

**F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM**

**DATE:** November 21, 2022

**REQUEST DATE:** October 6, 2022

**Last grant acknowledgment:** Yes

**Program Area:** Education

**APPLICANT:**

The Hill Learning Center, Inc.  
3200 Pickett Road  
Durham, NC 27705-6010

**CONTACT:** Ms. Beth Anderson, Executive Director

**PHONE:** 919-719-7585

**PAYEE OTHER THAN ADDRESSEE:**

**AMOUNT REQUESTED:** \$150,000      **NATURE OF REQUEST:** For general operating support - \$75,000; toward Furthering Access (Diversity, Equity & Inclusion initiatives) - \$75,000

**GRANT HISTORY**

**SUPPORT:** 2003 - 2021      **# OF GRANTS:** 15      **TOTAL DOLLARS:** \$3,170,000

**LAST GRANT DATE:** 12/20/2021

**LAST GRANT AMOUNT:** \$150,000

**FYE DATE:** 06/30/22

**AFS DATE:** 9/20/2022

2017	\$80,000	4/28/2017	
2018	\$100,000	4/23/2018	In support of the Hill Center's 40th Anniversary-for general operations-\$80,000; for Hill faculty professional development-\$20,000
2019	\$100,000	4/15/2019	
2020	\$125,000	4/29/2020	Toward Hill support of School Student Financial Aid-\$25,000
2021	\$150,000	12/20/2021	Toward support of Further Access and Diversity, Equity & Inclusion initiatives-\$75,000

**AKH, LHV AND AHF endorsements received.**

**DLK COMMENTS:** Financial analysis attached.

**ECP COMMENTS:** Founded in 1977, Hill Learning Center's (Hill) mission is to transform students with learning differences into confident, independent learners. To those ends, Hill offers student and educator programs grounded in equitable, research-based, differentiated instruction for students with learning and attention challenges. In FY22, Hill is seeking a \$150K grant - \$75K in general operating support and \$75K for their Furthering Access Initiatives, specifically student financial aid and local partnerships.

Roughly this time last year, Hill was slowly returning to campus after more than a year of remote operations, adjusting to their new hybrid model, and anticipating a hard year ahead. Despite staffing and operational challenges, they persevered, showing a growth mindset and achieving their three primary goals of: 1) providing safe, consistent, in-person instruction; 2) releasing the HillRAP web-based platform and related trainings; and, 3) sustaining day-to-day operations while building capacity and systems for the future. Though it is impossible to capture all that Hill

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accomplished in that one year in this short summary, it is worth noting that they met most of their enrollment and financial targets and made progress against other programmatic and organizational priorities while facing more significant staffing challenges than usual, including the loss of both full-time philanthropy positions and a steep decline in returning faculty. They are building capacity with some new roles, some restructured positions, and strategic use of interns and contractors. While Hill has been able to pivot and innovate, largely thanks to the intrepid leadership of Beth Anderson, they recognize this pace of change isn't sustainable over the long term. I believe in the year ahead we will see an organization and programs that are bearing the fruit of the last two and a half years of transformation and innovation. To quote the request, "in 2022-23 we will continue operating with a growth mindset and maintaining flexibility in the face of uncertainty while making this year one of focus and executional excellence."

