



**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

**FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

Contents  
June 30, 2023 and 2022

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## Independent Auditor's Report

To the Board of Trustees of  
Eagle Hill Foundation of Massachusetts, Inc.:

### **Opinion**

We have audited the financial statements of Eagle Hill Foundation of Massachusetts, Inc. (a Massachusetts corporation, not for profit) (the School) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, changes in net assets, cash flows and functional expenses for the years 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 Eagle Hill Foundation of Massachusetts, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 School 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 the 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, which raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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 School'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, which raise substantial doubt about the School'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.

*AAFCPA, Inc.*

Westborough, Massachusetts  
September 9, 2023

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**Statements of Financial Position  
June 30, 2023 and 2022

| <b>Assets</b>                               | <b>2023</b>           | <b>2022</b>          |
|---|-----------------------|----------------------|
| Current Assets:                             |                       |                      |
| Cash and equivalents                        | \$ 22,728,280         | \$ 19,241,091        |
| Short-term investments                      | 114,692               | 38,392               |
| Current portion of pledges receivable, net  | 2,040,497             | 973,673              |
| Beneficial interest in remainder trust, net | 115,321               | 115,321              |
| Accounts and other receivables              | 602,615               | 123,246              |
| Prepaid expenses and other                  | 1,061,360             | 515,163              |
| Total current assets                        | <u>26,662,765</u>     | <u>21,006,886</u>    |
| Pledges Receivable, net                     | 3,341,752             | 2,764,162            |
| Investments, at fair value                  | 16,905,135            | 14,359,736           |
| Property and Equipment, net                 | <u>55,951,934</u>     | <u>57,724,721</u>    |
| Total assets                                | <u>\$ 102,861,586</u> | <u>\$ 95,855,505</u> |
| <b>Liabilities and Net Assets</b>           |                       |                      |
| Current Liabilities:                        |                       |                      |
| Current portion of note payable             | \$ 891,787            | \$ 866,379           |
| Accounts payable                            | 119,252               | 388,690              |
| Accrued salaries and payroll taxes          | 332,076               | 281,523              |
| Other accrued expenses                      | 616,291               | 469,407              |
| Deferred tuition and fees                   | 7,543,890             | 6,422,312            |
| Total current liabilities                   | <u>9,503,296</u>      | <u>8,428,311</u>     |
| Note Payable, net                           | <u>15,245,443</u>     | <u>16,126,558</u>    |
| Total liabilities                           | <u>24,748,739</u>     | <u>24,554,869</u>    |
| Net Assets:                                 |                       |                      |
| Without donor restrictions:                 |                       |                      |
| Operating                                   | 12,907,239            | 11,427,177           |
| Property and equipment                      | 39,814,704            | 40,731,784           |
| Designated by Board of Trustees:            |                       |                      |
| Capital reserve and other                   | 1,843,329             | 1,630,211            |
| Funds functioning as endowment              | 3,027,583             | 2,632,422            |
| Total without donor restrictions            | <u>57,592,855</u>     | <u>56,421,594</u>    |
| With donor restrictions                     | <u>20,519,992</u>     | <u>14,879,042</u>    |
| Total net assets                            | <u>78,112,847</u>     | <u>71,300,636</u>    |
| Total liabilities and net assets            | <u>\$ 102,861,586</u> | <u>\$ 95,855,505</u> |

The accompanying notes are an integral part of these statements.

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EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Statement of Activities  
For the Year Ended June 30, 2023

|  | Without Donor Restrictions           |                                 |                                  | With Donor Restrictions | Total             |
|--|--------------------------------------|---------------------------------|----------------------------------|-------------------------|-------------------|
|  | Operating and Property and Equipment | Designated by Board of Trustees | Total Without Donor Restrictions |                         |                   |
| <b>Operating Revenues:</b>   |                                      |                                 |                                  |                         |                   |
| Tuition and fees, net of scholarships and remission of approximately \$1,298,000 | \$ 18,170,173                        | \$ -                            | \$ 18,170,173                    | \$ -                    | \$ 18,170,173     |
| Contributions, net   | 1,041,216                            | -                               | 1,041,216                        | -                       | 1,041,216         |
| Other  | 465,718                              | -                               | 465,718                          | -                       | 465,718           |
| Investment return designated for current operations                              | 376,549                              | -                               | 376,549                          | -                       | 376,549           |
| Government grants  | 169,508                              | -                               | 169,508                          | -                       | 169,508           |
| Net assets released from purpose restrictions                                    | 10,589                               | -                               | 10,589                           | (10,589)                | -                 |
| <b>Total operating revenues</b>  | <b>20,233,753</b>                    | <b>-</b>                        | <b>20,233,753</b>                | <b>(10,589)</b>         | <b>20,223,164</b> |
| <b>Operating Expenses:</b>   |                                      |                                 |                                  |                         |                   |
| Program services:  |                                      |                                 |                                  |                         |                   |
| Instruction and student activities   | 17,282,296                           | -                               | 17,282,296                       | -                       | 17,282,296        |
| Supporting services:   |                                      |                                 |                                  |                         |                   |
| General and administrative   | 1,940,476                            | -                               | 1,940,476                        | -                       | 1,940,476         |
| Advancement  | 849,917                              | -                               | 849,917                          | -                       | 849,917           |
| <b>Total supporting services</b>   | <b>2,790,393</b>                     | <b>-</b>                        | <b>2,790,393</b>                 | <b>-</b>                | <b>2,790,393</b>  |
| <b>Total operating expenses</b>  | <b>20,072,689</b>                    | <b>-</b>                        | <b>20,072,689</b>                | <b>-</b>                | <b>20,072,689</b> |
| Changes in net assets from operations  | 161,064                              | -                               | 161,064                          | (10,589)                | 150,475           |
| <b>Non-Operating Revenues:</b>   |                                      |                                 |                                  |                         |                   |
| Capital and endowment grants, net  | -                                    | -                               | -                                | 4,666,973               | 4,666,973         |
| Investment return reduced by spending policy                                     | 139,935                              | 632,146                         | 772,081                          | 984,566                 | 1,756,647         |
| Life insurance proceeds, net   | 204,505                              | -                               | 204,505                          | -                       | 204,505           |
| Gain on disposal of property and equipment                                       | 33,611                               | -                               | 33,611                           | -                       | 33,611            |
| <b>Total non-operating revenues</b>  | <b>378,051</b>                       | <b>632,146</b>                  | <b>1,010,197</b>                 | <b>5,651,539</b>        | <b>6,661,736</b>  |
| Changes in net assets  | \$ 539,115                           | \$ 632,146                      | \$ 1,171,261                     | \$ 5,640,950            | \$ 6,812,211      |

The accompanying notes are an integral part of these statements.

