



# **HALCYON HOUSE AND SUBSIDIARIES**

## **Consolidated Financial Statements**

*For the Year Ended December 31, 2024*

*(With Summarized Financial Information for the Year Ended December 31, 2023)*



**and  
Report Thereon**



# HALCYON HOUSE AND SUBSIDIARIES

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## **Independent Auditors' Report**

The Board of Directors of  
**Halcyon House and Subsidiaries**

### ***Opinion***

We have audited the consolidated financial statements of Halcyon House and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### **Other Matter**

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

The consolidated financial statements of Halcyon House and Subsidiaries as of and for the year ended December 31, 2023, were audited by Marcum LLP, whose report dated July 19, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

***CBIZ CPAs P.C.***

Washington, DC  
May 22, 2025

**HALCYON HOUSE AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**December 31, 2024**

**(With Summarized Financial Information as of December 31, 2023)**

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	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 1,344,153	\$ 764,335
Accounts receivable	34,889	45,189
Grants and contributions receivable	327,333	276,351
Notes receivable	30,599	50,762
Other assets	99,512	90,576
Investments	1,395,447	312,902
Property and equipment, net	<u>23,580</u>	<u>20,038</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,255,513</u></u>	<u><u>\$ 1,560,153</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	<u>\$ 161,747</u>	<u>\$ 186,613</u>
<b>TOTAL LIABILITIES</b>	<u>161,747</u>	<u>186,613</u>
<b>Net Assets</b>		
Without donor restrictions	1,802,947	1,373,540
With donor restrictions	<u>1,290,819</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>3,093,766</u>	<u>1,373,540</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,255,513</u></u>	<u><u>\$ 1,560,153</u></u>

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

**HALCYON HOUSE AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2024**

**(With Summarized Financial Information for the Year Ended December 31, 2023)**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 1,882,250	\$ 3,395,480	\$ 5,277,730	\$ 3,144,155
Donated services and office space	1,172,250	-	1,172,250	1,239,760
Investment income, net	244,311	-	244,311	133,279
Fees and other income	185,226	-	185,226	163,342
Net assets released from purpose restrictions	2,104,661	(2,104,661)	-	-
TOTAL REVENUE AND SUPPORT	5,588,698	1,290,819	6,879,517	4,680,536
EXPENSES				
Program Services:				
Social enterprise	3,294,655	-	3,294,655	2,838,481
Other programs	158,273	-	158,273	402,873
Total Program Services	3,452,928	-	3,452,928	3,241,354
Supporting Services:				
General and administrative	1,345,913	-	1,345,913	1,248,795
Development	360,450	-	360,450	303,533
Total Supporting Services	1,706,363	-	1,706,363	1,552,328
TOTAL EXPENSES	5,159,291	-	5,159,291	4,793,682
CHANGE IN NET ASSETS	429,407	1,290,819	1,720,226	(113,146)
NET ASSETS, BEGINNING OF YEAR	1,373,540	-	1,373,540	1,486,686
NET ASSETS, END OF YEAR	\$ 1,802,947	\$ 1,290,819	\$ 3,093,766	\$ 1,373,540

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

**HALCYON HOUSE AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2024**

**(With Summarized Financial Information for the Year Ended December 31, 2023)**

	Program Services			Supporting Services				
	Social Enterprise	Other Programs	Total Program Services	General and Administrative	Development	Total Supporting Services	2024 Total	2023 Total
Salaries and Benefits	\$ 1,557,921	\$ 42,984	\$ 1,600,905	\$ 122,480	\$ 296,219	\$ 418,699	\$ 2,019,604	\$ 2,100,537
Donated services and office space	131,182	-	131,182	1,041,068	-	1,041,068	1,172,250	1,239,760
Stipends	424,475	-	424,475	-	-	-	424,475	383,279
Event Fees	377,668	6,605	384,273	8,376	6,209	14,585	398,858	159,587
Professional Fees	246,324	86,311	332,635	35,395	7,529	42,924	375,559	149,620
Office	236,023	15,662	251,685	83,295	16,298	99,593	351,278	480,104
Travel	182,497	20	182,517	223	16,887	17,110	199,627	96,518
Communications	62,842	2,340	65,182	25,816	5,580	31,396	96,578	84,344
IT and Website Services	60,929	3,629	64,558	21,294	9,996	31,290	95,848	75,850
Insurance	13,465	658	14,123	7,263	1,545	8,808	22,931	22,105
Printing	1,329	64	1,393	703	187	890	2,283	1,978
<b>TOTAL EXPENSES</b>	<b>\$ 3,294,655</b>	<b>\$ 158,273</b>	<b>\$ 3,452,928</b>	<b>\$ 1,345,913</b>	<b>\$ 360,450</b>	<b>\$ 1,706,363</b>	<b>\$ 5,159,291</b>	<b>\$ 4,793,682</b>

