

**Boys Hope Girls Hope of Arizona, Inc.**

**Financial Statements  
And  
Independent Auditor's Report**

**For the Fiscal Year Ended June 30, 2024**

 **Snyder & Brown, CPAs, PLLC**

**Boys Hope Girls Hope of Arizona, Inc.**  
**June 30, 2024**  
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## **Independent Auditor's Report**

To the Board of Directors  
Boys Hope Girls Hope of Arizona, Inc.  
Phoenix, Arizona

### **Opinion**

We have audited the accompanying financial statements of Boys Hope Girls Hope of Arizona, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of Boys Hope Girls Hope of Arizona, Inc. as of June 30, 2024, and the changes in 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys Hope Girls Hope of Arizona, Inc. 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 the 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 Boys Hope Girls Hope of Arizona, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Boys Hope Girls Hope of Arizona, Inc.'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 Boys Hope Girls Hope of Arizona, Inc.'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.

*Snyder & Brown CPAs, PLLC*

Snyder & Brown, CPAs, PLLC  
Tempe, Arizona  
February 11, 2025

**Boys Hope Girls Hope of Arizona, Inc.**  
**Statement of Financial Position**  
**June 30, 2024**

**Assets**

Current assets:	
Cash and cash equivalents	\$ 374,374
Accounts receivable	13,236
Pledges receivable	25,000
Prepaid expenses	14,808
Investments	3,743,665
Total current assets	4,171,083
Property and equipment, net	45,799
Total assets	\$ 4,216,882

**Liabilities and Net Assets**

Current liabilities:	
Accounts payable	\$ 16,378
Accrued expenses	63,409
Total current liabilities	79,787
Total liabilities	79,787
Net Assets	
Without donor restrictions	
Undesignated	2,703,299
Board designated	985,000
Total without donor restrictions	3,688,299
With donor restrictions	448,796
Total net assets	4,137,095
Total liabilities and net assets	\$ 4,216,882

See accompanying notes to financial statements.

**Boys Hope Girls Hope of Arizona, Inc.**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Support</b>			
Contributions	\$ 833,853	331,432	\$ 1,165,285
In-kind contributions	91,882	-	91,882
Net investment return	81,776	16,739	98,515
Net assets released from restrictions	25,000	(25,000)	-
Total revenue, support and reclassifications	<u>1,032,511</u>	<u>323,171</u>	<u>1,355,682</u>
Special events:			
Special events revenue	350,589	-	350,589
Less cost of direct benefits to donors	(130,924)	-	(130,924)
Net revenue from special events	<u>219,665</u>	<u>-</u>	<u>219,665</u>
Total revenue and support	<u>1,252,176</u>	<u>323,171</u>	<u>1,575,347</u>
<b>Expenses</b>			
Program services	979,304	-	979,304
Supporting activities:			
Management and general	225,981	-	225,981
Fundraising	210,939	-	210,939
Total expenses	<u>1,416,224</u>	<u>-</u>	<u>1,416,224</u>
Change in net assets before gains and losses	(164,048)	323,171	159,123
<b>Other Gains and Losses</b>			
Gain on disposal of capital assets	<u>2,446,819</u>	<u>-</u>	<u>2,446,819</u>
<b>Change in net assets</b>	<u>2,282,771</u>	<u>323,171</u>	<u>2,605,942</u>
<b>Net assets, beginning of year</b>	<u>1,405,528</u>	<u>125,625</u>	<u>1,531,153</u>
<b>Net assets, end of year</b>	<u>\$ 3,688,299</u>	<u>\$ 448,796</u>	<u>\$ 4,137,095</u>

See accompanying notes to financial statements.