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

Statement of Activities  
For the Year Ended June 30, 2022

|  | Without Donor Restrictions           |                                 |                                  | With Donor Restrictions | Total             |
|--|--------------------------------------|---------------------------------|----------------------------------|-------------------------|-------------------|
|  | Operating and Property and Equipment | Designated by Board of Trustees | Total Without Donor Restrictions |                         |                   |
| <b>Operating Revenues:</b>   |                                      |                                 |                                  |                         |                   |
| Tuition and fees, net of scholarships and remission of approximately \$1,385,000 | \$ 17,971,657                        | \$ -                            | \$ 17,971,657                    | \$ -                    | \$ 17,971,657     |
| Contributions, net   | 1,037,153                            | -                               | 1,037,153                        | 3,800                   | 1,040,953         |
| Other  | 459,788                              | -                               | 459,788                          | -                       | 459,788           |
| Investment return designated for current operations                              | 316,165                              | -                               | 316,165                          | -                       | 316,165           |
| Government grants  | 203,126                              | -                               | 203,126                          | -                       | 203,126           |
| Net assets released from purpose restrictions                                    | 22,670                               | -                               | 22,670                           | (22,670)                | -                 |
| <b>Total operating revenues</b>  | <b>20,010,559</b>                    | <b>-</b>                        | <b>20,010,559</b>                | <b>(18,870)</b>         | <b>19,991,689</b> |
| <b>Operating Expenses:</b>   |                                      |                                 |                                  |                         |                   |
| Program services:  |                                      |                                 |                                  |                         |                   |
| Instruction and student activities   | 17,133,166                           | -                               | 17,133,166                       | -                       | 17,133,166        |
| Supporting services:   |                                      |                                 |                                  |                         |                   |
| General and administrative   | 1,709,106                            | -                               | 1,709,106                        | -                       | 1,709,106         |
| Advancement  | 953,350                              | -                               | 953,350                          | -                       | 953,350           |
| <b>Total supporting services</b>   | <b>2,662,456</b>                     | <b>-</b>                        | <b>2,662,456</b>                 | <b>-</b>                | <b>2,662,456</b>  |
| <b>Total operating expenses</b>  | <b>19,795,622</b>                    | <b>-</b>                        | <b>19,795,622</b>                | <b>-</b>                | <b>19,795,622</b> |
| Changes in net assets from operations  | 214,937                              | -                               | 214,937                          | (18,870)                | 196,067           |
| <b>Non-Operating Revenues (Expenses):</b>  |                                      |                                 |                                  |                         |                   |
| Capital and endowment grants, net  | -                                    | -                               | -                                | 1,796,745               | 1,796,745         |
| Investment return reduced by spending policy                                     | (88,319)                             | (704,134)                       | (792,453)                        | (1,377,566)             | (2,170,019)       |
| Loss on disposal of property and equipment                                       | (50,612)                             | -                               | (50,612)                         | -                       | (50,612)          |
| <b>Total non-operating revenues (expenses)</b>                                   | <b>(138,931)</b>                     | <b>(704,134)</b>                | <b>(843,065)</b>                 | <b>419,179</b>          | <b>(423,886)</b>  |
| Changes in net assets  | \$ 76,006                            | \$ (704,134)                    | \$ (628,128)                     | \$ 400,309              | \$ (227,819)      |

The accompanying notes are an integral part of these statements.

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

Statements of Changes in Net Assets  
For the Years Ended June 30, 2023 and 2022

|  | Without Donor Restrictions           |                                 |                                  | With Donor Restrictions     | Total                       |
|--|--------------------------------------|---------------------------------|----------------------------------|-----------------------------|-----------------------------|
|  | Operating and Property and Equipment | Designated by Board of Trustees | Total Without Donor Restrictions |                             |                             |
| <b>Net Assets, June 30, 2021</b>                   | \$ 52,047,460                        | \$ 5,002,262                    | \$ 57,049,722                    | \$ 14,478,733               | \$ 71,528,455               |
| Transfers of net assets without donor restrictions | 35,495                               | (35,495)                        | -                                | -                           | -                           |
| Changes in net assets                              | <u>76,006</u>                        | <u>(704,134)</u>                | <u>(628,128)</u>                 | <u>400,309</u>              | <u>(227,819)</u>            |
| <b>Net Assets, June 30, 2022</b>                   | 52,158,961                           | 4,262,633                       | 56,421,594                       | 14,879,042                  | 71,300,636                  |
| Transfers of net assets without donor restrictions | 23,867                               | (23,867)                        | -                                | -                           | -                           |
| Changes in net assets                              | <u>539,115</u>                       | <u>632,146</u>                  | <u>1,171,261</u>                 | <u>5,640,950</u>            | <u>6,812,211</u>            |
| <b>Net Assets, June 30, 2023</b>                   | <u><u>\$ 52,721,943</u></u>          | <u><u>\$ 4,870,912</u></u>      | <u><u>\$ 57,592,855</u></u>      | <u><u>\$ 20,519,992</u></u> | <u><u>\$ 78,112,847</u></u> |