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

**HALCYON HOUSE AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2024**  
**(With Summarized Financial Information for the Year Ended December 31, 2023)**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,720,226	\$ (113,146)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized investment gain, net	(210,733)	(106,234)
Donated securities	(51,859)	(273,718)
Depreciation expense	10,199	6,553
Write-off of notes receivable	12,664	-
Changes in assets and liabilities:		
Accounts receivable	10,300	(7,000)
Grants and contributions receivable	(50,982)	336,020
Other assets	(8,936)	(19,498)
Accounts payable and accrued expenses	<u>(24,866)</u>	<u>23,318</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>1,406,013</u>	<u>(153,705)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,017,167)	-
Proceeds from the sale of investments	197,214	156,640
Collections on notes receivable	7,499	28,852
Purchases of property and equipment	<u>(13,741)</u>	<u>(14,199)</u>
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<u>(826,195)</u>	<u>171,293</u>
<b>NET INCREASE IN CASH</b>	579,818	17,588
<b>CASH, BEGINNING OF YEAR</b>	<u>764,335</u>	<u>746,747</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 1,344,153</u></u>	<u><u>\$ 764,335</u></u>
<b>Supplemental Schedule of Noncash Investing and Financing Activities:</b>		
Securities received via donation	<u><u>\$ 51,859</u></u>	<u><u>\$ 273,718</u></u>

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



## HALCYON HOUSE AND SUBSIDIARIES

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 1. Organization and Summary of Significant Accounting Policies

##### **Organization**

Halcyon House (Halcyon) evolved from S&R Foundation (the Foundation), a nonprofit organization that supports talented individuals with great potential and high aspirations in science, art, and social entrepreneurship. Halcyon began operating independently as a public 501(c)(3) organization in 2017, with a mission to accelerate the future of impact-driven business by supporting early-stage impact startup founders.

Co-founders Dr. Sachiko Kuno and Kate Goodall shared a vision for innovative businesses to be a tool for solving 21st century challenges. They launched Halcyon as a haven for the founders of those businesses, offering them space, community, and access. Halcyon's incubator provides fellowships that support the many needs of early-stage founders, including funding, skill building, consulting, leadership coaching, and mentorship – all without taking any equity in participating businesses.

Halcyon's headquarters is located in Halcyon House, a historic estate in the heart of Washington, D.C.'s Georgetown neighborhood. The house acts as a hub for social enterprise and impact business in the D.C. area, and acts as a home for fellows participating in residential fellowship programs.

Halcyon also supports impact founders through funding vehicles that invest in their businesses. In November 2018, Halcyon Fund GP, LLC (GP) and Halcyon Investment Management, LLC (IM) were created with Halcyon as the sole member of each. In January 2019, Halcyon Fund LP (LP) was formed with GP as the general partner and the IM was set up to manage its investments. The LP is a fund created to support Halcyon Incubator ventures. Halcyon has a 0.3% ownership interest in the LP and does not exercise control. In January 2020, Halcyon Angels (Angels) was created with Halcyon as the sole member to foster new interest in impact investing and invest in impact-driven businesses. A third funding vehicle, the Halcyon Microloan Fund, provides microloans to Halcyon ventures in the Washington, D.C. area. Halcyon does not have an ownership interest in the Halcyon Microloan Fund.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of Halcyon, GP, IM and Angels (collectively referred to as the Organization). The consolidated financial statements do not include the accounts of the LP or Halcyon Microloan Fund as Halcyon does not have a financial controlling interest in either entity. Intercompany balances and transactions have been eliminated in the consolidation.

##### **Basis of Presentation**

The consolidated financial statements are presented using the accrual method of accounting. Revenue is recognized when earned and support is recognized when contributions are made. Expenses are reported when obligations are incurred.

## HALCYON HOUSE AND SUBSIDIARIES

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Financial Risk**

The Organization maintain its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

The Organization holds various investment securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

##### **Receivables and Credit Policies**

Accounts Receivable are primarily derived from investment management fees and other contracts with customers and are all due within one year. Notes receivable consist of programmatic microloans made to eligible Halcyon Fellows. Each loan cannot exceed \$20,000 and is due in accordance with the loan agreement. Both accounts receivable and notes receivable are recorded at net realizable value. At each statement of financial position date, the Organization recognizes an allowance for expected credit losses for its accounts receivable and notes receivable. In addition, also at the reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The estimate is calculated on a pooled basis where similar risk characteristics exist. The Organization utilized the loss rate methodology to determine historical credit losses for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations as well as current and future economic conditions. Uncollectable accounts are written off when all efforts to collect these receivables have been exhausted and there is no possibility of recovery. Recoveries of receivables previously written off are recorded when received as an offset to credit loss expenses in the year of recovery, in accordance with the Organization's accounting policy election. During the year ended December 31, 2024, write-offs totaled \$0 and \$12,664 for accounts receivable and notes receivable, respectively. During the year ended December 31, 2024, there were no recoveries of previously written-off accounts receivable or notes receivable. As of December 31, 2024, no allowance for expected credit losses is recorded for either accounts receivable or notes receivable as management does not consider the amounts to be material. No new notes receivable were issued during 2024. As of December 31, 2024, there were 3 loans outstanding and all were current in repayment status.

