



**THE HILL SCHOOL**  
"THE FAMILY BOARDING SCHOOL"

December 7, 2017

Digital Assurance Certification, L.L.C.  
390 North Orange Avenue, Suite 1750  
Orlando, FL 32801

To whom this may concern:

As required by the Continuing Disclosure Agreement dated May 28, 2015 between The Hill School and Digital Assurance Certification, L.L.C., Section 4 (a), please find attached the audited financial statements of the School for the fiscal year 2016-17, prepared in accordance with generally accepted accounting standards and audited in accordance with generally accepted auditing standards.

Also, as required by the Continuing Disclosure Agreement dated May 28, 2015 between The Hill School and Digital Assurance Certification, L.L.C., Section 4 (b), please find attached the updated financial and operating data, including fiscal year 2015-16, 2016-17, and 2017-2018 in a form generally consistent with certain information contained in Appendix A of the Official Statement dated April 9, 2015 prepared in connection with the initial public offering of the Bonds in Appendix A – Student Enrollment under the captions, “Total Enrollment”, “Current Student Body Composition” and “Admission Statistics”, and in Appendix A – Financial Matters under the captions, “Student Tuition and Fees”, “Financial Aid”, “Gifts Received”, “Endowment” and “Historical Endowment Returns and Contributions to Operations”.

Please note that the audited financial statements and financial and operating data contained herein from The Hill School are in compliance with the Continuing Disclosure Agreement dated May 28, 2015 between The Hill School and Digital Assurance Certification, L.L.C., Section 4 (a) and (b).

Sincerely,

Richard T. Wood  
Treasurer

enclosures

The Hill School, PA

1 Montgomery County Higher Education and Health Authority, Revenue Refunding Bonds (The Hill School Project), Series of 2015, \$20,735,000 Dated: May 28, 2015

Student Enrollment

Series 2015

Total Enrollment

Academic Year	Boarding	Day	Total
2014-15	396	119	515
2015-16	375	127	502
2016-17	391	131	522
2017-18	396	126	522

Series 2015

Current Student Body Composition

2014- 2015 Academic year	Boarding	Day	Total
Third Form (Ninth Grade)	63	45	108
Fourth Form (Tenth Grade)	82	36	118
Fifth Form (Eleventh Grade)	90	37	127
Sixth Form (12th Grade)	161	1	162
TOTAL	396	119	515

2015- 2016 Academic year	Boarding	Day	Total
Third Form (Ninth Grade)	60	38	98
Fourth Form (Tenth Grade)	82	50	132
Fifth Form (Eleventh Grade)	96	35	131
Sixth Form (12th Grade)	140	1	141
TOTAL	378	124	502

2016- 2017 Academic year	Boarding	Day	Total
Third Form (Ninth Grade)	66	41	107
Fourth Form (Tenth Grade)	89	44	133
Fifth Form (Eleventh Grade)	95	42	137
Sixth Form (12th Grade)	141	4	145
TOTAL	391	131	522

2017- 2018 Academic year	Boarding	Day	Total
Third Form (Ninth Grade)	60	46	106
Fourth Form (Tenth Grade)	83	43	126
Fifth Form (Eleventh Grade)	103	37	140
Sixth Form (12th Grade)	150	0	150
TOTAL	396	126	522

Series 2015

Admission Statistics

	Academic year 2016- 2017	
	Boarding	Day
Applications	794	105
Acceptances	252	60
Acceptance Ratio	32%	57%
Enrollments	128	49
Matriculation Ratio	51%	82%

Series 2015

Admission Statistics

	Academic year 2017- 2018	
	Boarding	Day
Applications	822	123
Acceptances	221	65
Acceptance Ratio	27%	53%
Enrollments	115	51
Matriculation Ratio	52%	78%

## Financial Matters

Series 2015  
Student Tuition and Fees

<u>Academic Year</u>	<u>Boarding</u>	<u>Increase from Prior Year</u>	<u>Day</u>	<u>Increase from Prior Year</u>
2014-15	53,500	4.1%	36,900	3.9%
2015-16	54,570	2.0%	37,640	2.0%
2016-17	55,660	2.0%	38,400	2.0%
2017-18	56,775	2.0%	39,170	2.0%