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| <b>Cash Flows from Operating Activities:</b>   |                      |                      |
| Changes in net assets  | \$ 6,812,211         | \$ (227,819)         |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |                      |                      |
| Depreciation   | 2,358,118            | 2,339,551            |
| Interest - amortization  | 10,672               | 10,672               |
| Increase (decrease) in doubtful pledges allowance  | 155,630              | (40,571)             |
| Increase (decrease) in discount on pledges receivable  | 2,787                | (85,495)             |
| Capital and endowment grants, net  | (4,666,973)          | (1,796,745)          |
| Net investment (gains) losses  | (2,133,196)          | 1,853,854            |
| Loss (gain) on disposal of property and equipment  | (33,611)             | 50,612               |
| Changes in operating assets and liabilities:   |                      |                      |
| Pledges receivable   | 903,929              | 1,374,274            |
| Accounts and other receivables   | (479,369)            | (107,716)            |
| Prepaid expenses and other   | (546,197)            | 223,400              |
| Accounts payable   | (283,618)            | 126,901              |
| Accrued salaries and payroll taxes   | 50,553               | (39,824)             |
| Other accrued expenses   | 146,884              | (80,688)             |
| Deferred tuition and fees  | 1,121,578            | 444,678              |
| Net cash provided by operating activities  | <u>3,419,398</u>     | <u>4,045,084</u>     |
| <b>Cash Flows from Investing Activities:</b>   |                      |                      |
| Property and equipment acquisitions  | (599,293)            | (589,492)            |
| Proceeds from sale of property and equipment   | 61,753               | 14,600               |
| Proceeds from sales of investments   | 3,686,850            | 3,343,862            |
| Purchase of investments  | (4,175,353)          | (6,926,677)          |
| Deferred usage fees  | -                    | 1,800,000            |
| Net cash used in investing activities  | <u>(1,026,043)</u>   | <u>(2,357,707)</u>   |
| <b>Cash Flows from Financing Activities:</b>   |                      |                      |
| Principal payments on note payable   | (866,379)            | (840,454)            |
| Capital and endowment grants   | 1,960,213            | 1,796,745            |
| Net cash provided by financing activities  | <u>1,093,834</u>     | <u>956,291</u>       |
| <b>Net Change in Cash and Equivalents</b>  | 3,487,189            | 2,643,668            |
| <b>Cash and Equivalents:</b>   |                      |                      |
| Beginning of year  | <u>19,241,091</u>    | <u>16,597,423</u>    |
| End of year  | <u>\$ 22,728,280</u> | <u>\$ 19,241,091</u> |
| <b>Supplemental Disclosure of Cash Flow Information:</b>                                     |                      |                      |
| Cash paid for interest   | <u>\$ 508,627</u>    | <u>\$ 571,739</u>    |
| <b>Non-Cash Investing Transactions:</b>  |                      |                      |
| Projects under development placed in service   | <u>\$ 194,398</u>    | <u>\$ 1,071,795</u>  |
| Projects under development included in accounts payable                                      | <u>\$ 52,135</u>     | <u>\$ 37,955</u>     |

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 2023

|  | <u>Program Services</u>                   | <u>Supporting Services</u>        |                     |                                  | <u>Total</u>         |
|--|---|-----------------------------------|---------------------|----------------------------------|----------------------|
|  | <u>Instruction and Student Activities</u> | <u>General and Administrative</u> | <u>Advance-ment</u> | <u>Total Supporting Services</u> |                      |
| <b>Personnel and Related:</b>            |   |                                   |                     |                                  |                      |
| Salaries                                 | \$ 8,592,893                              | \$ 781,854                        | \$ 469,442          | \$ 1,251,296                     | \$ 9,844,189         |
| Payroll taxes and fringe benefits        | 2,334,713                                 | 153,710                           | 196,591             | 350,301                          | 2,685,014            |
| Total personnel and related              | <u>10,927,606</u>                         | <u>935,564</u>                    | <u>666,033</u>      | <u>1,601,597</u>                 | <u>12,529,203</u>    |
| <b>Facilities and Related:</b>           |   |                                   |                     |                                  |                      |
| Depreciation                             | 2,287,377                                 | 23,579                            | 47,162              | 70,741                           | 2,358,118            |
| Utilities                                | 792,305                                   | 12,038                            | 15,696              | 27,734                           | 820,039              |
| Repairs, maintenance and minor equipment | 751,597                                   | 10,345                            | 13,581              | 23,926                           | 775,523              |
| Interest                                 | 493,368                                   | 15,758                            | 10,173              | 25,931                           | 519,299              |
| Insurance and other                      | -   | 296,371                           | -                   | 296,371                          | 296,371              |
| Total facilities and related             | <u>4,324,647</u>                          | <u>358,091</u>                    | <u>86,612</u>       | <u>444,703</u>                   | <u>4,769,350</u>     |
| <b>Other Supporting Expenses:</b>        |   |                                   |                     |                                  |                      |
| Food service                             | 754,752                                   | 996                               | -                   | 996                              | 755,748              |
| Student activities                       | 272,692                                   | 92,495                            | -                   | 92,495                           | 365,187              |
| Supplies                                 | 148,422                                   | 170,117                           | 1,057               | 171,174                          | 319,596              |
| Travel and transportation                | 162,061                                   | 27,422                            | 23,913              | 51,335                           | 213,396              |
| Educational supplies                     | 197,294                                   | 5,848                             | -                   | 5,848                            | 203,142              |
| Dues and subscriptions                   | 49,936                                    | 143,965                           | 2,175               | 146,140                          | 196,076              |
| Professional services                    | 28,927                                    | 141,229                           | 8,473               | 149,702                          | 178,629              |
| Advertising and recruiting               | 104,453                                   | 3,170                             | 40,353              | 43,523                           | 147,976              |
| Performing arts center fees and expenses | 132,811                                   | -                                 | -                   | -                                | 132,811              |
| Staff training and meetings              | 100,664                                   | 27,576                            | -                   | 27,576                           | 128,240              |
| Telephone and internet                   | 59,832                                    | 4,654                             | 1,994               | 6,648                            | 66,480               |
| Miscellaneous                            | 17,512                                    | 17,970                            | 4,850               | 22,820                           | 40,332               |
| Postage and shipping                     | 687                                       | 11,379                            | 7,100               | 18,479                           | 19,166               |
| Printing                                 | -   | -                                 | 7,357               | 7,357                            | 7,357                |
| Total other supporting expenses          | <u>2,030,043</u>                          | <u>646,821</u>                    | <u>97,272</u>       | <u>744,093</u>                   | <u>2,774,136</u>     |
| Total expenses                           | <u>\$ 17,282,296</u>                      | <u>\$ 1,940,476</u>               | <u>\$ 849,917</u>   | <u>\$ 2,790,393</u>              | <u>\$ 20,072,689</u> |