Grants and contributions receivable represent unconditional promises to give due from individuals and foundations and amounts due from the federal government under non-reciprocal cost-reimbursable federal grants and are recorded at net realizable value. Each receivable balance is assessed based on management's knowledge of the donor, relationship with the donor, and age of the receivable balance. As a result of these reviews, an allowance is established for donor balances for which collection is deemed doubtful. As of December 31, 2024, no allowance was recorded for doubtful grants and contributions receivable as management considered all grants and contributions receivable to be fully collectible. As of December 31, 2024, all grants and contributions receivable are due within one year.

## HALCYON HOUSE AND SUBSIDIARIES

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Investments**

Investments consist of marketable equity securities and a money market fund and are reflected at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The change in fair value of these investments is recorded as a component of investment income in the statements of activities. The investments are valued based on observable inputs that reflect quoted prices for identical assets in active markets. Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift has been received.

##### **Fair Value Measurement**

The Organization has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as follows:

*Level 1* - These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

*Level 2* - These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

*Level 3* - These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of and for the year ended December 31, 2024, the Organization's investments, as described in Note 3 to these financial statements, were measured at fair value on a recurring basis.

##### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment are recorded at cost. All additions in excess of \$1,500 with a useful life of more than one year are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Computer and office equipment is depreciated on a straight-line basis over the estimated useful life of the assets, which ranges from three to seven years. Leasehold improvements are amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in the accompanying consolidated statement of activities.

## HALCYON HOUSE AND SUBSIDIARIES

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Classification of Net Assets**

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Organization's general operations.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various purposes or time periods. At December 31, 2024, net assets with donor restrictions totaled \$1,290,819, all of which were restricted for social enterprise program activities. There were no net assets with donor restrictions which are required to be maintained in perpetuity.

##### **Revenue Recognition**

###### *Grants and Contributions*

The Organization recognizes all unconditional contributed support in the period in which the commitment to give is made. Grants and contributions are considered revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Revenue recognized on grants and contributions that has been unconditionally committed to the Organization, but has not been received, is reflected as grants and contributions receivable in the accompanying consolidated statement of financial position. Conditional promises to give, which require certain conditions such as a measurable performance criteria or other barriers to be met and include a right of return or release of future obligation, are not recognized until the conditions on which they depend have been met. Donated office space is conditional due to the lessor having the right to terminate the lease by giving a 30-day notice. The revenue is recognized monthly as the termination clause expires.

The Organization has non-reciprocal cost-reimbursable grants with the U.S. government which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue and support when the Organization has incurred expenditures in compliance with specific grant provisions. Direct and indirect expenses incurred, but not yet reimbursed or billed, under these grants and contracts are reported as grants and contributions receivable in the accompanying consolidated statement of financial position. Revenue from cost-reimbursable grants is reported as revenue and support with donor restrictions in the accompanying consolidated statement of activities and is simultaneously reported as net assets released from purpose restrictions as the conditions are satisfied.

## HALCYON HOUSE AND SUBSIDIARIES

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Revenue Recognition (continued)**

###### *Fees and Other Income*

Fees and other income primarily consist of investment management fees and other contracts with customers. The revenue is recognized as the investment management services are provided or at the time other performance obligations are satisfied.

##### **Contributed Nonfinancial Assets**

Contributed nonfinancial assets are recorded at fair value as donated services and office space in the accompanying consolidated financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on direct labor costs. These include salaries, employee benefits, rent, utilities, maintenance and repairs, insurance, printing, postage, supplies, telephone, software and depreciation.

##### **Estimates**

The preparation of consolidated financial statements in conformity 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.

#### 2. Grants and Contributions Receivable

Grants and contributions consisted of the following as of December 31, 2024.

Federal	\$ 118,452
Nonfederal	<u>195,381</u>
Total Grants and Contributions Receivable	<u>\$ 327,333</u>

All grants and contributions receivable are due within one year. All grants and contributions receivable are considered fully collectible.