Hill's offerings are robust and include student programs and professional learning experiences for educators. For students, they operate Hill School, a half-day program that provides differentiated instruction to students who have diagnosed learning differences; Hill Summer, 5 weeks of daily instruction in reading, writing, and math; Hill Tutoring, which provides 1:1 and group tutoring year round at Hill and in partner organizations; and HillRAP (Reading Achievement Program), which is an individualized, small group (4:1) intervention for students with persistent reading difficulties. Program enrollment has rebounded to pre-pandemic levels, except for tutoring, which saw an expected leveling after the record-breaking first full year of virtual supports. Despite a lower than typical percentage of returning faculty/tutors, feedback from parents and faculty was positive and will inform strategic and staffing refinements for 2023, including new pricing and compensation models. Perhaps more exciting than robust enrollment, is the successful launch of web based HillRAP in July 2022. The web-based app is foundational to Hill's commitment to reducing barriers to access as teachers and students can now use HillRAP with any internet-connected device. As was noted in last year's EF, Hill isn't keen on staying in the web-tech business, so conversations continue to identify a technology and distribution partner. In addition to training, coaching, and certifying teachers to deliver HillRAP, Hill provides professional learning experiences for educators in reading, writing, math, executive function, and learning differences. All offerings are grounded in the latest research, include practical resources and strategies, and support differentiated instruction. Hill offers self-paced, online courses as well as interactive workshops for their own faculty and tutors as well as educators across North Carolina and beyond. Notably, this year they launched administrator trainings and made significant enhancements to HillRAP's training and support model, including integration of spelling, a new model on planning for instruction, and digital and printable manuals and classroom resources.

One of Hill's highest priorities is increasing Hill School financial aid, a portion of which has been supported by FMKF in the past and is part of this year's request. Since 2019, they have increased the number of students supported annually from 33 to 44, and increased the average percentage of family need met from 57% to 62%. To make this possible, Hill expanded the financial aid budget from \$300K to \$450K – a 50% increase. Hill has an ambitious fundraising goal of \$1.15M in the year ahead, \$500K of which will go towards increased student financial aid and partnerships with local schools and nonprofits that would not otherwise be able to access Hill initiatives. At the same time, they are using philanthropic dollars and Elementary and Secondary School Emergency Relief (ESSER) Funds (funds awarded by Congress to address the impact of the pandemic on students and schools) to expand HillRAP implementation with partners serving predominantly low-income students and students of color. Hill is dedicated to making their programs and organization equitable, inclusive, and accessible. They are building upon lessons learned and progress made to develop a more streamlined and focused approach next year that places more emphasis on external community engagement and connection at the board level.

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It is worth noting that Hill serves students from FMKF grantees Students2Scholars, El Futuro, and of course Durham Academy, from which they originated. This is in addition to partnerships with Durham Public Schools, the KIPP charter network, Boys & Girls Club of Durham & Orange Counties, and more recently, Duke University's Program in Education, which partnered with Hill to effectively integrate the science of reading into their curriculum for pre-service Elementary teachers. To pull from Alice's endorsement "I love, love all that HLC accomplishes – and attempts to accomplish. When I read this grant proposal I feel a bit overwhelmed by all the programmatic and educational aspects of its operations, but I sure give Beth Anderson and team credit for wanting to have so many fingers in so many pies." Alice beautifully captured my exact sentiments after reviewing the Hill proposal; they are truly the little engine that could. Beth and her team have been nimble and reactive, when necessary, but haven't lost sight of their original vision that all students with learning differences and attention challenges receive the instruction and support they need – regardless of where they attend school or whether they have a formal diagnosis. I recommend \$125K as budgeted - \$70K for general operating support and \$55K for Furthering Access Initiatives.

**JJK COMMENTS:** Hill Center's request is refreshingly candid about both their triumphs and their struggles. Some of the tensions we have witnessed in their work over the last couple of years continue to play out in this request. Does Hill lean in to being an educational technology company through putting more work into HillRAP or should the organization focus more on the students they are directly serving? Does it make sense to try to expand their entrée into the literacy professional development market when their own Center's teachers are stressed and overtaxed? While the request does not clearly indicate one direction or another, it does seem like the priority continues to be on the Center's core student and family population. Echoing ECP here, I also took notice of Hill's emphases for the coming year on "FOCUS and EXECUTIONAL EXCELLENCE," suggesting to me that Beth is seeking to strengthen internal programs as they already exist and slow the pace of external growth.

I have to give credit to the way in which Beth and the team at HLC are completely transparent about successes and setbacks; the request celebrates accomplishments and acknowledges falling short in other places. There is also, it seems to me, a very authentic and sincere effort to make Hill as available as possible to *all* students who need its services, despite the challenging model.

No word in here about what will come of the Kirby-Horton Teacher Training Center. It would be worth asking about it next time ECP or I speak to Beth. We should also check in about their search for new fundraising positions.