The accompanying notes are an integral part of these statements.

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 2022

|  | Program Services                   | Supporting Services        |                   |                           | Total                |
|--|------------------------------------|----------------------------|-------------------|---------------------------|----------------------|
|  | Instruction and Student Activities | General and Administrative | Advance-ment      | Total Supporting Services |                      |
| <b>Personnel and Related:</b>            |                                    |                            |                   |                           |                      |
| Salaries                                 | \$ 8,522,896                       | \$ 438,532                 | \$ 498,475        | \$ 937,007                | \$ 9,459,903         |
| Payroll taxes and fringe benefits        | 2,390,727                          | 224,326                    | 212,123           | 436,449                   | 2,827,176            |
| Total personnel and related              | <u>10,913,623</u>                  | <u>668,508</u>             | <u>710,598</u>    | <u>1,379,106</u>          | <u>12,292,729</u>    |
| <b>Facilities and Related:</b>           |                                    |                            |                   |                           |                      |
| Depreciation                             | 2,269,365                          | 23,395                     | 46,791            | 70,186                    | 2,339,551            |
| Utilities                                | 755,221                            | 7,516                      | 15,031            | 22,547                    | 777,768              |
| Repairs, maintenance and minor equipment | 667,522                            | 43,767                     | 13,327            | 57,094                    | 724,616              |
| Interest                                 | 528,866                            | 5,453                      | 10,904            | 16,357                    | 545,223              |
| Insurance and other                      | 189,440                            | 8,702                      | 53,934            | 62,636                    | 252,076              |
| Total facilities and related             | <u>4,410,414</u>                   | <u>88,833</u>              | <u>139,987</u>    | <u>228,820</u>            | <u>4,639,234</u>     |
| <b>Other Supporting Expenses:</b>        |                                    |                            |                   |                           |                      |
| Food service                             | 689,700                            | 518                        | -                 | 518                       | 690,218              |
| Student activities                       | 255,783                            | 143,569                    | 290               | 143,859                   | 399,642              |
| Supplies                                 | 148,089                            | 298,642                    | 3,404             | 302,046                   | 450,135              |
| Travel and transportation                | 83,756                             | 25,153                     | 21,586            | 46,739                    | 130,495              |
| Educational supplies                     | 233,516                            | 4,307                      | -                 | 4,307                     | 237,823              |
| Dues and subscriptions                   | 22,907                             | 107,792                    | 4,449             | 112,241                   | 135,148              |
| Professional services                    | 37,831                             | 153,429                    | 6,945             | 160,374                   | 198,205              |
| Advertising and recruiting               | 132,485                            | 5,726                      | 37,009            | 42,735                    | 175,220              |
| Performing arts center fees and expenses | 59,143                             | -                          | -                 | -                         | 59,143               |
| Staff training and meetings              | 52,992                             | 40,298                     | 300               | 40,598                    | 93,590               |
| Telephone and internet                   | 71,351                             | 5,550                      | 2,378             | 7,928                     | 79,279               |
| Miscellaneous                            | 18,819                             | 98,824                     | 8,021             | 106,845                   | 125,664              |
| Postage and shipping                     | 2,247                              | 18,387                     | 5,776             | 24,163                    | 26,410               |
| Printing                                 | 510                                | -                          | 12,607            | 12,607                    | 13,117               |
| COVID-19 supplies and related            | -                                  | 49,570                     | -                 | 49,570                    | 49,570               |
| Total other supporting expenses          | <u>1,809,129</u>                   | <u>951,765</u>             | <u>102,765</u>    | <u>1,054,530</u>          | <u>2,863,659</u>     |
| Total expenses                           | <u>\$ 17,133,166</u>               | <u>\$ 1,709,106</u>        | <u>\$ 953,350</u> | <u>\$ 2,662,456</u>       | <u>\$ 19,795,622</u> |

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 1. OPERATIONS AND NONPROFIT STATUS

Eagle Hill Foundation of Massachusetts, Inc. (the School) was established in 1967 and became a Massachusetts not for profit corporation in 1981. The School operates as a residential school in Hardwick, Massachusetts devoted to providing education for special needs students.

The School is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The School is also exempt from state income taxes. Donors may deduct contributions made to the School within IRC requirements.

In fiscal year 2023, the School launched an ambitious comprehensive fundraising campaign. Officially called, Home@EagleHill, the campaign's focal points are to raise \$10 million towards the construction of a new faculty village (see note 6), to raise \$15 million towards the construction of new student homes, and an open ended goal for endowment funds to enhance socioeconomic diversity, as well as the creation of faculty funds for program support.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The School prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Recently Adopted Accounting Pronouncement

During fiscal year 2023, the School adopted the FASB's Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Topic 825): Recognition and Measurements of Financial Assets and Financial Liabilities*, removing the requirement to disclose the fair value of the School's financial assets and liabilities. The School adopted this standard using the retrospective approach for all periods presented.