## HALCYON HOUSE AND SUBSIDIARIES

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

#### 3. Investments and Fair Value Measurement

The following table summarizes Halcyon House's assets measured at fair value on a recurring basis as of December 31, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market fund	\$ 1,107,168	\$ 1,107,168	\$ -	\$ -
Equity securities	<u>378,279</u>	<u>378,279</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>\$ 1,395,447</u>	<u>\$ 1,395,447</u>	<u>\$ -</u>	<u>\$ -</u>

The following methods and significant assumptions to estimate fair value for assets measured at fair value:

*Money market fund and equity securities* – Valued at quoted prices available in an active market for identical assets.

#### 4. Donated Services and Office Space

For the year ended December 31, 2024, the Organization recognized \$1,172,250 of donated services and office space in the accompanying consolidated financial statements. Donated services were valued based on current market rates for similar services within the Washington, D.C. area. The services provided were related to legal advice and communications, multi-media support, and financial literacy education. Additionally, many individuals volunteer their time and perform a variety of tasks that assist the Organization in making its grants and awards. However, these services are not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition.

In 2017, the Organization entered into two lease agreements with the Foundation to provide office space in Washington, D.C., for a 20-year period from October 2017 through September 2037. Through September 30, 2032, the monthly rent is abated and provided as a contribution to Halcyon. In August 2019, Halcyon and its Lessor signed an amendment for the donated office and residential space leases to include a 30-day cancellation period for the Lessor effective January 1, 2019. This language causes the revenue recognition of the donation to be conditional. Thus, revenue and expense related to this arrangement is recognized only as occupancy takes place.

## HALCYON HOUSE AND SUBSIDIARIES

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 4. Donated Services and Office Space (continued)

Donated services and office space recorded as revenues of the Organization, consisted of:

Professional services	\$ 452,250
Office space	<u>720,000</u>
Total Donated Services and Office Space Revenue	<u>\$ 1,172,250</u>

The Organization did not monetize any contributed nonfinancial assets and contributed nonfinancial assets did not have any donor-imposed restrictions.

Donated services and office space is reflected as such in the accompanying consolidated statement of functional expenses. Of the \$1,172,250 of donated services and office space expense recognized during the year ended December 31, 2024, \$1,041,068 is recorded in general and administrative expenses and \$131,182 is recorded in program service expenses in the accompanying consolidated statements of activities and functional expenses.

#### 5. Related-Party Transactions

The Organization received the use of office space free of charge from the Foundation. The Organization recorded the fair value of the donated office space in donated services and office space as described in Note 4.

During the year ended December 31, 2024, the Organization received contributions totaling \$3,325,000 from six corporations affiliated with certain members of the Organization's Board of Directors. This amount is included within grants and contributions in the accompanying consolidated statement of activities.

During the year ended December 31, 2024, the Organization recognized \$68,029 of management fee income from the LP, a related party as described in Note 1. This amount is included in fees and other income in the accompanying consolidated statement of activities. As of December 31, 2024, the Organization was due \$34,889 from the LP. This amount is included in accounts receivable in the accompanying consolidated statement of financial position.

#### 6. Retirement Plan

The Organization maintains a Simple Individual Retirement Account plan (the Plan) for the benefit of its employees. Pursuant to the Plan, the Organization matches dollar-for-dollar every employee elective contribution up to 3% of an employee's compensation. For the year ended December 31, 2024, the Organization's contributions to the Plan were \$26,919. The amount is included in salary and benefits in the accompanying consolidated statement of functional expenses.

## HALCYON HOUSE AND SUBSIDIARIES

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 7. Income Taxes

Halcyon qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the year ended December 31, 2024, as Halcyon had no significant net unrelated business income.

Angels qualifies as a tax-exempt organization under Section 501(c)(6) of the IRC. No provision for income taxes is required for the year ended December 31, 2024, as Angels had no significant net unrelated business income.

IM and GP are limited liability companies and are wholly-owned subsidiaries of Halcyon and are considered disregarded entities for tax purposes.

The Organization performed an evaluation for uncertainty in income taxes for the year ended December 31, 2024, and determined that there are no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. There are currently no examinations pending or in progress regarding the Organization's tax returns. As of December 31, 2024, the Organization had no accruals for interest and/or penalties.

#### 8. Availability and Liquidity

The Organization's cash flows have variations throughout the year due to the timing of grants and contributions. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As of December 31, 2024, the Organization had financial assets available to meet cash needs for general expenditures within one year totaling \$3,101,822, which includes cash of \$1,344,153, accounts receivable of \$34,889, grants and contributions receivable of \$327,333, and investments of \$1,395,447.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. As a result, for the year ended December 31, 2024, purpose restricted contributions of \$1,290,819 were included in financial assets available to meet cash needs for general expenditures within one year.

#### 9. Subsequent Events

In preparing these consolidated financial statements the Organization has evaluated events and transactions, for potential recognition or disclosure, through May 22, 2025, the date the consolidated financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these consolidated financial statements.