Series 2015  
Financial Aid

<u>Academic Year</u>	<u>Total Aid Awarded</u>	<u>Percentage of Gross</u>		<u>Total Grants</u>	
		<u>Tuition</u>		<u>Boarding</u>	<u>Day</u>
2014-15	6,751,931	26.3%		5,619,208	1,132,723
2015-16	6,970,530	27.7%		5,549,031	1,421,499
2016-17	7,340,630	27.4%		5,907,855	1,432,775
2017-18	7,575,540	27.6%		6,351,911	1,223,629

Average Grant Amount

<u>Academic Year</u>	<u>Boarding</u>	<u>Day</u>
2014-15	36,050	21,800
2015-16	38,050	23,600
2016-17	38,900	23,350
2017-18	41,900	21,900

Series 2015  
Gifts Received

<u>Fiscal Year</u>				
<u>Ended (June 30)</u>	<u>Total Annual Giving</u>	<u>Endowment Fund</u>	<u>Plant Fund</u>	<u>Pooled and Annuities Fund</u>
2014-15	3,518,922	1,598,426	3,159,866	160,044
<u>Current Restricted Fund</u>	<u>Total</u>			
1,348,929	9,786,187			
<u>Ended (June 30)</u>	<u>Total Annual Giving</u>	<u>Endowment Fund</u>	<u>Plant Fund</u>	<u>Pooled and Annuities Fund</u>
2015-16	3,592,399	3,590,821	3,092,132	119,251
<u>Current Restricted Fund</u>	<u>Total</u>			
1,550,656	11,945,259			
<u>Ended (June 30)</u>	<u>Total Annual Giving</u>	<u>Endowment Fund</u>	<u>Plant Fund</u>	<u>Pooled and Annuities Fund</u>
2016-17	3,653,933	824,245	3,922,641	80,293
<u>Current Restricted Fund</u>	<u>Total</u>			
1,670,569	10,151,681			

Series 2015  
Endowment

<u>Fiscal Year</u>				
<u>Ended (June 30)</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2015	43,685,722	58,647,980	53,167,382	155,501,084
2016	38,658,201	51,818,836	57,177,477	147,654,514
2017	43,498,786	60,738,930	57,968,011	162,205,727

Series 2015  
Historical Endowment Returns and Contribution to Operations

<u>Calendar Year</u>	<u>Investment Return</u>
2015	1.06%
2016	-2.00%
2017	14.11%

  

<u>Fiscal Year Ended (June 30)</u>	<u>Spending Rate</u>	<u>Spending Amount</u>
2015	4.88%	5,743,000
2016	4.80%	6,198,000
2017	4.75%	6,499,000

Series 2015  
Budget Process

Fiscal Year Ended June 30,

	<u>2016-2017</u>	<u>2016-2017</u>	<u>2017-2018</u>
	<u>Operating results</u>	<u>Budget</u>	<u>Budget</u>
REVENUE			
Tuition	19,254,676	19,365,930	19,796,950
Endowment Income	6,253,168	6,420,000	6,665,400
Annual Giving	3,653,934	3,600,000	3,700,000
Short-term Investments	1,195	1,150	1,500
Fees & Student Charges	259,139	224,500	294,500
Store Operations	(3,156)	1,000	1,000
Summer Camps	246,532	362,850	269,500
Miscellaneous	381,514	409,000	440,000
Subtotal Revenue	<u>30,047,002</u>	<u>30,384,430</u>	<u>31,168,850</u>
EXPENSES			
-Compensation-			
Salaries	10,372,637	10,484,172	10,556,974
Wages	2,602,125	2,500,462	2,548,641
Benefits	4,095,158	4,336,488	4,771,496
-Student Support-			
Academic Departments	935,215	805,650	860,500
Athletics	619,376	416,400	449,900
Student Services	557,394	525,082	591,590
Food Services	1,716,353	1,977,779	2,086,395
-Administrative-			
Administrative Offices	585,189	608,200	514,000
General School Expense	1,521,894	1,460,847	1,544,058
Alumni Office	805,792	838,700	782,200
-Plant-			
Heat-power-light	1,113,198	996,932	1,147,000
Auto-Grounds-Household	825,352	694,620	686,690
Repairs-Improvements	1,476,732	1,497,105	1,351,100
Furniture & Equipment	580,820	576,500	600,000
Capital -Trustee Approved Projects	46,500	1,045,000	1,132,000
Debt Service, Interest	<u>1,035,198</u>	<u>1,032,913</u>	<u>1,046,306</u>
Subtotal Expenses	<u>28,888,933</u>	<u>29,796,850</u>	<u>30,668,850</u>
NET	<u>1,158,069</u>	<u>587,580</u>	<u>500,000</u>