

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

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

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

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

June 30, 2021

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

INDEPENDENT AUDITORS' 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, 2021 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, 2021 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 blue ink, consisting of a series of loops and a long horizontal stroke, followed by the letters "CPA" in a similar cursive style.

May 19, 2022

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

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

2021

<u>ASSETS</u>	
Current Assets:	
Cash	\$ 383,162
Prepaid expenses	6,609
	<hr/>
Total Current Assets	389,771
Property and Equipment, net	692,238
	<hr/>
Total Assets	<u>\$ 1,082,009</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	\$ 222
Payroll liabilities	53,463
Current portion of long term debt	
Credit cards payable	-
Payroll protection program loan	88,652
	<hr/>
Total Current Liabilities	142,337
Long-term Debt	44,116
	<hr/>
Total Liabilities	186,453
Net Assets:	
Unrestricted	895,556
Temporarily restricted	-
	<hr/>
Total Net Assets	895,556
	<hr/>
Total Liabilities and Net Assets	<u>\$ 1,082,009</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, 2021

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenue and Public Support:</u>				
Contributions	\$ 495,786	\$ -	\$ -	\$ 495,786
Event Revenues, net of direct costs of \$ 25,309	374,826	-	-	374,826
Miscellaneous	-	-	-	-
	<u>870,612</u>	<u>-</u>	<u>-</u>	<u>870,612</u>
Net Assets Released From Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Public Support	<u>870,612</u>	<u>-</u>	<u>-</u>	<u>870,612</u>
<u>Expenses:</u>				
Program Services	<u>689,697</u>	<u>-</u>	<u>-</u>	<u>689,697</u>
Support Services:				
Management and General	56,540	-	-	56,540
Fundraising	<u>40,052</u>	<u>-</u>	<u>-</u>	<u>40,052</u>
Total Support Services	<u>96,592</u>	<u>-</u>	<u>-</u>	<u>96,592</u>
Total Expenses	<u>786,289</u>	<u>-</u>	<u>-</u>	<u>786,289</u>
Change in Net Assets	84,323	-	-	84,323
Net Assets, July 1, 2020	<u>811,233</u>	<u>-</u>	<u>-</u>	<u>811,233</u>
Net Assets, June 30, 2021	<u>\$ 895,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895,556</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, 2021

	Program Services		Support Services		Combined Total
	Direct Program	Management and General	Fund-raising	Total Support	
Payroll	\$ 335,625	\$ 30,210	\$ 30,210	\$ 60,420	\$ 396,045
Payroll Taxes and Benefits	80,632	7,258	7,258	14,516	95,148
Subtotal	416,257	37,468	37,468	74,936	491,193
Assistance to Children	110,721	-	-	-	110,721
Insurance	58,740	10,366	-	10,366	69,106
Building Expense	13,573	-	-	-	13,573
Office Rent	9,750	2,600	650	3,250	13,000
Transportation Expense - Home	8,426	-	-	-	8,426
Administration	4,919	984	656	1,640	6,559
Telephone	4,628	1,543	-	1,543	6,171
Building Furnishings	6,157	-	-	-	6,157
Staff Education	3,760	-	-	-	3,760
Equipment Rental	1,825	913	913	1,826	3,651
Domestic Supplies	3,462	-	-	-	3,462
Bank fees	2,051	684	-	684	2,735
Dues and Subscriptions	1,872	624	-	624	2,496
Interest	961	320	-	320	1,281
Printing and Stationery	749	150	100	250	999
Postage	599	200	-	200	799
Personnel recruitment	342	342	-	342	684
Office Supplies	152	51	-	51	203
Travel	91	30	-	30	121
Subtotal	649,035	56,275	39,787	96,062	745,097
Depreciation	40,662	265	265	530	41,192
Total Functional Expenses	\$ 689,697	\$ 56,540	\$ 40,052	\$ 96,592	\$ 786,289

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	\$ 84,323
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and Amortization	41,192
Changes in Other Operating Items:	
Prepaid expenses	(2,473)
Accounts payable and accrued expenses	(9,213)
Payroll liabilities	13,852
	<hr/>
Cash Provided by Operating Activities	127,681

Investing Activities:

Purchases of Property and Equipment	<hr/> (97,045)
	<hr/>
Cash Provided by (Used for) Investing Activities	(97,045)

Financing Activities:

Increase in payroll protection program funding	1,552
Proceeds from loan	46,220
Principal payments on loan	<hr/> (2,104)
	<hr/>
Cash Provided By Financing Activities	45,668

Change in Cash and Cash Equivalents	76,304
Cash and Cash Equivalents, July 1, 2020	<hr/> 306,858
Cash and Cash Equivalents, June 30, 2021	<hr/> <u>\$ 383,162</u>

Cash paid during the year for:

Interest expense	<hr/> <u>\$ 83</u>
Income taxes	<hr/> <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, 2021

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, 2021

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, 2021

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, 2021

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, 2022	\$ 4,278
June 30, 2023	4,360
June 30, 2024	4,443
June 30, 2025	4,528
June 30, 2026	4,615
Thereafter	<u>21,887</u>
Total Loan Payable	<u>\$44,111</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, 2021

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, 2021 there was no

NOTE 5 – Subsequent Events:

As of the date of this report, May 19, 2020, there were no subsequent events that had a material effect on these financial statements.
There are no subsequent events to be reported.