

**AUDITED FINANCIAL STATEMENTS**

**HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.**

*Amherst, Massachusetts*

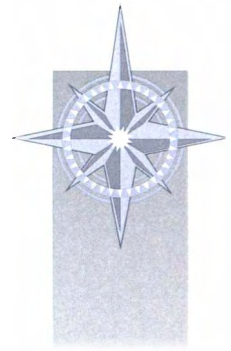
**JUNE 30, 2024**

***Boisselle, Morton & Wolkowicz, LLP***  
*Certified Public Accountants*

**Hitchcock Center for the Environment, Inc.**

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### **Independent Auditors' Report**

To the Board of Directors  
**Hitchcock Center for the Environment, Inc.**  
Amherst, Massachusetts

#### **Opinion**

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

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

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hitchcock Center for the Environment, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America: this includes 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 Hitchcock Center for the Environment, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Board of Directors  
**Hitchcock Center for the Environment, Inc.**  
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**Report on Summarized Comparative Information**

We have previously audited Hitchcock Center for the Environment, Inc.'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Boisselle, Morton & Wolkowicz, LLP*

Hadley, Massachusetts  
December 3, 2024

**HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.**

## Statement of Financial Position

June 30, 2024 (with comparative totals for June 30, 2023)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 108,966	\$ 346,106
Pledges receivable, current portion	51,272	74,277
Grants receivable	59,831	94,392
Accounts receivable	38,933	10,775
Prepaid expenses	548	5,706
Total current assets	<u>259,550</u>	<u>531,256</u>
Cash equivalents, endowments	29,523	29,523
Pledges receivable, net of current portion	86,609	90,794
Investments, Hitchcock Endowment	1,304,234	1,286,803
Property and equipment, net	<u>4,759,807</u>	<u>4,907,075</u>
Total assets	<u>\$ 6,439,723</u>	<u>\$ 6,845,451</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 12,346	\$ 6,431
Accrued expense	23,646	20,958
Deferred revenue	129,622	140,293
Note payable, current portion	<u>91,304</u>	<u>91,304</u>
Total current liabilities	<u>165,614</u>	<u>258,986</u>
Note payable, net of current portion	<u>68,437</u>	<u>68,437</u>
Total liabilities	<u>165,614</u>	<u>327,423</u>
Net assets		
Without donor restrictions		
Property and equipment net of note payable	4,759,807	4,747,334
Available for operations	<u>36,441</u>	<u>306,026</u>
Total without donor restrictions	<u>4,796,248</u>	<u>5,053,360</u>
With donor restrictions	<u>1,477,861</u>	<u>1,464,668</u>
Total net assets	<u>6,274,109</u>	<u>6,518,028</u>
Total liabilities and net assets	<u>\$ 6,439,723</u>	<u>\$ 6,845,451</u>

The accompanying notes are an integral part of these financial statements.

# HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

## Statement of Activities

Year Ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains and other support				
Contributions	\$ 434,014	\$ 60,500	\$ 494,514	\$ 344,400
Program fees	341,678		341,678	347,040
Grants	111,850		111,850	266,170
Fundraising events, net	72,571		72,571	35,885
Investment income, net	1,551	59,092	60,643	51,661
Other income	20,536		20,536	24,321
Net unrealized gain on investments		7,604	7,604	
Net assets released from restrictions	114,003	(114,003)		
Total revenues, gains and other support	<u>1,096,203</u>	<u>13,193</u>	<u>1,109,396</u>	<u>1,069,477</u>
Expenses and losses				
Programs	1,013,210		1,013,210	824,591
Management & general	106,462		106,462	139,715
Development	233,643		233,643	234,769
Total expenses	<u>1,353,315</u>		<u>1,353,315</u>	<u>1,199,075</u>
Net unrealized loss on investments				26,893
Total expenses and losses	<u>1,353,315</u>		<u>1,353,315</u>	<u>1,225,968</u>
Change in net assets	(257,112)	13,193	(243,919)	(156,491)
Net assets - beginning of year	<u>5,053,360</u>	<u>1,464,668</u>	<u>6,518,028</u>	<u>6,674,519</u>
Net assets - end of year	<u>\$ 4,796,248</u>	<u>\$ 1,477,861</u>	<u>\$ 6,274,109</u>	<u>\$ 6,518,028</u>

The accompanying notes are an integral part of these financial statements.

# HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

## Statement of Functional Expenses

Year Ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024							2023
	Programs							Total
	Adult	School	Children & Family	Total Programs	Management & General	Development	Total	Total
Employee and consultant expenses								
Compensation	\$ 26,562	\$ 205,698	\$ 351,452	\$ 583,712	\$ 44,733	\$ 169,370	\$ 797,815	\$ 725,127
Payroll taxes and employee benefits	3,501	25,936	51,178	80,615	19,169	18,117	117,901	102,972
Consultants	7,987	19,413	17,277	44,677	2,254	4,927	51,858	29,667
Total employee and consultant expenses	<u>38,050</u>	<u>251,047</u>	<u>419,907</u>	<u>709,004</u>	<u>66,156</u>	<u>192,414</u>	<u>967,574</u>	<u>857,766</u>
Occupancy								
Building repairs and maintenance	2,042	15,120	29,835	46,997	6,379	7,387	60,763	47,083
Insurance	676	5,014	9,894	15,584	4,709	4,598	24,891	24,686
Utilities	192	1,414	2,791	4,397	853	988	6,238	5,385
Rent	38	281	554	873	169	196	1,238	1,202
Total occupancy	<u>2,948</u>	<u>21,829</u>	<u>43,074</u>	<u>67,851</u>	<u>12,110</u>	<u>13,169</u>	<u>93,130</u>	<u>78,356</u>
Office and program supplies	24,446	10,751	11,233	46,430	625	1,329	48,384	18,850
Bank and credit card fees	716	5,298	10,454	16,468	3,196	4,219	23,883	34,635
Travel	1,888	16,115	2,441	20,444			20,444	12,225
Printing	668	390	909	1,967	60	7,856	9,883	6,585
Equipment rental and maintenance	79	1,846	1,164	3,089	141	5,459	8,689	5,300
Interest					7,715		7,715	13,251
Accounting					7,000		7,000	7,000
Professional development	58	424	1,873	2,355	4,125	109	6,589	5,561
Telephone and internet	142	1,058	2,087	3,287	638	739	4,664	4,060
Postage	386	104	206	696	63	3,249	4,008	4,082
Subscriptions and dues	82	646	2,110	2,838	332	629	3,799	3,732
Advertising	9	56	147	212	34	39	285	406
Subtotal	<u>28,474</u>	<u>36,688</u>	<u>32,624</u>	<u>97,786</u>	<u>23,929</u>	<u>23,628</u>	<u>145,343</u>	<u>115,687</u>
Total expenses before depreciation	69,472	309,564	495,605	874,641	102,195	229,211	1,206,047	1,051,809
Depreciation	<u>6,020</u>	<u>44,581</u>	<u>87,968</u>	<u>138,569</u>	<u>4,267</u>	<u>4,432</u>	<u>147,268</u>	<u>147,266</u>
Total expenses	<u>\$ 75,492</u>	<u>\$ 354,145</u>	<u>\$ 583,573</u>	<u>\$ 1,013,210</u>	<u>\$ 106,462</u>	<u>\$ 233,643</u>	<u>\$ 1,353,315</u>	<u>\$ 1,199,075</u>

The accompanying notes are an integral part of these financial statements.



# HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

## Statement of Cash Flows

Year Ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ (243,919)	\$ (156,491)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	147,268	147,266
Change in valuation allowance	10,000	
Unrealized (gain) loss on investments	(7,604)	26,893
Net realized gains on sale of investments	(27,452)	(11,021)
Other changes in assets and liabilities		
Pledges receivable, net	24,690	52,090
Grants receivable	27,062	(49,737)
Accounts receivable	(28,158)	9,900
Prepaid expenses	5,158	196
Accounts payable	5,915	1,776
Accrued expense	2,688	9,634
Deferred revenue	(10,671)	42,135
Net cash (used) provided by operating activities	<u>(95,023)</u>	<u>72,641</u>
Cash flows from investing activities		
Purchases of property and equipment		(4,000)
Purchases of investments	(935,478)	(112,957)
Proceeds from sale of investments	953,103	115,679
Net cash provided (used) by investing activities	<u>17,624</u>	<u>(1,278)</u>
Cash flows from financing activities		
Payments on note payable	(159,741)	(91,305)
Net cash used by financing activities	<u>(159,741)</u>	<u>(91,305)</u>
Net decrease in cash and cash equivalents	(237,140)	(19,942)
Cash and cash equivalents - beginning of year	<u>375,629</u>	<u>395,571</u>
Cash and cash equivalents - end of year	\$ <u><u>138,489</u></u>	\$ <u><u>375,629</u></u>
Supplemental disclosure		
Cash and cash equivalents	\$ 108,966	\$ 346,106
Cash equivalents, endowments	29,523	29,523
Total cash and cash equivalents	\$ <u><u>138,489</u></u>	\$ <u><u>375,629</u></u>
Cash paid for interest	\$ <u><u>7,715</u></u>	\$ <u><u>13,251</u></u>

The accompanying notes are an integral part of these financial statements.

# HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements

June 30, 2024

## 1. Summary of Significant Accounting Policies

*Mission:* Hitchcock Center for the Environment, Inc. (HCE) is an independent nonprofit organization, founded in 1962, whose mission is to educate and inspire action for a healthy planet. HCE's hands-on, interdisciplinary programs give people sound scientific information, critical thinking skills, creative and strategic problem-solving abilities, and inspiration to make change.

*Programs:* The Hitchcock Center's mission is to educate and inspire action for a healthy planet. Instead of simply teaching about climate change, the Hitchcock Center develops hopeful, creative problem-solvers who can take on the challenges of climate change by helping them reconnect to and learn from nature's efficient systems, develop a problem-solving mindset, and share a positive vision for the future.

We provide opportunities for people of all ages to develop a relationship with nature; we lead sustainable engineering and design challenges for youth; we teach communication, organization, and leadership skill-building for teens; we convene adults for discourse and civic engagement around climate change and sustainability; and we continue to broaden our reach to include communities that are disproportionately impacted by climate change.

The Hitchcock Center is a source of hope and inspiration, a community convener, and an educational resource reaching more than 13,000 people each year in the Connecticut River Valley region and beyond:

- **Living Building** – Our building is a working model for a sustainable future, a resource for others who want to adopt sustainable practices, and a source of hope and inspiration for all who visit. We used the Living Building to teach, convene, and host more than 5,000 people of all ages last year. Our grounds, gardens, and walking trails are open to the public, and help to connect children and adults to nature and each other.
- **Community Convening** – We bring people together, building relationships and collaborations to build resilience to climate change. Through collaboration with the Public Health Institute of Western Mass and many other partners, we educated more than 700 people in the Connecticut River Valley about the relationship between air quality, climate and health. We are building a network of more than 75 air quality sensors throughout the region, teaching people how to build their own air cleaners, and how they can advocate for clean air and a healthy environment.
- **Civic Engagement** – Our Adult Community Programs and Climate Action Series brought together 1,038 community members to learn about local natural history and address critical issues at the intersection of climate change, sustainability, and environmental justice through practical workshops, learning sessions, and discussions.

## HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2024

### 1. Summary of Significant Accounting Policies (Continued)

#### *Programs (Continued):*

- Stormwater Education – We partnered with 6 towns throughout the Valley to educate youth about watershed ecology, water conservation, and nature based solutions to address the increased cycles of flooding and drought we are seeing with climate change.
- Educating Children, Youth and Families – 1,145 children participated in our on-site vacation and summer camps, afterschool, and homeschool programs to learn problem-solving skills in an outdoor context, and collaborate on creative visioning of a sustainable future.
- Financial Access – More than 30% of the children, youth and families who participated in on-site programs benefited from increased financial access provided by our tiered fee structure and scholarship program.
- School Residencies – Hitchcock educators made repeated visits to schools, developing relationships with students and teachers as they led sustainable design and engineering challenges, took students on field trips to explore local ecosystems, brought classes to the Hitchcock Center to see sustainable design in action in our Living Building, and supported student action projects. These programs involved more than 200 teachers and 9,300 student interactions in 12 towns including Springfield, Longmeadow, Northampton, Amherst, South Hadley, Athol, Ware, Ashfield, Conway, Whately, Sunderland, and Deerfield (60% of which are Title I schools).
- Springfield Public Schools – More than 400 third-grade students and teachers in 23 classrooms participated in our Schools Exploring Engineering, Design, and Sustainability (SEEDS) program in partnership with the Springfield Public Schools this year. This program will reach all third-grade teachers over 3 years with a combination of professional development, resource kits, classroom activities, and field trips to the Hitchcock Center. Evaluation demonstrates that these students are increasing their understanding of and interest in design and engineering, and building their skills and identity as scientists and engineers. And, teachers are showing increased interest and confidence in teaching about science, engineering, and problem-solving.
- Holyoke YMCA – Youth from ages 3-13 worked with Hitchcock Center educators to learn through experiences with living creatures in Holyoke, explore science through hands-on activities, and work on problem solving and design challenges.
- Youth Climate Leadership – Teen leaders, supported by Hitchcock Center staff, worked with 10 youth climate action teams from across the region as part of the Western Massachusetts Youth Climate Summit in collaboration with Mass Audubon.

## HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

### Notes to Financial Statements (Continued)

June 30, 2024

#### 1. Summary of Significant Accounting Policies (Continued)

##### *Programs (Continued):*

- Professional Development – We provided professional learning opportunities for college interns, pre-service and in-service teachers.
- Community Support – This year, 703 donors supported the transformative work of the Hitchcock Center for the Environment, through generous annual financial and in-kind donations.

*Basis of Accounting:* The financial statements of HCE are prepared on the accrual basis.

*Basis of Presentation:* The net assets of HCE are reported in two classes based upon the presence or absence of donor restrictions. Net assets restricted by donors can be temporary in nature by being subject to stipulations imposed by donors and grantors or by being restricted by time of receipt of promises to give. These net assets will be released into net assets without donor restrictions when HCE carries out the donor or grantor stipulations or by the passage of time. Net assets restricted by donors are also due to endowments created by donors that restrict the corpus in perpetuity and allow only the earnings to be used by HCE. All other net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of HCE.

*Income Taxes:* HCE is a not-for-profit corporation organized under Massachusetts General Laws Chapter 180. HCE is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, HCE qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). HCE is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, HCE is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. Management has determined that HCE is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

*Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents:* Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturity dates of three months or less.

## HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

### Notes to Financial Statements (Continued)

June 30, 2024

#### 1. Summary of Significant Accounting Policies (Continued)

*Accounting Standards Adopted in the Current Year:* In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326). ASC 326 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. HCE adopted this change in accounting principle as of July 1, 2023, using the modified retrospective method. Accordingly, there has been no adjustment of financial information for periods prior to July 1, 2023.

*Pledges Receivable:* Pledges receivable are outside the scope of ASC 326. Pledges receivable are recorded when a donor makes a promise to give to HCE that is, in substance, unconditional. These unconditional promises to give are recorded net of an allowance for present value of future cash flows and an valuation allowance based on a review of each pledge's collectability by management. The valuation allowance was \$12,500 and \$2,500 at June 30, 2024 and 2023, respectively.

*Grants Receivable:* Grants receivable are outside the scope of ASC 326. Grants receivable are recorded when a grant is awarded. Based on past experience, HCE considers grants receivable to be fully collectible, and accordingly, no valuation allowance has been established.

*Accounts Receivable:* Accounts receivable are primarily due from schools and school systems and are stated net of an allowance for credit losses. The allowance for credit losses is measured on a collective basis when similar risk characteristics exist. For all accounts receivable, HCE uses the aging method to determine the allowance for credit losses with consideration of default probability as a key risk characteristic. Management provides for the allowance through a charge to revenue and a credit to the valuation allowance based on an estimation using historical loss data, adjusted for current conditions and reasonable and supportable forecasts of future credit losses. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2024 and 2023, management determined that any valuation allowance would be immaterial to the financial statements as a whole and recorded accounts receivable at their gross amounts.

*Cash Equivalents, Endowments:* Cash equivalents, endowments have donor restrictions from various endowments that only allow HCE to use the earnings from these funds. These funds are not available for general operations.

## HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

### Notes to Financial Statements (Continued)

June 30, 2024

#### 1. Summary of Significant Accounting Policies (Continued)

*Investments, Hitchcock Endowment:* Investments, Hitchcock Endowment are held with one investment broker, and are reported at fair value. Only the earnings from the Hitchcock Endowment may be used and the corpus of the investments is not available for general operations.

*Fair Value Measurements:* Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

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

Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets. Market price is generally obtained from exchange or dealer markets.
Level 2	Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Property and Equipment:* Furniture, equipment and leasehold improvements are capitalized when they benefit the operation of HICE for more than one year. These acquisitions are recorded at cost, or, if donated, at their estimated fair value.

# HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

## Notes to Financial Statements (Continued)

June 30, 2024

### 1. Summary of Significant Accounting Policies (Continued)

*Property and Equipment (Continued):* Property, equipment and leasehold improvements are depreciated over the estimated useful lives of the respective assets on a straight-line basis as follows:

Living building	50 years
Trails and exhibits	10 to 15 years
Furniture and office equipment	5 to 25 years
Leasehold improvements	10 to 15 years

*Deferred Revenue:* Monies received prior to summer day camp or other programs are reported as a liability until the summer day camp or other programs occur.

*Revenue Recognition:* Contributions are recognized when received or the donor makes a promise to give to HCE that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the net assets without restrictions class if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases to net assets with donor restrictions.

Program fees are recorded as revenue when the program occurs. Grants are recorded when awarded and accounted for according to grantor restrictions. Grants with a right of return and measurable performance, or other barriers, are not recognized until the conditions on which they depend have been met. Fundraising event income, investment income, and other income are recorded when earned.

*Donated Services, Materials and Space:* HCE records contributed office space, professional services and materials as in-kind support. Contributed professional services are recognized if the services received create or enhance long-lived assets or required specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Non-cash donations are recognized at fair market value when received. The amounts reflected in the financial statements as in-kind support are offset by like amounts included in expenses.

HCE receives a substantial number of volunteers and members of the staff to organize and carry on the public programs, annual fundraising campaign and other services. These services do not meet the recognition criteria described above and the value of this contributed time is not reflected in the accompanying financial statements.

# HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

## Notes to Financial Statements (Continued)

June 30, 2024

### 1. Summary of Significant Accounting Policies (Continued)

*Expense Allocation:* Expenses that are directly related to a specific program are charged directly to that program. All other expenses are charged to HCE's programs and support services on the basis of HCE's estimate of the staff time engaged in the various functions. Costs for specific development activities are directly charged to development. Administrative costs include those expenses that are not directly identifiable with any other specific function but allocated based upon management's estimates of the benefits derived or utilization by each function.

*Advertising:* HCE uses advertising to promote its programs among audiences it serves. The cost of advertising is expensed when incurred. Advertising expense was \$285 and \$406 for the years ended June 30, 2024 and 2023, respectively.

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

*Reclassifications:* Certain reclassifications have been made to the June 30, 2023 summarized comparative information to be in conformity with the current year presentation. These reclassifications had no effect on the previously reported change in net assets or ending net assets.

### 2. Pledges Receivable

Unconditional promises to give are included in the financial statements as "pledges receivable" and revenue of the appropriate net asset category. Pledges are recorded at face value less a discount for the present value of future cash flows and an allowance for uncollectible pledges. The discount rate used to calculate the present value was 3.0%. Pledges receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Due in one year	\$ 51,272	\$ 74,277
Due in two or more years	<u>108,455</u>	<u>101,433</u>
Subtotal	159,727	175,710
Less: allowance for uncollectible pledges	12,500	2,500
Less: discount for present value	<u>9,346</u>	<u>8,139</u>
Total pledges receivable, net	<u>\$137,881</u>	<u>\$165,071</u>



# HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

## Notes to Financial Statements (Continued)

June 30, 2024

### 3. Grants Receivable

Grants receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Grants from foundations	\$50,000	\$75,000
Forest Service	5,000	
Institute of Museum & Library Services	1,174	11,892
US Environmental Protection Agency EPA	3,657	
MA Cultural Facilities Fund	-	7,500
Total grants receivable	<u>\$59,831</u>	<u>\$94,392</u>

### 4. Investments, Hitchcock Endowment

The fair value of investments, all Level 1, were as follows at June 30:

	<u>2024</u>	<u>2023</u>
Stocks	\$ 769,538	\$ 601,004
Municipal bonds	147,075	167,334
Government short-term reserves	96,555	159,042
Bond funds		128,424
Stock funds		15,863
Corporate bonds	168,345	73,101
U.S. Treasury bills	122,721	69,302
Other	-	72,733
Total investments, Hitchcock Endowment	<u>\$1,304,234</u>	<u>\$1,286,803</u>

Net investment earnings were \$59,092 and \$50,687 for the years ended June 30, 2024, and 2023, respectively. Investment income on the statement of activities also includes bank interest.

Net unrealized gains (losses) in market value were \$7,604 and (\$26,893) for the years ended June 30, 2024 and 2023, respectively.

The government short-term reserves are not considered as cash equivalents because they are included in this restricted investment for the Hitchcock Endowment.

# HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

## Notes to Financial Statements (Continued)

June 30, 2024

### 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Living building	\$5,364,093	\$5,364,093
Furniture and equipment	308,120	308,120
Accessible trail improvements	27,377	27,377
Exhibits	151,345	151,345
Leasehold improvements	<u>106,814</u>	<u>106,814</u>
	5,957,748	5,957,748
Less accumulated depreciation	<u>1,197,941</u>	<u>1,050,673</u>
	<u>\$4,759,807</u>	<u>\$4,907,075</u>

Depreciation expense was \$147,268 and \$147,266 for the years ended June 30, 2024 and 2023, respectively.

### 6. Deferred Revenue

Deferred revenue included in HCE's liabilities in the amount of \$129,622 and \$140,293 at June 30, 2024 and 2023, respectively, consisted of prepaid fees for summer day camp and various programs.

### 7. Line of Credit

HCE has a line of credit agreement for \$50,000 from a bank. Any borrowings are payable with interest at the Prime Rate plus 1.5% (10.0% at June 30, 2024). Borrowings are secured by substantially all the assets of HCE. There was no outstanding balance on the line of credit at June 30, 2024 or 2023.

### 8. Note Payable

HCE had a loan from a local bank, secured by a mortgage on their property in Amherst, Massachusetts. HCE owed \$159,741 on the related note payable at June 30, 2023. HCE paid off the note payable during the year ended June 30, 2024.

## HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

### Notes to Financial Statements (Continued)

June 30, 2024

#### 9. Net Assets With Donor Restrictions

Net assets restricted by donors consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Purpose and time restrictions:		
Green Building fund	\$ 87,700	\$ 106,363
Other restricted funds	12,949	18,046
Annual fund pledges	<u>43,455</u>	<u>23,933</u>
Total purpose and time restrictions	<u>144,104</u>	<u>148,342</u>
Endowments:		
Hitchcock Endowment	1,304,234	1,286,803
Other endowments	<u>29,523</u>	<u>29,523</u>
Total endowments	<u>1,333,757</u>	<u>1,316,326</u>
Total net assets with donor restrictions	<u>\$1,477,861</u>	<u>\$1,464,668</u>

*Spending Policy:* HCE spends the interest income from these endowments on direct program expenses, the camp program, and camp scholarships per the donor restrictions.

Changes in donor-designated endowment net assets were as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Endowments, beginning of year	\$1,316,326	\$1,334,920
Investment income, net	59,092	50,687
Unrealized market gains (losses), net	7,604	(26,893)
Less: amounts expended	<u>(50,937)</u>	<u>(42,388)</u>
Endowments, end of year	<u>\$1,333,757</u>	<u>\$1,316,326</u>

#### 10. Long-Term Lease

Commencing July 1, 2015, HCE entered into a 95-year ground lease with Hampshire College that requires an annual lease payment based on 5.0% of the assessed value of the land, with annual rent increases of 3.0%. Rent expense was \$1,238 and \$1,202, for the years ended June 30, 2024 and 2023, respectively. HCE chose not to capitalize the right-of-use asset and lease liability associated with this lease as it would have no material impact on the financial statements.

#### 11. Related Parties

HCE paid a board member \$9,625 and \$5,100 for program consulting services during the years ended June 30, 2024 and 2023, respectively.

## HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

### Notes to Financial Statements (Continued)

June 30, 2024

#### 12. Available Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$108,966	\$ 364,106
Pledges receivable, net	137,881	165,071
Grants receivable	59,381	94,392
Accounts receivable	38,933	10,775
Less: Green Building pledges and grant	(87,700)	(106,363)
Less: Other pledges due in more than one year	(43,455)	(23,933)
Less: Other restricted fund	<u>(12,949)</u>	<u>(18,046)</u>
Total financial assets available for general expenditures within one year	<u>\$ 201,057</u>	<u>\$ 486,002</u>

These financial assets are available to pay liabilities due within one year of the statement of financial position date of the following at June 30:

	<u>2024</u>	<u>2023</u>
Accounts payable	\$ 12,346	\$ 6,431
Accrued expense	23,646	20,958
Deferred revenue	129,622	140,293
Note payable, current portion	<u>-</u>	<u>91,304</u>
Total liabilities due within one year	<u>\$165,614</u>	<u>\$258,986</u>

As part of the HCE'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. HCE also has a \$50,000 line of credit available for short-term liquidity needs.

#### 13. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2024, through December 3, 2024, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.