



Financial Statements  
June 30, 2023

Boys Hope Girls Hope of Arizona, Inc.

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Financial Statements

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## Independent Auditor's Report

The Board of Directors  
Boys Hope Girls Hope of Arizona, Inc.  
Phoenix, Arizona

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Boys Hope Girls Hope of Arizona, Inc. ("BHGH"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of BHGH as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of BHGH and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BHGH's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities of the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 BHGH's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BHGH's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Eide Bailly LLP*

Phoenix, Arizona  
November 21, 2023

Boys Hope Girls Hope of Arizona, Inc.  
Statement of Financial Position  
June 30, 2023

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Assets	
Current Assets	
Cash	\$ 321,067
Promises to give	25,000
Prepaid expenses	4,933
Investments	<u>772,787</u>
Total current assets	1,123,787
Property and Equipment, Net	<u>603,802</u>
Total assets	<u><u>\$ 1,727,589</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 16,317
Accrued expenses	<u>180,119</u>
Total current liabilities	<u>196,436</u>
Total liabilities	<u>196,436</u>
Net Assets	
Without donor restrictions	
Undesignated	420,528
Board designated	<u>985,000</u>
	1,405,528
With donor restrictions	<u>125,625</u>
Total net assets	<u>1,531,153</u>
Total liabilities and net assets	<u><u>\$ 1,727,589</u></u>

Boys Hope Girls Hope of Arizona, Inc.  
Statement of Activities  
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 820,162	\$ 20,125	\$ 840,287
In-kind contributions	107,553	-	107,553
Miscellaneous income	17,000	-	17,000
Net investment return	23,100	-	23,100
Total support	967,815	20,125	987,940
Special events revenue	468,468	-	468,468
Less cost of direct benefits to donors	(93,323)	-	(93,323)
Net revenues from special events	375,145	-	375,145
Total revenue and support before releases from restrictions	1,342,960	20,125	1,363,085
Net assets released from restriction	122,500	(122,500)	-
Total revenue and support	1,465,460	(102,375)	1,363,085
Expenses			
Program services	1,376,504	-	1,376,504
Supporting services			
Fundraising	184,290	-	184,290
General and administrative	199,277	-	199,277
Total supporting services	383,567	-	383,567
Total expenses	1,760,071	-	1,760,071
Change in Net Assets	(294,611)	(102,375)	(396,986)
Net Assets, Beginning of Year	1,700,139	228,000	1,928,139
Net Assets, End of Year	\$ 1,405,528	\$ 125,625	\$ 1,531,153

Boys Hope Girls Hope of Arizona, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2023

	Program Services	Fundraising	General and Administrative	Total
Staff Salaries	\$ 748,258	\$ 129,698	\$ 119,721	\$ 997,677
Payroll Taxes and Employee Benefits	134,956	23,392	21,593	179,941
Total payroll costs	883,214	153,090	141,314	1,177,618
Assistance to Youth	212,671	-	-	212,671
Depreciation	38,744	2,152	2,153	43,049
Payments to National Affiliate	27,399	-	11,742	39,141
Occupancy	102,173	5,676	5,676	113,525
Newsletter and Promotional	3,526	441	441	4,408
Transportation	24,167	-	-	24,167
Equipment Rental	3,293	706	706	4,705
Professional Fees	28,126	14,063	14,063	56,252
Insurance	34,287	-	11,429	45,716
Building Furnishings	1,241	-	-	1,241
Supplies, Stationary, and Postage	8,245	1,767	1,767	11,779
Domestic Supplies	3,468	-	-	3,468
Bank Fees	-	-	4,036	4,036
Special Events Expenses -				
Direct Donor Benefits	-	93,323	-	93,323
Third-Party Events	-	6,395	-	6,395
Miscellaneous	5,950	-	5,950	11,900
Total Functional Expenses	1,376,504	277,613	199,277	1,853,394
Less Expenses Netted Against Revenues in the Statement of Activities (Direct Donor Benefits)	-	(93,323)	-	(93,323)
Total Functional Expense Reported in the Statement of Activities	<u>\$ 1,376,504</u>	<u>\$ 184,290</u>	<u>\$ 199,277</u>	<u>\$ 1,760,071</u>

