

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
(a not-for-profit corporation)

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2015

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
(a not-for-profit corporation)

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

June 30, 2015

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Board of Directors
Boys Hope Girls Hope of California, Inc.

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statement of Boys Hope Girls Hope of California, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2015 and the related statements of activity, functional expenses and of cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation to 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 statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that area appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015 and the changes in net assets and cash flows for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Bellatti & King, CPAs

October 28, 2015

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
(A not-for-profit corporation)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

2015

<u>ASSETS</u>	
Current Assets:	
Cash	\$ 27,191
Pledges receivable	11,250
Prepaid expenses	<u>5,502</u>
Total Current Assets	43,943
Property and Equipment, net	<u>757,969</u>
Total Assets	<u>\$ 801,912</u>

<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts payable and accrued expenses	\$ 50,462
Credit cards payable	12,387
Line of credit	<u>99,886</u>
Total Current Liabilities	<u>162,735</u>
Net Assets:	
Unrestricted	639,177
Temporarily restricted	<u>-</u>
Total Net Assets	<u>639,177</u>
Total Liabilities and Net Assets	<u>\$ 801,912</u>

See accompanying notes to the financial statements.

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
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STATEMENT OF ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenue and Public Support:</u>				
Contributions	\$ 705,949	\$ -	\$ -	\$ 705,949
Event Revenues, net of direct costs of \$ 152,559	1,337	-	-	1,337
Insurance Claim Proceeds	4,563	-	-	4,563
	<u>711,849</u>	<u>-</u>	<u>-</u>	<u>711,849</u>
Net Assets Released From Restrictions	1,636	(1,636)	-	-
Total Revenue and Public Support	<u>713,485</u>	<u>(1,636)</u>	<u>-</u>	<u>711,849</u>
<u>Expenses:</u>				
Program Services	481,352	-	-	481,352
Support Services:				
Management and General	61,164	-	-	61,164
Fundraising	44,972	-	-	44,972
Total Support Services	106,136	-	-	106,136
Total Expenses	<u>587,488</u>	<u>-</u>	<u>-</u>	<u>587,488</u>
Change in Net Assets	125,997	(1,636)	-	124,361
Net Assets, July 1, 2014	513,180	1,636	-	514,816
Net Assets, June 30, 2015	<u>\$ 639,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,177</u>

See accompanying notes to the financial statements

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
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STATEMENT OF FUNCTIONAL EXPENSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Program Services		Support Services		Combined Total
	Direct Program	Management and General	Fund-raising	Total Support	
Payroll	\$ 197,086	\$ 30,242	\$ 30,242	\$ 60,484	\$ 257,570
Payroll Taxes and Benefits	69,131	10,608	10,608	21,216	90,347
Subtotal	266,217	40,850	40,850	81,700	347,917
Assistance to Children	44,502	-	-	-	44,502
Office Rent	10,500	2,800	700	3,500	14,000
Administrative Fees - BHGHI	22,721	2,673	1,337	4,010	26,730
Equipment Rental	-	961	962	1,923	1,923
Insurance	23,722	4,186	-	4,186	27,908
Building Expense	16,760	-	-	-	16,760
Bank fees	3,713	1,238	-	1,238	4,950
Administration	4,945	989	659	1,648	6,593
Transportation Expense - Home	21,689	-	-	-	21,689
Miscellaneous	71	24	-	24	95
Staff Education	4,223	-	-	-	4,223
Travel	1,514	505	-	505	2,018
Telephone	2,939	980	-	980	3,919
Building Furnishings	2,059	-	-	-	2,059
Domestic Supplies	1,321	-	-	-	1,321
Postage	1,108	369	-	369	1,477
Dues and Subscriptions	-	1,211	-	1,211	1,211
Printing and Stationery	1,496	299	200	499	1,995
Professional Fees	3,553	1,184	-	1,184	4,737
Office Supplies	576	192	-	192	768
Interest	7,316	2,439	-	2,439	9,755
Subtotal	440,944	60,899	44,707	105,606	546,550
Depreciation	40,408	265	265	530	40,938
Total Functional Expenses	\$ 481,352	\$ 61,164	\$ 44,972	\$ 106,136	\$ 587,488

See accompanying notes to the financial statements.

