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SUMMER ON THE HILL
Audited Financial Statements
June 30, 2010

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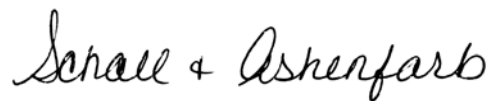
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Summer on the Hill

We have audited the accompanying statement of financial position of Summer on the Hill as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Organization's June 30, 2009 financial statements and, in our report dated March 1, 2010 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Summer on the Hill as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Schall & Ashenfarb
Certified Public Accountants, LLC

March 9, 2011

SUMMER ON THE HILL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2010
(With comparative totals for June 30, 2009)

	<u>6/30/10</u>	<u>6/30/09</u>
Assets		
Cash and cash equivalents (Notes 2d and 2e)	\$417,508	\$311,630
Unconditional promises to give (Note 2f)	<u>62,382</u>	<u>72,980</u>
Total assets	<u><u>\$479,890</u></u>	<u><u>\$384,610</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$31,774	\$52,557
Due to affiliate (Note 4)	<u>61,662</u>	<u>23,306</u>
Total liabilities	<u>93,436</u>	<u>75,863</u>
Net Assets: (Note 2b)		
Unrestricted	293,624	238,217
Temporarily restricted (Note 3)	<u>92,830</u>	<u>70,530</u>
Total net assets	<u>386,454</u>	<u>308,747</u>
Total liabilities and net assets	<u><u>\$479,890</u></u>	<u><u>\$384,610</u></u>

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

SUMMER ON THE HILL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With comparative totals for the year ended June 30, 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/10</u>	<u>Total 6/30/09</u>
Public Support and Revenue:				
Contributions (Note 2c)	\$465,632	\$81,250	\$546,882	\$308,698
Government grants	9,801		9,801	10,174
Spring benefit revenue (net of direct benefits to donors of \$13,352)	98,080		98,080	133,560
Bus service revenue	26,630		26,630	24,246
In-kind contribution (Note 2h)	156,000		156,000	156,000
Interest income	2,169		2,169	8,232
Net assets released from restrictions	58,950	(58,950)	0	0
	<u>817,262</u>	<u>22,300</u>	<u>839,562</u>	<u>640,910</u>
Expenses:				
Program services:				
Summer on the Hill Program	527,817		527,817	856,692
Total program services	<u>527,817</u>	<u>0</u>	<u>527,817</u>	<u>856,692</u>
Supporting services:				
Management and general	97,375		97,375	61,137
Fundraising	136,663		136,663	121,789
Total supporting services	<u>234,038</u>	<u>0</u>	<u>234,038</u>	<u>182,926</u>
Total expenses	<u>761,855</u>	<u>0</u>	<u>761,855</u>	<u>1,039,618</u>
Change in net assets	55,407	22,300	77,707	(398,708)
Net assets - beginning of year	<u>238,217</u>	<u>70,530</u>	<u>308,747</u>	<u>707,455</u>
Net assets - end of year	<u><u>\$293,624</u></u>	<u><u>\$92,830</u></u>	<u><u>\$386,454</u></u>	<u><u>\$308,747</u></u>

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SUMMER ON THE HILL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010
(With comparative totals for the year ended June 30, 2009)

	Program Services	Supporting Services			Total Expenses 6/30/10	Total Expenses 6/30/09
	Summer on the Hill Program	Management and General	Fundraising	Total		
Salaries	\$266,503	\$46,314	\$82,019	\$128,333	\$394,836	\$552,367
Payroll taxes and employee benefits	55,197	9,592	16,988	26,580	81,777	102,483
Total personnel costs	321,700	55,906	99,007	154,913	476,613	654,850
Scholarships	23,950			0	23,950	26,000
Student transportation	36,642			0	36,642	106,937
Occupancy - in-kind	105,295	18,299	32,406	50,705	156,000	156,000
Food	16,616			0	16,616	26,322
Program supplies	6,124			0	6,124	18,324
Books	430			0	430	3,205
Professional fees		15,525		15,525	15,525	13,325
Postage, printing and shipping	8,157	1,418	2,510	3,928	12,085	13,002
Cleaning		4,680		4,680	4,680	5,720
Office supplies	4,046	703	1,245	1,948	5,994	5,690
Insurance	4,094	712	1,260	1,972	6,066	8,861
Telephone	763	132	235	367	1,130	1,382
Total other than personnel costs	206,117	41,469	37,656	79,125	285,242	384,768
Total expenses	\$527,817	\$97,375	\$136,663	\$234,038	\$761,855	\$1,039,618

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SUMMER ON THE HILL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
(With comparative totals for the year ended June 30, 2009)