Boys Hope Girls Hope of Arizona, Inc.  
Statement of Cash Flows  
Year Ended June 30, 2023

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Operating Activities	
Change in net assets	\$ (396,986)
Adjustments to reconcile change in net assets to net cash used for operating activities	
Depreciation	43,049
Realized and unrealized (gain) on operating investments	(3,440)
Gain on sale of property and equipment	(17,000)
Contributed property and equipment	(17,831)
Changes in assets and liabilities	
Accounts receivable	1,100
Promises to give	42,500
Prepaid expenses	(814)
Accounts payable	(18,623)
Accrued expenses	97,924
Net Cash used for Operating Activities	<u>(270,121)</u>
Investing Activities	
Proceeds on sale of investments	501,500
Purchase of investments	(245,108)
Proceeds on sale of property and equipment	17,000
Purchase of property and equipment	<u>(68,522)</u>
Net Cash from Investing Activities	<u>204,870</u>
Financing Activities	
Contributions restricted for endowment	<u>(20,125)</u>
Net Cash used for Financing Activities	<u>(20,125)</u>
Net Change in Cash	(85,376)
Cash, Beginning of Year	<u>406,443</u>
Cash, End of Year	<u><u>\$ 321,067</u></u>
Supplemental Disclosure of Non-Cash Investing Activity	
Contributed property and equipment	<u><u>\$ 17,831</u></u>



## **Note 1 - Nature of Operations and Significant Accounting Policies**

### **Organization and Nature of Operations**

Boys Hope Girls Hope of Arizona, Inc. ("BHG") has a mission to nurture and guide motivated young people in need to become well-educated, career-ready men and women for others.

Since 1989, BHG has provided access to private and college preparatory education and holistic support through college for high-achieving, under-resourced Arizona children. BHG tackles the root causes of poverty and poor achievement by addressing two of the greatest needs of marginalized youth: a strong academic foundation and emotional support. Through BHG, scholars gain access to the resources and support necessary to attain a college degree, become true leaders, and break the generational cycle of poverty.

Through a voluntary, competitive process, youth apply to BHG. Depending upon the specific needs and circumstances of the family, youth will join one of two Scholar Success program paths: the Residential Program or the Academy program. All youth receive long-term, comprehensive support through college graduation. The Scholar Success program provides case management, youth development, and post-secondary success programming year-round for BHG 6th grade scholars through college seniors. Subsequent to June 30, 2023, the Residential Program ended.

### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, and reflect all significant principles, and accordingly, reflect all significant receivables, payables, and other liabilities.

### **Promises to Give**

BHG records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Conditional promises to give are not recognized as support until the conditions are substantially met.

Unconditional promises to give are stated at unpaid balances, net of discounts, less an allowance for doubtful accounts, as deemed necessary. The allowance is based on experience, knowledge of the donors, the industry, and other circumstances which may affect the ability of donors to meet their obligations. As of June 30, 2023, management determined that no allowance for promises to give was necessary.

### Property and Equipment

Property and equipment additions over \$2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

### Investments

BHGH records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a portion to be board-designated net assets.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. BHGH reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Concentrations of Credit Risk**

Cash includes cash held in checking, savings, and money market accounts. BHGH, at times, maintains cash at financial institutions in excess of the bank insured limit by the Federal Deposit Insurance Corporation. BHGH also maintains cash at a brokerage firm that is SIPC insured.

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed by BHGH to be creditworthy. BHGH maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023, BHGH had approximately \$6,000 in excess of FDIC-insured limits.

**Revenue and Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give at June 30, 2023.

During the year ended June 30, 2023, two donors accounted for approximately 12% and 15% of total contribution revenue.

**In-Kind Contributions**

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions, which are recorded at the respective fair values of the goods or services received (Note 8). BHGH does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

**Functional Expense Allocation**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square footage basis, as well as staff salaries, payroll taxes and employee benefits, payments to national affiliate, newsletter and promotional, equipment rental, professional fees, insurance, supplies, stationery, and postage, and miscellaneous, which are allocated on the basis of estimates of time and effort.