#### Fair Value Measurements

The School follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The School uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. Assets subject to disclosure of fair value under this framework include investments (see Note 5) and beneficial interest in remainder trust (see Note 12).

#### Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Equivalents

Management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding such assets that are maintained as part of the investment portfolio (see Note 5).

#### Pledges Receivable and Allowance for Doubtful Accounts

Allowance for doubtful pledges receivable (see Note 4) is recorded based on management's analysis of specific accounts, collection history and their estimate of amounts that may become uncollectible, if any.

#### Accounts and Other Receivables and Allowance for Doubtful Accounts

Accounts and other receivables are recorded at the invoiced amounts and do not bear interest. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in accounts and other receivables. The allowance is based on account aging. The School takes into consideration historical trends and future expectations. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

#### Investments

Investments are recorded at fair value (see Note 5). The School's investment policy sets forth guidelines for prudent investment of funds, taking into account liquidity, risk and return characteristics appropriate for different categories of the School's holdings. If an investment is directly held by the School and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds.

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments (Continued)

Gains and losses are recorded as realized upon sale or as unrealized based upon changes in fair value. Investment income consists of interest, dividends, and mutual fund distributions and is recorded as earned. Except where restricted by the donor or law, investment income is without donor restrictions. Investments held for endowment and as funds functioning as endowment are classified as long-term in the accompanying statements of financial position. All other investments are available for operating purposes and, accordingly, are classified as short-term.

#### Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or constructed and at fair value when donated (see Note 6).

Depreciation is computed using the straight-line method over the following estimated useful lives:

|                            |               |
|----------------------------|---------------|
| Land improvements          | 20 years      |
| Buildings and improvements | 10 - 40 years |
| Furniture and equipment    | 3 - 10 years  |
| Vehicles                   | 3 - 5 years   |

The School recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, if a reasonable estimate of the fair value of the obligation can be made. As of June 30, 2023 and 2022, the School is not aware of the existence of any asset retirement obligations.

#### Debt Issuance Costs

Debt issuance costs are amortized into interest expense over the term of the note payable using the straight-line method, which approximates the effective interest method. The unamortized balance is reported as a reduction in the carrying value of the note payable (see Note 8).

#### Net Assets

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions include those net resources of the School that bear no external restrictions and are generally available for use by the School. Specific classifications of net assets without donor restrictions include:

**Operating** - includes those net resources without donor restrictions generally available for normal operations of the School.

**Property and equipment** - include the net book value of the School's long-term property and equipment and deferred usage fees reduced by related liabilities.

**Designated by Board of Trustees** - includes funds designated by the Board of Trustees for a variety of purposes, including:

Capital reserve and other - includes funds set aside annually to establish a reserve for future capital needs, major maintenance items, and other projects.

Funds functioning as endowment - includes financial resources invested by the Board of Trustees as a Board-designated endowment to serve the overall mission of the School.

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *Net Assets With Donor Restrictions*

Net assets with donor restrictions include those resources restricted by donors to be used for specified purposes or within specified periods which have not yet been spent in accordance with restrictions. In accordance with Massachusetts law, all earnings and appreciation of a donor-restricted endowment are restricted until appropriated by the Board of Trustees. Net assets with donor restrictions consist of the following as of June 30:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Subject to the School's endowment spending policy and appropriation (see Note 10):   |                      |                      |
| Investment in perpetuity (including amounts above the original gift amounts of \$13,513,345 and \$12,788,645 as of June 30, 2023 and 2022, respectively), which once appropriated is expendable to support scholarships. | \$ 15,656,592        | \$ 13,947,326        |
| Subject to expenditure for specified purposes:   |                      |                      |
| Capital improvements - faculty and student housing   | 4,791,412            | 849,139              |
| Educational programs   | <u>71,988</u>        | <u>82,577</u>        |
|  | <u>\$ 20,519,992</u> | <u>\$ 14,879,042</u> |

Net assets with donor restrictions include endowment funds accumulated from donor-restricted gifts. Earnings from these gifts may be used for scholarships, but the principal may not be spent.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30:

|   | <u>2023</u>       | <u>2022</u>       |
|---|-------------------|-------------------|
| Restricted-purpose endowment spending distributions and appropriations for scholarships | \$ 139,563        | \$ 132,018        |
| Satisfaction of purpose restrictions:   |                   |                   |
| Educational programs  | <u>10,589</u>     | <u>22,670</u>     |
|   | <u>\$ 150,152</u> | <u>\$ 154,688</u> |

#### Statements of Activities

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenues and operating expenses in the accompanying statements of activities. Non-operating revenues (expenses) include capital and endowment grants, life insurance proceeds (see Note 11), investment activity (see Note 5), and gain (loss) on disposal of property and equipment (see Note 6).

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

The School generally measures revenue for qualifying exchange transactions based on the amount of consideration the School expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the School satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The School evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The School recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is satisfied through academic instruction delivered continually throughout the academic year; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition is required before the start of the academic year. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred to the applicable period (contract liabilities) (see Note 9). Scholarships provided to students are recorded as a reduction from the posted tuition rates at the time revenue is recognized. School store and student event revenue is recognized as items are sold or events occur.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the School must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the School should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note 4).

Unconditional contributions without donor restrictions are recorded as revenue and net assets without donor restrictions when unconditionally received or committed by the donor. Grants and contributions (including government grants) with donor restrictions are generally transferred to revenues and net assets without donor restrictions as services are performed, costs are incurred, or through the passage of time. The School observes a policy of releasing net assets with donor restrictions for capital projects at the time the projects are placed into service.

Under the Home@EagleHill comprehensive campaign (see page 9) the School raised \$4,325,441 and \$849,139 of capital and endowment grants during 2023 and 2022, respectively, which are included in the accompanying statements of activities. The fiscal year 2023 capital and endowment grants are presented net of direct campaign expenses of \$125,500. The Home@EagleHill Campaign also includes an appeal for planned giving. Planned gifts are recognized only when irrevocable and, accordingly, no such gifts have been recorded at June 30, 2023 and 2022.

