,536)	(24,655)
Total expenses	\$ 4,027,006	\$ 666,238	\$ 283,523	\$ 4,976,767	\$ 5,258,041

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, 2025
(With comparative totals for the year ended June 30, 2024)

	June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (185,270)	\$ 84,233
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	34,262	45,008
Investment return	(152,250)	(181,111)
Change in operating lease right-of-use assets and liabilities	-	(8,945)
Changes in assets and liabilities:		
Grants and contributions receivable	667,569	(155,900)
Accounts payable and accrued expenses	(49,255)	62,941
Total adjustments	<u>500,326</u>	<u>(238,007)</u>
Net cash provided by/(used for) operating activities	<u>315,056</u>	<u>(153,774)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments (including reinvestment of investment income)	(680,321)	(693,952)
Sales of investments	555,190	726,305
Purchase of property and equipment	(4,182)	(6,761)
Net cash (used for)/provided by investing activities	<u>(129,313)</u>	<u>25,592</u>
Net increase/(decrease) in cash and cash equivalents	185,743	(128,182)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>287,800</u>	<u>415,982</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 473,543</u>	<u>\$ 287,800</u>

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, 2025

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. 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 Statements 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.

d. 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, 2025

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

e. 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.

Special event revenue is comprised of payments received from third parties to support and/or attend fundraising events. Special event revenue includes an exchange transaction component for the value of goods or services rendered, which follows revenue recognition guidance under ASC 606. The amount paid by third parties that is above the value of goods or services is considered a contribution. Revenue is recognized at the time the fundraising event occurs.

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 and grant receivables 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, 2025, and 2024.

f. 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.

g. 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.

Heights and Hills Inc.

Notes to Financial Statements

June 30, 2025

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

h. 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 investment return on the statement of activities.

i. 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.

j. 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.

k. In-Kind Services

Organizations are required to recognize contributions of 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.

Contributed services are valued at the estimated fair value based on current rates for similar services.

For the year ended June 30, 2025, the Organization received contributed legal services and marketing services in the amounts of \$231,355 and \$73,000, respectively, and these amounts have been included as management and general and fundraising, respectively, on the statement of functional expenses. For the year ended June 30, 2024, there were no contributed services received.

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, 2025 and 2024 were approximately 880 and 3,300, respectively.

Heights and Hills Inc.

Notes to Financial Statements

June 30, 2025

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

l. Advertising

The cost of advertising is expensed as incurred.

m. 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, 2025 and 2024.

n. 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, 2024, from which the summarized information was derived.

o. 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.

p. 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.

q. 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, 2022, and later are subject to examination by applicable taxing authorities.

Heights and Hills Inc.

Notes to Financial Statements

June 30, 2025

Note 2 - Grants and Contributions Receivable

Grants and contributions receivable as of June 30, 2025 are anticipated to be collected within one year.

Grants and contributions receivable as of June 30, 2024 consisted of the following collection periods and amounts:

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><u>\$ 1,037,624</u></u>

Note 3 - Board Designated Net Assets/ Investments

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

	June 30,	
	<u>2025</u>	<u>2024</u>
Investments - beginning of year	\$ 1,488,544	\$ 1,339,786
Investment return:		
Unrealized gain on investments	14,927	242,607
Realized gain/(loss) on investments	137,323	(61,496)
Net transfers in/(out)	75,000	(75,000)
Interest and dividend income	50,131	42,647
Investments - end of year	<u><u>\$ 1,765,925</u></u>	<u><u>\$ 1,488,544</u></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, 2025

Note 3 - Board Designated Net Assets/ Investments - Continued

The following summarizes the composition of investments:

	June 30,	
	2025	2024
Money funds	\$ 173,266	\$ 50,429
US Mutual funds - equities	663,310	730,717
US Mutual funds - bonds	697,358	462,530
Foreign mutual funds - equities	231,991	244,868
Total	<u>\$ 1,765,925</u>	<u>\$ 1,488,544</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,	
	2025	2024
Equipment and furniture (3 to 5 years)	\$ 259,188	\$ 255,006
Leasehold improvements (life of lease)	388,591	388,591
	<u>647,779</u>	<u>643,597</u>
Less: accumulated depreciation	(597,273)	(563,011)
Total property and equipment, net	<u>\$ 50,506</u>	<u>\$ 80,586</u>

Heights and Hills Inc.