**Income Taxes**

BHGH is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). BHGH is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, BHGH is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. BHGH has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

BHGH believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. BHGH would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires BHGH to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

**Recent Accounting Pronouncements**

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss method of estimating credit losses with an expected loss method referred to as the current expected credit loss (CECL) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. Under the CECL model, an entity measures all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The standard expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and leases losses.

ASU 2016-13 is effective for BHGH in its annual reporting period beginning July 1, 2023. BHGH is currently evaluating the impact the new standard will have on its financial statements and related disclosures.

**Subsequent Events**

BHGH has evaluated subsequent events through November 21, 2023, the date which the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$ 321,067
Promises to give	25,000
Investments	772,787
Less net assets restricted for donor restricted expenditures and board designation due to purpose restrictions	<u>(1,110,625)</u>
	<u><u>\$ 8,229</u></u>

BHGH manages its exposure to liquidity risk by regularly monitoring the liquidity required to meet its operating needs and other contractual commitments. BHGH prepares an annual budget to manage liquidity and to determine general expenditures over the next 12 months and anticipates collecting revenue sufficient to cover general expenditures during that period. General expenditures include administrative, general expenses, and fundraising expenses to be paid in the subsequent year. Annual operations are defined as activities occurring during BHGH's fiscal year. Promises to give less the contributions that cannot be used within one year are considered liquid. The investment balance is invested in liquid investments and is part of the board designated net assets balance and can be made available for general expenditure upon board approval.

**Note 3 - Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to BHGH's assessment of the quality, risk, or liquidity profile of the asset.

Money market short-term funds are actively traded and valued using quoted prices in active markets and are classified within Level 1.

Pooled funds held by Catholic Community Foundation (CCF) are a part of pooled investments, invested in funds for parish, schools, cemeteries, related organizations, and individuals' financial needs and are valued at the fair value reported by CCF. These funds held by the CCF can be redeemed by BHGH without notice at any time. These are considered Level 3 measurements.

Beneficial interest in assets held by CCF are a part of pooled investments, invested in funds for parish, schools, cemeteries, related organizations, and individuals' financial needs and are valued at the fair value reported by CCF. These funds held by the CCF can be redeemed by BHGH without notice at any time. These are considered Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis at June 30, 2023:

	Fair Value Measurement at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Short-Term	\$ 155,021	\$ 155,021	\$ -	\$ -
Pooled funds held by CCF	513,174	-	-	513,174
Beneficial interests in assets held by CCF	104,592	-	-	104,592
<b>Total investments</b>	<b>\$ 772,787</b>	<b>\$ 155,021</b>	<b>\$ -</b>	<b>\$ 617,766</b>

Boys Hope Girls Hope of Arizona, Inc.

Notes to Financial Statements

June 30, 2023

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

	Pooled Funds Held by CCF	Beneficial Interests in Assets Held by CCF
Balance, June 30, 2022	\$ 505,699	\$ -
Purchases/Contributions of investments	-	100,625
Net investment return	7,475	3,967
Balance, June 30, 2023	\$ 513,174	\$ 104,592

**Note 4 - Property and Equipment**

Property and equipment consisted of the following at June 30, 2023:

Land	\$ 157,811
Girls home building	597,505
Boys home building	514,863
Furniture and fixtures	124,916
Vehicles	159,912
Building improvements	7,100
	1,562,107
Accumulated depreciation	(958,305)
Property and equipment, net	\$ 603,802

**Note 5 - Board-Designated Fund**

The board of directors of BHGH have designated a portion of the net assets without donor restrictions as reserves to be used at the discretion of the board of directors. As of June 30, 2023, the balance of the board-designated fund was \$985,000.