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related, which are allocated on the basis of estimates of time and effort; facilities and related, which are allocated on a square footage basis; and telephone and internet, which are allocated on a historical usage basis.

#### Advertising Costs

The School expenses advertising costs as they are incurred. Advertising costs are included in advertising and recruiting in the accompanying statements of functional expenses and were \$11,696 and \$15,301 for the years ended June 30, 2023 and 2022, respectively.

#### Income Taxes

The School accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The School has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2023 and 2022. The School's information and tax returns are subject to examination by the Federal and state jurisdictions.

#### Subsequent Events

Subsequent events have been evaluated through September 9, 2023, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 3. RELATED PARTY TRANSACTIONS

The School has authorized a demand loan to its former Head of School. The demand loan is secured by mortgages on properties owned by the former Head of School. The outstanding principal balance was \$400,000 and \$257,000 as of June 30, 2023 and 2022, respectively. The School authorized additional demand loans to other employees of the School, totaling \$425,000 and \$50,000 during fiscal years 2023 and 2022, respectively. The outstanding principal balance for all loans was \$825,000 and \$307,000 as of June 30, 2023 and 2022, respectively, and is included in prepaid expenses and other in the accompanying statements of financial position. Accrued interest has been excluded and is immaterial to the accompanying financial statements.

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

### 4. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give in the form of pledges from various donors. Pledges receivable are expected to be received as follows at June 30:

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Due within one year   | \$ 3,346,366        | \$ 2,199,244        |
| Due within two years  | 1,665,709           | 1,010,000           |
| Due within three years  | 500,000             | 1,000,000           |
| Due within four years   | 500,000             | -                   |
|   | <u>6,012,075</u>    | <u>4,209,244</u>    |
| Less - discount   | <u>103,419</u>      | <u>100,632</u>      |
|   | 5,908,656           | 4,108,612           |
| Less - allowance for doubtful accounts  | <u>526,407</u>      | <u>370,777</u>      |
|   | 5,382,249           | 3,737,835           |
| Less - non-endowment, current portion   | <u>2,040,497</u>    | <u>973,673</u>      |
|   |                     |                     |
| Pledges receivable, net of discount, allowance for<br>doubtful accounts and current portion | <u>\$ 3,341,752</u> | <u>\$ 2,764,162</u> |

Pledges receivable for endowment are classified as long-term in the accompanying statements of financial position, regardless of expected payment date, based upon the donor restrictions to hold the assets long-term.

Pledges receivable due in greater than one year have been discounted to present value in the accompanying statements of financial position using discount rates based on U.S. Treasury rates at the time of pledge. As of June 30, 2023 and 2022, 77% and 74% of pledges receivable were due from two donors and one donor, respectively.

A donor has conditionally pledged to the School \$500,000 in the form of a policy on the life of the donor. Since this grant is conditional, it is not reflected in the accompanying statements of financial position as of June 30, 2023 and 2022.

### 5. INVESTMENTS

Investments, which are stated at fair value (see Note 2) in the accompanying statements of financial position, are as follows at June 30:

| <u>Investment Type</u> | <u>2023</u>          |                |                | <u>Total</u>         |
|------------------------|----------------------|----------------|----------------|----------------------|
|                        | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u> |                      |
| Cash and money markets | \$ 2,593,515         | \$ -           | \$ -           | \$ 2,593,515         |
| Equity securities      | 3,241,617            | -              | -              | 3,241,617            |
| Mutual funds:          |                      |                |                |                      |
| Alternative strategies | 885,437              | -              | -              | 885,437              |
| Equity                 | 9,275,699            | -              | -              | 9,275,699            |
| Bonds:                 |                      |                |                |                      |
| Government             | <u>1,023,559</u>     | <u>-</u>       | <u>-</u>       | <u>1,023,559</u>     |
| Total investments      | <u>\$ 17,019,827</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 17,019,827</u> |

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

Notes to Financial Statements  
June 30, 2023 and 2022

**5. INVESTMENTS (Continued)**

| <u>Investment Type</u> | <b>2022</b>          |                |                | <u>Total</u>         |
|------------------------|----------------------|----------------|----------------|----------------------|
|                        | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u> |                      |
| Cash and money markets | \$ 1,821,857         | \$ -           | \$ -           | \$ 1,821,857         |
| Equity securities      | 2,528,058            | -              | -              | 2,528,058            |
| Mutual funds:          |                      |                |                |                      |
| Alternative strategies | 1,504,229            | -              | -              | 1,504,229            |
| Equity                 | 7,928,565            | -              | -              | 7,928,565            |
| Bonds:                 |                      |                |                |                      |
| Government             | <u>615,419</u>       | <u>-</u>       | <u>-</u>       | <u>615,419</u>       |
| Total investments      | <u>\$ 14,398,128</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 14,398,128</u> |

The School also received a donation of stock in a private company. Information supporting the value was not sufficient to warrant assigning a value to the donation. As such, the donation has been recorded at a zero basis until such time that more information is available to support a value.

Investments are not insured and are subject to ongoing market fluctuations.