I also recommend \$125K, with \$70K for general operating support and \$55K for the Furthering Access Initiatives.

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**FM KIRBY FOUNDATION  
Financial Statement Analysis**

<b>Grantee Name:</b>	The Hill Learning Center	<b>Date:</b>	10/14/2022
<b>Prepared By:</b>	DLK		
<b>Grant Request Amt.</b>	\$ 150,000	<b>Type of Financial Report Submitted</b>	Audit
<b>Budgeted Amt.</b>	\$ 125,000	<b>Period Covered in Financial Report</b>	FYE 6/30/22
<b>Audit Firm</b>	Thomas, Judy & Tucker, P.A.	<b>Date of Report Issuance</b>	9/20/2022
<b>Opinion</b>	Present fairly		
<b>Basis of Acctg.</b>	GAAP		

<b>Current Ratio (Liquidity Ratio/Working Capital Ratio)</b>	6.88	<b>Amount of Unrestricted Net Assets (Operating Reserve)</b>	\$ 7,048,667
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**Note:** A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.

<b>Allocation of Functional Expenses</b>	<b>6/30/2022</b>	<b>%</b>	<b>Must Read Financial Statement Notes</b>
<b>A. Program Service Expenses</b>	\$ 6,494,524	83%	Ideally program expenses should be at least 70% of total budget.
<b>B. Management and General</b>	\$ 965,015	12%	
<b>C. Fundraising</b>	\$ 339,547	4%	
<b>D. Total Expenses</b>	\$ 7,799,086	100%	

**Comments/ Notes:**

**FY23 Budget** - The FY22 budget projects a deficit of \$111K vs a surplus of \$94K for FY22. Total Program Revenues are budgeted to increase by \$107K (1%). Student Program revenues and research/development releases are budgeted to grow by \$928K (82%) and \$96K (52%), respectively, while professional learning is budgeted to decrease by \$355K (23%). PPP monies of \$724K boosted Hill's FY22 revenues as well. Total Expenses are budgeted to grow by \$313K (4%), with employee expenses increasing \$599K (10%) and consulting expenses declining by \$312K (56%). The Center's request of \$75K G.O.S. is approx. 12% of the Center's fundraising goal for operations and the \$75K request for Furthering Access/ DEI is 15% of the Furthering Access budget for financial aid/partnerships. I note that FMKF is the second largest donor (behind the Oak Foundation's gift of \$700K over 4 yrs) to the Center with the 2021 gift of \$150K. Three other foundations/families have donated specifically towards financial aid. The Center's request for \$150K equates to 13.4% of its 2022-2023 fundraising goal.

**FY22 Audit** - The Hill Center had an operating surplus of \$1.8M for FY22 vs a surplus of \$2.0M for FY21. There is no prior year data in the audit so pulling from last year's file. Total revenue and support were \$6.0M for FY22 vs \$9.1M for FY21. Student program revenue grew \$274K (6%). Investment losses of \$1.6M in FY22 vs gains of \$2.8M in FY21 were the big difference year over year. Revenue was also boosted by the \$725K in PPP loan forgiveness. Total expenses were \$7.8M, with 74% tied to salaries and benefits. Salaries/benefits were up \$342.7K (6%) and consulting/contracted services were up \$284.2K (103%). The Center had a \$81K increase in net cash, with operations and investing activities providing \$83K and \$59K in cash, respectively. Cash was reduced by \$61K used to make bond payments. HC had investments of \$11.0M, of which \$9.1M were endowment-related. Revenue bonds payable totaled \$2.6M as of June 30, 2022 and THC met all covenant requirements. I see no red flags as a result of my review.

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**DISPOSITION:**

- Declination
- Hold for review on/about:
- Approval for: **\$125,000**
- Hold for Board Review
- Insert Information: **Toward support for Furthering Access Initiatives-\$55,000**
- Other:

Initials: JJR Date: 11/22/22  
Check #: \_\_\_\_\_ Date: \_\_\_\_\_