**Note 6 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2023:

## Subject to the Passage of Time

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 25,000
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## Endowment

Original donor-restricted gift amount required to be maintained in perpetuity by donor	96,080
Earnings from which are subject to endowment spending policy appropriation	4,545

<u>\$ 125,625</u>
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Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the fiscal year ended June 30, 2023:

Expiration of time restrictions	\$ 42,500
Satisfaction of purpose restrictions Vehicle and transportation services	80,000
	<u>\$ 122,500</u>

**Note 7 - Endowment**

BHGH received contributions in the amount of \$100,625 that shall remain restricted in perpetuity. The money is to be invested indefinitely, and the income from the investment is to be used for operating purposes approved by BHGH's board of directors. The endowment consists entirely of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

BHGH has interpreted the Arizona Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, BHGH retains in perpetuity: (a) the original value of gifts donated to the permanent endowment and (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of BHGH, and (7) the investment policies of BHGH.



# Boys Hope Girls Hope of Arizona, Inc.

Notes to Financial Statements

June 30, 2023

The composition of endowment net assets by fund type as of June 30, 2023 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 96,080	\$ 96,080
Earnings from which are subject to endowment spending policy appropriation	-	4,545	4,545
	\$ -	\$ 100,625	\$ 100,625

From time to time, donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law. BHGH has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments for the year ended June 30, 2023.

### Return Objectives and Risk Parameters

BHGH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of these endowment assets over the long-term. Endowment assets include those assets of donor-restricted funds that BHGH must hold in perpetuity or for a donor-specified period.

### Spending Policy

The current spending policy is to spend the earnings on the endowment as approved by the board of directors for operating purposes. In establishing this policy, BHGH considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

Changes in Endowment net assets for the year ended June 30, 2023 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Balance, June 30, 2022	\$ -	\$ 80,500	\$ 80,500
Contributions	-	20,125	20,125
Investment return			
Investment income	-	4,545	4,545
Endowment draw for expenditure	-	(4,545)	(4,545)
Balance, June 30, 2023	\$ -	\$ 100,625	\$ 100,625

**Note 8 - In-Kind Contributions**

In-kind contributions are as follows during the year ended June 30, 2023:

	Program Services	Management and General	Fundraising and Development	Total
In-kind rent	\$ 54,655	\$ 3,036	\$ 3,036	\$ 60,728
Donated supplies	24,895	-	-	24,895
Donated property and equipment	17,831	-	-	17,831
Donated services	-	4,099	-	4,099
	<u>\$ 97,381</u>	<u>\$ 7,135</u>	<u>\$ 3,036</u>	<u>\$ 107,553</u>

Contributed rent is received for both the main office location of BHGH as well as classroom space to be used in program services. BHGH receives rent based on square footage of the location and the market rate charged by the owner for similar space in the same building. In addition to the in-kind rent, BHGH also receives parking and custodial services.

Donated supplies include gift cards and other donated goods for students. BHGH recognizes the donation at fair value based on identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution.

Donated property and equipment consists of a donated HVAC unit. BHGH recognizes the donation at fair value based on identical or similar products using pricing data under a "like-kind" methodology considering the HVAC's condition and utility for use at the time of the contribution.

Donated services include service hours from volunteers. The service hours provided are considered a specialized service by the donor and thus are considered appropriate under accounting principles generally accepted in the United States of America. BHGH recognizes the donation at fair value based on identical or similar wages using pricing data under a "like-kind" methodology considering the services use at the time of the contribution. BHGH uses these volunteer services for management services.

All gifts-in-kind received during the year ended June 30, 2023 were unrestricted.

**Note 9 - Related Party**

BHGH is an affiliate to Boys Hope Girls Hope National ("National") and has entered into an affiliation agreement. Payments to National for services provided and other fees totaled \$39,141 for the year ended June 30, 2023. As of June 30, 2023, there were no amounts outstanding as a payable to National.

During the year ended June 30, 2023, BHGH received contributions from board members totaling \$96,729.

**Note 10 - Retirement Plan**

BHGH participates in a participant-directed 401(k) plan sponsored by National covering employees who meet specific service requirements. Contributions to the plan are participant-directed. Beginning in the year ended June 30, 2011, BHGH suspended the existing match but continued to pay the associated account fees to allow participants to make contributions. This suspension is still in effect as of June 30, 2023. During the year ended June 30, 2023, account fees were \$794.