As presented in the accompanying statements of financial position, invested resources of the School's endowment are presented as non-current assets and other investments in securities are included within current assets. The balances of each were as follows at June 30:

|                                      | <u>2023</u>          | <u>2022</u>          |
|--------------------------------------|----------------------|----------------------|
| Endowment investments in securities  | \$ 16,905,135        | \$ 14,359,736        |
| Short-term investments in securities | <u>114,692</u>       | <u>38,392</u>        |
| Total                                | <u>\$ 17,019,827</u> | <u>\$ 14,398,128</u> |

The School had net investment return as follows for the years ended June 30:

|  | <u>2023</u>         | <u>2022</u>           |
|--|---------------------|-----------------------|
| Net unrealized gains (losses)                | \$ 1,246,433        | \$ (3,576,794)        |
| Interest and dividends, net                  | 857,946             | 584,180               |
| Net realized gains                           | 97,664              | 1,206,617             |
| Investment fees                              | <u>(68,847)</u>     | <u>(67,857)</u>       |
| Net investment return (loss)                 | 2,133,196           | (1,853,854)           |
| Less - spending policy (see Note 10)         | <u>(376,549)</u>    | <u>(316,165)</u>      |
| Investment return reduced by spending policy | <u>\$ 1,756,647</u> | <u>\$ (2,170,019)</u> |

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 6. PROPERTY AND EQUIPMENT, DEPRECIATION AND PROJECTS UNDER DEVELOPMENT

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

|                                     | <u>2023</u>          | <u>2022</u>          |
|-------------------------------------|----------------------|----------------------|
| Land and land improvements          | \$ 10,635,876        | \$ 10,477,263        |
| Buildings and improvements          | 67,647,220           | 67,549,092           |
| Furniture and equipment             | 4,732,681            | 4,587,360            |
| Vehicles                            | <u>768,012</u>       | <u>701,008</u>       |
|                                     | 83,783,789           | 83,314,723           |
| Less - accumulated depreciation     | <u>28,369,376</u>    | <u>26,025,408</u>    |
| Subtotal - assets placed in service | 55,414,413           | 57,289,315           |
| Projects under development          | <u>537,521</u>       | <u>435,406</u>       |
|                                     | <u>\$ 55,951,934</u> | <u>\$ 57,724,721</u> |

Depreciation expense for the years ended June 30, 2023 and 2022, was \$2,358,118 and \$2,339,551, respectively.

Projects under development consist of cost associated with preliminary work on various facility projects not yet placed in service, including costs related to the construction of the new faculty village as part of the Home@EagleHill.

### 7. LINE OF CREDIT

The School has a line of credit agreement with a bank with a borrowing limit of \$3,000,000. The line of credit renews annually. Outstanding borrowings are due on demand and are secured by substantially all assets of the School, and are cross-collateralized with the bond payable (see Note 8). Interest is paid monthly at a fluctuating rate equal to the Secured Overnight Financing Rate (SOFR), plus the SOFR margin (7.18% and 3.63% at June 30, 2023 and 2022, respectively). As of June 30, 2023 and 2022, there were no amounts outstanding under this agreement.

### 8. NOTE PAYABLE

The School has entered into a loan financing agreement with Massachusetts Development Finance Agency (MDFA) for a \$19,038,977 tax-exempt bond through February 26, 2038 (maturity). The eighteen-year bond payable bears interest at a rate of 3.00% per annum. The bond is secured by substantially all assets of the School. The bond is cross-collateralized with the line of credit (see Note 7). The note payable is due in monthly principal and interest payments of \$114,584 through maturity. The outstanding balance under this agreement was \$16,249,443 and \$17,115,822 as of June 30, 2023 and 2022, respectively.

Note payable, net of unamortized debt issuance costs, consists of the following at June 30:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Note payable   | \$ 16,249,443        | \$ 17,115,822        |
| Less - unamortized debt issuance costs                                   | <u>112,213</u>       | <u>122,885</u>       |
|  | 16,137,230           | 16,992,937           |
| Less - current portion   | <u>891,787</u>       | <u>866,379</u>       |
| Note payable and unamortized debt issuance costs, net of current portion | <u>\$ 15,245,443</u> | <u>\$ 16,126,558</u> |

**EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.**

Notes to Financial Statements  
June 30, 2023 and 2022

**8. NOTE PAYABLE (Continued)**

Future required principal payments over the next five years are as follows:

|      |    |           |
|------|----|-----------|
| 2024 | \$ | 891,787   |
| 2025 | \$ | 920,608   |
| 2026 | \$ | 949,004   |
| 2027 | \$ | 978,275   |
| 2028 | \$ | 1,007,455 |

The note payable agreement contains various covenants with which the School must comply. The School was in compliance with these covenants at June 30, 2023 and 2022.

The School capitalized \$192,100 of closing costs for the MDFA financing, which is being amortized over the terms of the note (see Note 2). These financing costs are shown net of accumulated interest - amortization of \$79,887 and \$69,215 as of June 30, 2023 and 2022, respectively, and are reported as a reduction of the note payable in the accompanying statements of financial position. Interest - amortization for the years ended June 30, 2023 and 2022, was \$10,672 and is included in interest expense in the accompanying statements of functional expenses. Interest - amortization for the next five years is expected to be approximately \$11,000 annually.

**9. DEFERRED TUITION AND FEES**

Deferred tuition and fees consist of student tuition and summer program fees received in advance of services performed. The balances consist of follows at June 30:

|                        | <u>2023</u>         | <u>2022</u>         |
|------------------------|---------------------|---------------------|
| Tuition                | \$ 6,347,749        | \$ 5,434,885        |
| Summer program fees    | 797,954             | 615,072             |
| Fee deposits and other | <u>398,187</u>      | <u>372,355</u>      |
|                        | <u>\$ 7,543,890</u> | <u>\$ 6,422,312</u> |

