

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

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2020

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

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

June 30, 2020

TABLE OF CONTENTS

Independent Auditors' Report.....	1 -2
Statement of Financial Position.....	3
Statement of Activity.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 10



MICHAEL P. MURRAY, CPA AND ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

We 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, 2020 and the related statements of activity, functional expenses and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 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.

A handwritten signature in black ink, followed by the letters "CPA". The signature is stylized and appears to be "M. P. [unclear]".

June 22, 2021

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

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

2020

ASSETS

Current Assets:		
Cash	\$	306,858
Prepaid expenses		4,136
		<hr/>
Total Current Assets		310,994
Property and Equipment, net		<hr/>
		636,385
		<hr/>
Total Assets	\$	<u>947,379</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$	9,435
Payroll liabilities		39,611
Payroll protection program loan		87,100
		<hr/>
Total Current Liabilities		136,146
Net Assets:		
Unrestricted		811,233
Temporarily restricted		-
		<hr/>
Total Net Assets		811,233
		<hr/>
Total Liabilities and Net Assets	\$	<u>947,379</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, 2020

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenue and Public Support:</u>				
Contributions	\$ 489,590	\$ -	\$ -	\$ 489,590
Event Revenues, net of direct costs of \$ 55,351	304,995	-	-	304,995
Miscellaneous	-	-	-	-
	<u>794,585</u>	<u>-</u>	<u>-</u>	<u>794,585</u>
Net Assets Released From Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Public Support	<u>794,585</u>	<u>-</u>	<u>-</u>	<u>794,585</u>
<u>Expenses:</u>				
Program Services	<u>675,501</u>	<u>-</u>	<u>-</u>	<u>675,501</u>
Support Services:				
Management and General	60,248	-	-	60,248
Fundraising	<u>41,124</u>	<u>-</u>	<u>-</u>	<u>41,124</u>
Total Support Services	<u>101,372</u>	<u>-</u>	<u>-</u>	<u>101,372</u>
Total Expenses	<u>776,873</u>	<u>-</u>	<u>-</u>	<u>776,873</u>
Change in Net Assets	17,712	-	-	17,712
Net Assets, July 1, 2019	<u>793,521</u>	<u>-</u>	<u>-</u>	<u>793,521</u>
Net Assets, June 30, 2020	<u>\$ 811,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 811,233</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, 2020

	Program Services		Support Services		Combined Total
	Direct Program	Management and General	Fund-raising	Total Support	
Payroll	\$ 325,274	\$ 30,210	\$ 30,210	\$ 60,420	\$ 385,694
Payroll Taxes and Benefits	71,760	6,665	6,665	13,330	85,090
Subtotal	397,034	36,875	36,875	73,750	470,784
Assistance to Children	97,141	-	-	-	97,141
Insurance	39,683	7,003	-	7,003	46,686
Administrative Fees - BHGHI	22,893	2,693	1,347	4,040	26,933
Building Expense	21,560	-	-	-	21,560
Telephone	9,250	3,083	-	3,083	12,333
Office Rent	9,000	2,400	600	3,000	12,000
Professional Fees	8,381	2,794	-	2,794	11,175
Transportation Expense - Home	10,523	-	-	-	10,523
Administration	7,532	1,506	1,004	2,510	10,042
Staff Education	4,557	-	-	-	4,557
Bank fees	2,789	930	-	930	3,719
Equipment Rental	1,742	871	871	1,742	3,484
Dues and Subscriptions	2,081	694	-	694	2,775
Building Furnishings	2,602	-	-	-	2,602
Domestic Supplies	2,545	-	-	-	2,545
Printing and Stationery	1,214	243	162	405	1,619
Postage	1,205	402	-	402	1,607
Personnel recruitment	360	360	-	360	720
Office Supplies	305	102	-	102	407
Interest	62	21	-	21	83
Miscellaneous	17	6	-	6	23
Subtotal	642,476	59,983	40,859	100,842	743,318
Depreciation	33,025	265	265	530	33,555
Total Functional Expenses	\$ 675,501	\$ 60,248	\$ 41,124	\$ 101,372	\$ 776,873

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, 2020

Operating Activities:

Change in Net Assets	\$ 17,712
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and Amortization	33,555
Changes in Other Operating Items:	
Prepaid expenses	2,398
Accounts payable and accrued expenses	39,611
Payroll liabilities	<u>(37,027)</u>
Cash Provided by Operating Activities	<u>56,249</u>

Investing Activities:

Purchases of Property and Equipment	<u>(35,000)</u>
Cash Provided by (Used for) Investing Activities	<u>(35,000)</u>

Financing Activities:

Proceeds from payroll protection program loan	<u>87,100</u>
Cash Provided By Financing Activities	<u>87,100</u>

Change in Cash and Cash Equivalents	108,349
Cash and Cash Equivalents, July 1, 2019	<u>198,509</u>
Cash and Cash Equivalents, June 30, 2020	<u>\$ 306,858</u>

Cash paid during the year for:

Interest expense	<u>\$ 83</u>
Income taxes	<u>\$ -</u>

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, 2020

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, 2020

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.

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.

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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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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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.

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, 2020

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, 2020 consist of the following:

Automotive equipment	\$ 162,472
Land	329,641
Buildings	451,275
Building Improvements	380,379
Furniture and equipment	<u>61,017</u>
	1,384,784
Less – accumulated depreciation and amortization	<u>(748,400)</u>
	<u>\$ 636,384</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, 2020 there was no obligation to the national organization, and there were expenditures of \$26,933 for the year then ended.

NOTE 3 – Subsequent Events:

As of the date of this report, June 22, 2021, there were no subsequent events that had a material effect on these financial statements.