Notes to Financial Statements

June 30, 2025

Note 5 - Net Assets with Donor Restrictions

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

	June 30, 2025			
	Balance 7/1/24	Restricted Contributions	Release from Restrictions	Balance 6/30/25
Program restricted:				
Volunteer programs	\$ 80,000	\$ -	\$ (80,000)	\$ -
Caregiver Outreach	49,850	20,000	(49,850)	20,000
Other programs	10,000	55,000	(45,696)	19,304
Total programs	139,850	75,000	(175,546)	39,304
Time Restricted	86,043	-	(41,043)	45,000
Total	\$ 225,893	\$ 75,000	\$ (216,589)	\$ 84,304

	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	\$ 319,548	\$ 100,000	\$ (193,655)	\$ 225,893

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 executed. The renewed lease commenced on November 1, 2024 and expired on October 31, 2025. Subsequent to year end, the Organization executed an additional extension effective November 1, 2025 through December 1, 2026. Both renewals related to the main office have been determined to be short-term leases.

The senior center operating lease expired on November 30, 2024 which was renewed for seven months through June 30, 2025. Subsequent to year end, the Organization executed an additional extension effective July 1, 2025 through June 30, 2026. Both renewals related to the senior center have been determined to be short-term leases.

Heights and Hills Inc.

Notes to Financial Statements

June 30, 2025

Note 6 - Operating Lease Right-of-Use (“ROU”) Asset and Operating Lease Liability - Continued

For the years ended June 30, 2025 and 2024, total operating lease cost was \$29,888 and \$325,785, respectively.

For the years ended June 30, 2025 and 2024, there were month-to-month and short-term lease costs totaling \$252,159 and \$52,523, respectively.

Cash paid for operating leases for the years ended June 30, 2025 and 2024 was \$30,048 and \$334,730, respectively.

There is no weighted-average discount rate or weighted-average lease term as of June 30, 2025 due to the operating leases having expired during the year. As of June 30, 2024, the weighted-average discount rate was 3.115% and the weighted-average remaining lease term was 5 months. There were no other noncash investing and financing transactions related to leasing.

Note 7 - Special Events

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

	June 30,	
	2025	2024
Event income	\$ 97,519	\$ 161,841
Less: expenses with a direct benefit to donors	(10,536)	(24,655)
	86,983	137,186
Less: other event expenses	(10,155)	(11,054)
Total	\$ 76,828	\$ 126,132

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 82% and 92% of the Organization’s support was derived from DFTA for the years ended June 30, 2025 and 2024, respectively. Additionally, approximately 79% and 88% of the Organizations grants and contributions receivable were derived from DFTA for the years ended June 30, 2025 and 2024, 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 both the years ended June 30, 2025 and 2024 were approximately \$136,000.

Heights and Hills Inc.

Notes to Financial Statements

June 30, 2025

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	\$	473,543	
Grants receivable, due within one year		370,055	
Investments		1,765,925	
Total financial assets			\$ 2,609,523
Less amounts not available for general expenditures:			
Board designated fund		(1,765,925)	
Donor restricted contributions-purpose		(39,304)	
Total amounts not currently available for general expenditures			<u>(1,805,229)</u>
Financial assets available within one year to meet cash needs for general expenditures			<u>\$ 804,294</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, June 30, 2024 and June 30, 2025. 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.

Note 11 - Subsequent Events

Subsequent events have been evaluated through December 17, 2025, the date the financial statements were available to be issued.

On November 1, 2025, the Organization entered into a member substitution agreement with Greenwich House, Inc. ("Greenwich House"). Under this agreement and upon adoption of the Organization's amended bylaws, Greenwich House became the sole corporate and controlling member of the Organization. Operations have not changed as a result of this agreement. The merger will provide a platform on which the Organization can grow the services available to existing clients.

All events that have occurred that require adjustment to or disclosure to the financial statements have been recorded or disclosed.