	<u>6/30/10</u>	<u>6/30/09</u>
Cash Flows from Operating Activities:		
Change in net assets	\$77,707	(\$398,708)
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Increase)/decrease in assets:		
Unconditional promises to give	10,598	120,901
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(20,783)	30,827
Due to affiliate	38,356	(192,818)
Total adjustments	<u>28,171</u>	<u>(41,090)</u>
Net cash provided by/(used for) operating activities/net increase/(decrease) in cash and cash equivalents	105,878	(439,798)
Cash and cash equivalents - beginning of year	<u>311,630</u>	<u>751,428</u>
Cash and cash equivalents - end of year	<u><u>\$417,508</u></u>	<u><u>\$311,630</u></u>
 Supplemental information:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

**SUMMER ON THE HILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 - Organization

Summer on the Hill (“the Organization”) is a year-round educational program dedicated to nurturing academically talented students whose socio-economic status prevents them from taking advantage of New York City’s varied academic resources. Summer on the Hill enriches its students’ education with an intensive six-week summer session that reinforces material learned during the year and anticipates the coursework to come. The summer program also includes a mentor internship program for 26 selected high school students, who are trained to work as mentors to the children in the Grade 3-8 program. During the summer, Summer on the Hill also holds a three-week transition-to-high school program for rising 9th graders.

In addition to a Saturday program for students in Grades 3-8, during the academic year, Summer on the Hill also holds a Wednesday after-school program for 60 6th and 7th graders to prepare them for high school entrance exams, conducts an extensive recruitment and admissions process at the 2nd and 5th grade levels, offers individual placement guidance on school choices to approximately 30 students and their families, and holds several workshops on topics of interest to middle school parents. Summer on the Hill’s High School Program is for graduates of the Grade 3-8 Program only, and includes SAT and academic review classes, college counseling and college tours, workshops on college admissions and financial aid, trips to cultural events, and community service learning activities. All summer and academic year programs are held on the campus of the Horace Mann School (“HMS”) in the Riverdale section of the Bronx.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

b. Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- *Unrestricted net assets* – represents all activity without donor imposed restrictions as well as activity with donor imposed restrictions, which expire within the same period.
- *Temporarily restricted net assets* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.

- *Permanently restricted net assets* – accounts for activity restricted by donors that must remain intact in perpetuity. The Organization did not have any activity of this type.

c. Revenue Recognition

The Organization reports contributions at the time a pledge becomes unconditional in nature. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, when a restriction is met in the period the contribution is received, it is recorded as unrestricted.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

The Organization places its temporary cash in financial institutions that they deem to be credit-worthy, which at times, may exceed federally insured limits. While at year end the Organization had material uninsured balances, management feels they have little risk and has not experienced any losses.

f. Unconditional Promises to Give

The Organization records unconditional promises to give as revenue in the period the promise is received at net realizable value when they are expected to be collected within one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2010, all unconditional promises to give are expected to be received in one year. Based on a review of outstanding balances, management feels no reserve for uncollectible amounts is necessary.

g. Expense Allocation/Management Estimates

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

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

h. In-Kind Contribution

During the year, the Organization received the use of facilities and a variety of support services at HMS (See Note 4). The estimated cost of using these facilities is \$156,000 and has been reflected as in-kind contribution and related expenses on the statement of activities.

i. Tax Status

The Organization has received an advanced ruling from the Internal Revenue Service and has been determined to be tax exempt under Section 501(c)(3) of the Internal Revenue Code. They are not considered a private foundation. As a result, no provision for income taxes has been made in these financial statements.

j. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009 from which the summarized information was derived.

k. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through March 9, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2010 consist of the following:

	<u>7/1/09</u>	<u>New Contributions</u>	<u>Released</u>	<u>6/30/10</u>
Time restrictions	\$35,000	\$56,250	(\$35,000)	\$56,250
Program restrictions:				
Scholarships	<u>35,530</u>	<u>25,000</u>	<u>(23,950)</u>	<u>36,580</u>
Total	<u>\$70,530</u>	<u>\$81,250</u>	<u>(\$58,950)</u>	<u>\$92,830</u>

Note 4 - Due to Affiliate

Before becoming a separate 501(c)(3) entity, Summer on the Hill was a program of HMS. HMS is considered an affiliate due to several common board members. In March 2005 the Organization obtained a separate bank account; however, all expenses through June 30, 2008 continued to be paid by HMS. During the year ended June 30, 2009, the Organization began paying expenses out of its own bank account; however, payroll continued to be paid by HMS. At June 30, 2010 a total of \$61,662 was due to HMS for payroll expenses that had not yet been reimbursed. Subsequent to year end, the Organization paid off the entire balance.