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

Operating Activities:	
Change in Net Assets	\$ 124,361
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and Amortization	40,938
Changes in Other Operating Items:	
Pledges receivable	3,223
Accounts payable and accrued expenses	(201,182)
Credit cards payable	12,387
	<hr/>
Cash (Used) for Operating Activities	(20,273)
Investing Activities:	
Purchases of Property and Equipment	<hr/> -
	<hr/>
Cash (Used) for Investing Activities	-
Financing Activities:	
Net proceeds from line of credit during the year	<hr/> 20,000
	<hr/>
Cash Provided by Financing Activities	20,000
Change in Cash and Cash Equivalents	(273)
Cash and Cash Equivalents, July 1, 2014	<hr/> 27,464
Cash and Cash Equivalents, June 30, 2015	<hr/> <hr/> \$ 27,191

See accompanying notes to the financial statements.

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
(a not-for-profit corporation)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 – Summary of Significant Accounting Policies

Organization

Boys Hope Girls Hope of California, Inc. (Company) is a not-for-profit corporation that offers a structured program to help children who are in-need, yet academically capable, to realize their potential by providing value-centered family-like programs and a quality education through college. The Company is entirely funded by private contributions.

The Company is affiliated with Boys Hope Girls Hope, Inc. (BHGHI), its sponsoring national organization (see Note 4).

A summary of significant accounting policies follows:

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and SFAS No. 117, *Financial Statements for Not-for-Profit Organizations*, applicable to nonprofit organizations.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations. Or income earned on permanently restricted assets that may or will be met either by actions of the Company or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Company.

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions, including unconditional promises to give, are recorded as received and allowances are provided for contributions estimated to be uncollectible.

Property and Equipment

Property and equipment are stated at cost at date of acquisition or at fair value at date of gift. Depreciation is calculated using the straight-line method based on the following estimated useful lives: automobiles, 3 years; and furniture and equipment, 5 years. The cost of leasehold improvements is amortized generally over the term of the related lease.

The provisions of SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of*, requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the excess of the carrying amount of the assets over the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Tax status

The Organization is a nonprofit tax-exempt organization under Section 501(c) 3 of the United States Internal Revenue Code; therefore, no tax provision has been recorded.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Functional allocation of costs

The costs of providing program and other services have been summarized on a functional basis in the statement of activities. Accordingly, costs are allocated to program and support service expenses based on actual use or estimated use if actual use is not readily determinable.

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Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

The Organization places its cash and temporary cash investment with high quality financial institutions.

Revenue Recognition

A contribution is recognized when a donor makes a promise to give to the Organization or Institute which is in substance an unconditional promise. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Cash from conditional gifts that is received prior to the conditions being met is classified as deferred income.

BOYS HOPE GIRLS HOPE OF CALIFORNIA, INC.
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Fair value of financial instruments

The carrying amounts of cash and cash equivalents and accounts payable are reasonable estimates of the fair value of these financial instruments.

NOTE 2 - Property and equipment:

The Articles of Incorporation of the Company state that, upon dissolution of the Company, all property and equipment (or the proceeds from the sale remaining after settlement of all liabilities) revert to Boys Hope Girls Hope, Inc.

Property and equipment at June 30, 2015 consist of the following:

Automotive equipment	\$ 127,472
Land	329,641
Buildings	451,275
Building Improvements	380,379
Furniture and equipment	<u>61,018</u>
	1,349,785
Less – accumulated depreciation and amortization	<u>(591,816)</u>
	<u><u>\$ 757,969</u></u>

NOTE 3 – Lease commitment:

The Company rents office space on a month to month basis. Consequently, the Company has no lease obligations.

NOTE 4 – Affiliations:

The Company is affiliated with Boys Hope Girls Hope, Inc. (BHGHI), its sponsoring national organization. The Company obtains programmatic, administrative, and fundraising assistance from BHGHI. In return, the Company under an affiliation agreement pays an annual fee for such services. As of June 30, 2014, the Company owed \$206,044. The Company was eventually released from its obligation during the fiscal year end June 30, 2015 in the amount of \$136,044. This transaction was treated as a contribution.

NOTE 3 – Subsequent Events:

As of the date of this report, October 28, 2015, there were no subsequent events that had a material effect on these financial statements.