

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

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

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

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

June 30, 2022

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MICHAEL P. MURRAY, CPA & ASSOCIATES

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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, 2022 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 auditors' 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, 2022 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.

May 14, 2023

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

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

2022

<u>ASSETS</u>	
Current Assets:	
Cash	\$ 285,471
Pledges receivable	73,000
Prepaid expenses	<u>6,609</u>
Total Current Assets	365,080
Property and Equipment, net	<u>680,005</u>
Total Assets	<u><u>\$ 1,045,085</u></u>

<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts payable and accrued expenses	\$ 435
Payroll liabilities	56,617
Current portion of long term debt	4,360
Credit cards payable	313
Payroll protection program loan	<u>87,077</u>
Total Current Liabilities	148,802
Long-term Debt	<u>35,524</u>
Total Liabilities	184,326
Net Assets:	
Unrestricted	860,759
Temporarily restricted	<u>-</u>
Total Net Assets	<u>860,759</u>
Total Liabilities and Net Assets	<u><u>\$ 1,045,085</u></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, 2022

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenue and Public Support:</u>				
Contributions	\$ 481,843	\$ -	\$ -	\$ 481,843
Event Revenues, net of direct costs of \$ 25,309	323,461	-	-	323,461
Miscellaneous	-	-	-	-
	<u>805,304</u>	<u>-</u>	<u>-</u>	<u>805,304</u>
Net Assets Released From Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Public Support	<u>805,304</u>	<u>-</u>	<u>-</u>	<u>805,304</u>
<u>Expenses:</u>				
Program Services	<u>744,102</u>	<u>-</u>	<u>-</u>	<u>744,102</u>
Support Services:				
Management and General	57,832	-	-	57,832
Fundraising	38,167	-	-	38,167
Total Support Services	<u>95,999</u>	<u>-</u>	<u>-</u>	<u>95,999</u>
Total Expenses	<u>840,101</u>	<u>-</u>	<u>-</u>	<u>840,101</u>
Change in Net Assets	(34,797)	-	-	(34,797)
Net Assets, July 1, 2021	<u>895,556</u>	<u>-</u>	<u>-</u>	<u>895,556</u>
Net Assets, June 30, 2022	<u>\$ 860,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860,759</u>

See accompanying notes to the financial statements

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Program Services		Support Services		Combined Total
	Direct Program	Management and General	Fund-raising	Total Support	
Payroll	\$ 355,409	\$ 30,210	\$ 30,210	\$ 60,420	\$ 415,829
Payroll taxes and benefits	68,504	5,823	5,823	11,646	80,150
Subtotal	423,913	36,033	36,033	72,066	495,979
Assistance to children	128,565	-	-	-	128,565
Insurance	68,132	12,023	-	12,023	80,155
Transportation expense - home	21,023	-	-	-	21,023
Building expense	16,964	-	-	-	16,964
Office rent	8,250	2,200	550	2,750	11,000
Dues and subscriptions	6,078	2,026	-	2,026	8,104
Administration	4,745	949	633	1,582	6,327
Telephone	3,903	1,301	-	1,301	5,204
Bank fees	3,468	1,156	-	1,156	4,624
Staff education	4,335	-	-	-	4,335
Domestic supplies	3,800	-	-	-	3,800
Building furnishings	1,422	-	-	-	1,422
Personnel recruitment	629	629	-	629	1,258
Travel	863	288	-	288	1,151
Equipment rental	556	278	278	556	1,112
Postage	791	264	-	264	1,055
Printing and stationery	722	144	96	240	962
Interest	713	238	-	238	951
Direct mail	-	-	312	312	312
Office supplies	113	38	-	38	151
Subtotal	698,985	57,567	37,902	95,469	794,454
Depreciation	45,117	265	265	530	45,647
Total Functional Expenses	\$ 744,102	\$ 57,832	\$ 38,167	\$ 95,999	\$ 840,101

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, 2022

Operating Activities:

Change in Net Assets	\$ (34,797)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and Amortization	45,647
Changes in Other Operating Items:	
Pledges receivable	(73,000)
Accounts payable and accrued expenses	213
Credit cards payable	313
Payroll liabilities	3,154
	<hr/>
Cash Provided by Operating Activities	(58,470)

Investing Activities:

Purchases of Property and Equipment	(33,414)
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Cash (Used for) Investing Activities	(33,414)

Financing Activities:

Decrease in payroll protection program funding	(1,575)
Principal payments on loan	(4,232)
	<hr/>
Cash (Used For) Financing Activities	(5,807)

Change in Cash and Cash Equivalents	(97,691)
Cash and Cash Equivalents, July 1, 2021	383,162
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Cash and Cash Equivalents, June 30, 2022	\$ 285,471

Cash paid during the year for:

Interest expense	\$ 83
	<hr/>
Income taxes	\$ -
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See accompanying notes to the financial statements.

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

June 30, 2022

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, 2022

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.

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

June 30, 2022

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.

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.

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.

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.

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

June 30, 2022

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, 2021 consist of the following:

Automotive equipment	\$ 127,472
Land	329,641
Buildings	451,275
Building Improvements	477,422
Furniture and equipment	<u>61,017</u>
	1,481,830
Less – accumulated depreciation and amortization	<u>(789,592)</u>
	<u>\$ 692,238</u>

NOTE 2 – Long Term Debt

The Organization entered into a loan on December 10, 2021 in relation to the purchase of Solar Panels. The terms of the loan is \$423 is due monthly at a rate of 1.9% interest. The five year maturities of the loan are as follows:

June 30, 2023	\$ 4,360
June 30, 2024	4,443
June 30, 2025	4,528
June 30, 2026	4,615
June 30, 2027	4,704
Thereafter	<u>17,234</u>
Total Loan Payable	<u>\$39,884</u>

NOTE 3 – Lease commitment:

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

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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, 2022 there was no amount due to BHGHI.

NOTE 5 – Subsequent Events:

As of the date of this report, May 14, 2023, there were no subsequent events that had a material effect on these financial statements.
There are no subsequent events to be reported.