**10. ENDOWMENT**

The School maintains its endowment in both net assets classes with and without donor restrictions (see Note 2). Changes in endowment net assets by class are as follows:

|  | <u>Without Donor<br/>Restrictions<br/>(Board-Designated)</u> | <u>With Donor<br/>Restrictions</u> | <u>Total<br/>Endowment</u> |
|--|--|------------------------------------|----------------------------|
| Endowment net assets, June 30, 2021                  | \$ 3,520,704   | \$ 14,377,285                      | \$ 17,897,989              |
| Net investment returns                               | (704,134)  | (1,245,547)                        | (1,949,681)                |
| Appropriation of endowment assets<br>for expenditure | (184,147)  | (132,018)                          | (316,165)                  |
| Contributions  | <u>-</u>   | <u>947,606</u>                     | <u>947,606</u>             |
| Endowment net assets, June 30, 2022                  | 2,632,423  | 13,947,326                         | 16,579,749                 |
| Net investment returns                               | 632,146  | 1,124,129                          | 1,756,275                  |
| Appropriation of endowment assets<br>for expenditure | (236,986)  | (139,563)                          | (376,549)                  |
| Contributions  | <u>-</u>   | <u>724,700</u>                     | <u>724,700</u>             |
| Endowment net assets, June 30, 2023                  | <u>\$ 3,027,583</u>  | <u>\$ 15,656,592</u>               | <u>\$ 18,684,175</u>       |

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 10. ENDOWMENT (Continued)

The Board of Trustees has implemented an investment spending policy which allows the School to designate a portion of its cumulative investment return for support of operations. Massachusetts state law allows the Board of Trustees to appropriate from donor-restricted endowments as much of the funds as is prudent considering the School's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

Under the School's spending policy, the Board of Trustees may appropriate up to 4% of the three-year quarterly average of the fair value of investments (excluding investments reported as current assets) at the beginning of each of the previous and preceding two fiscal years to support operations. The Board of Trustees appropriated \$139,563 and \$132,018 under this policy for the years ended June 30, 2023 and 2022, respectively, which are included in investment return designated for current operations in the accompanying statements of activities (see Note 5).

### 11. LIFE INSURANCE

The School paid premiums on a key-man term insurance policy on the life of the Head of School. The policy paid a \$500,000 death benefit to the School in August 2023 for the former Head of School, which is shown net of costs related to his passing in the accompanying statement of activities.

### 12. BENEFICIAL INTEREST IN REMAINDER TRUST

In 2008, the School was notified that it was granted a \$2,000,000 beneficial interest in an irrevocable charitable remainder trust held by a third-party trustee. The School reports its beneficial interest in the trust at fair value (see Note 2) using Level 1 inputs. During fiscal year 2017, following the donor's death in fiscal year 2016, the School received a payment from the trust in substantial settlement of the interest. The estimated fair value of the School's remaining interest is \$124,002 as of June 30, 2023 and 2022, and is presented net of an allowance for a potentially uncollectible amount of \$8,681.

### 13. RETIREMENT AND OTHER PLANS

The School maintains an elective defined contribution retirement plan pursuant to IRC Section 403(b), which covers all qualifying full-time employees with greater than one year of service. Pension expense for the years ended June 30, 2023 and 2022, was approximately \$590,000 and \$618,000, respectively, and is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses. All full-time employees who defer up to at least 4% of their salary receive up to an 8% match from the School.

The School also has an elective deferred compensation plan pursuant to IRC Section 457(b). All contributions and related earnings are immediately vested. The School may make discretionary employer contributions in accordance with IRC limits. Expenses under this agreement were \$37,000 and \$40,000 for the years ended June 30, 2023 and 2022, respectively, and are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

The School also has a deferred compensation plan pursuant to IRC Section 457(f), which covered qualifying management or highly compensated employees. Expenses for vested benefits under this agreement were \$41,869 and \$50,000 for the years ended June 30, 2023 and 2022, respectively, and are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses. There was no accrued expense under the IRC Section 457(f) plan as of June 30, 2023, as vested benefits were paid in May 2023 to the former Head of School's beneficiary. There was no accrued expense under the IRC Section 457(f) plan as of June 30, 2022, as accumulated benefits of \$250,000 were paid to participants during the year then ended.

## EAGLE HILL FOUNDATION OF MASSACHUSETTS, INC.

Notes to Financial Statements  
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### 14. CONCENTRATIONS OF RISK

The School maintains its operating cash balances in several banks in Massachusetts and its balances are insured within limits of the Federal Deposit Insurance Corporation. At certain times during the year, cash balances exceeded the insured amounts. The School performs periodic evaluations of the relative credit standing of the banks to limit the amount of credit exposure with these financial institutions.

### 15. COMMITMENTS

#### Solar Power Purchase Agreement

The School entered into a solar power purchase agreement with an unrelated third-party for a twenty-year initial term ending in 2037, with the option for two additional five-year terms. Under the agreement, the School purchases the electricity generated by solar panels installed on the School's athletic facility at a set rate, as outlined in the agreement. At the end of the tenth, fifteenth, and twentieth contract years, the School will have the option to purchase the solar panels with 90 days' written notice, at a price equal to fair market value, as outlined in the agreement. Payments under this agreement are variable based on the amount of kilowatt-hours produced by the solar panels. As payments are variable, there are no future minimum payments under this agreement.

### 16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School's financial assets available within one year from the statements of financial position date for general operating expenses are as follows for the years ended June 30:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Cash and equivalents, current  | \$ 22,728,280        | \$ 19,241,091        |
| Short-term investments   | 114,692              | 38,392               |
| Current portion of pledges receivable, net   | 2,040,497            | 973,673              |
| Accounts and other receivables   | <u>602,615</u>       | <u>123,246</u>       |
| Total financial assets   | 25,486,084           | 20,376,402           |
| Less - Board designations:   |                      |                      |
| Capital reserves and other   | (1,843,329)          | (1,630,211)          |
| Less - net assets subject to expenditure for specified purposes (see Note 2)           | <u>(4,863,400)</u>   | <u>(931,716)</u>     |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 18,779,355</u> | <u>\$ 17,814,475</u> |

The School is substantially supported by tuition and contributions. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The School, as part of its normal annual tuition billing cycle, has collected advance deposits of tuition and other revenues (see Note 9) of \$7,543,890 and \$6,422,312 as of June 30, 2023 and 2022, respectively, which historically enhances end-of-year liquidity. Additionally, the School has available borrowings of \$3,000,000 under a line of credit agreement (see Note 7).