**Boys Hope Girls Hope of Arizona, Inc.**  
**Statement of Functional Expenses**  
**For the Fiscal Year Ended June 30, 2024**

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
<b>Expenses</b>				
Salaries and wages	\$ 444,848	\$ 125,335	\$ 101,263	\$ 671,446
Employee related costs	94,895	26,691	21,456	143,042
Total salary and related costs	<u>539,743</u>	<u>152,026</u>	<u>122,719</u>	<u>814,488</u>
Assistance to Youth	169,389	-	-	169,389
Professional Fees	37,350	29,941	74,150	141,441
Occupancy	96,224	5,346	5,346	106,916
Special Events Expenses -				
Direct Donor Benefits	-	-	130,924	130,924
Insurance	34,482	11,494	-	45,976
Depreciation	35,396	1,966	1,966	39,328
Payments to National Affiliate	26,950	11,550	-	38,500
Transportation	21,928	-	-	21,928
Bank Fees	-	5,962	-	5,962
Supplies, Stationary, and Postage	7,277	1,560	1,560	10,397
Equipment Rental	3,508	751	752	5,011
Third-Party Events	-	-	4,207	4,207
Newsletter and Promotional	1,909	238	239	2,386
Miscellaneous	5,148	5,147	-	10,295
Total expenses	<u>979,304</u>	<u>225,981</u>	<u>341,863</u>	<u>1,547,148</u>
<b>Less amount reported in Revenue and other support on Statement of Activities:</b>				
Cost of special events	-	-	(130,924)	(130,924)
Total expenses	<u>\$ 979,304</u>	<u>\$ 225,981</u>	<u>\$ 210,939</u>	<u>\$ 1,416,224</u>

See accompanying notes to financial statements.

**Boys Hope Girls Hope of Arizona, Inc.**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

**Cash Flows from Operating Activities**

Change in net assets	<u>\$ 2,605,942</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	39,328
Net (Gain) loss on disposal of assets	(2,446,819)
Net (Gain) loss on investments	(10,594)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(13,236)
Prepaid expenses	(9,875)
Increase (decrease) in:	
Accounts payable	61
Accrued expenses	(116,710)
Net cash provided (used) by operating activities	<u>48,097</u>

**Cash Flows from Investing Activities**

Sale of investments	50,000
Purchases on investments	(3,010,284)
Proceeds from sale of property	<u>2,965,494</u>
Net cash provided (used) by investing activities	<u>5,210</u>

Net change in cash and cash equivalents 53,307

Cash and cash equivalents, beginning of year 321,067

Cash and cash equivalents, end of year \$ 374,374

See accompanying notes to financial statements.



**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies**

**Description of Organization**

Boys Hope Girls Hope of Arizona, Inc. ("BHGH") 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, BHGH has provided access to private and college preparatory education and holistic support through college for high-achieving, under-resourced Arizona children. BHGH 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 BHGH, 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 BHGH. Depending upon the specific needs and circumstances of the family, youth will join 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 BHGH 6th grade scholars through college seniors.

**Basis of Presentation and Accounting**

The financial statements of the BHGH have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payable and other assets and liabilities.

**Cash and Cash Equivalents**

The BHGH considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**Promises to Give**

BHGH 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, 2024, management determined that no allowance for promises to give was necessary.

**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies  
(continued)**

**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.

**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, 2024.

**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.

**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies  
(continued)**

**Concentration of Credit Risk**

Financial instruments that potentially subject the BHGH to concentrations of credit risk consist principally of cash. The BHGH maintains its cash in various bank accounts that, at times, may exceed federally insured limits. The BHGH's cash accounts have been placed with high credit quality financial institutions. The BHGH has not experienced, nor does it anticipate, any losses with respect to such accounts. At June 30, 2024 the BHGH had cash that exceeded federally insured limits by \$30,044.

**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, 2024.

**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.

**Donated Services and Materials**

Donated services and materials 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.

**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies  
(continued)**

**Functional Expenses**

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.

**Use of Estimates**

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Date of Management's Review**

In preparing these financial statements, the BHGH's management has evaluated events and transactions for potential recognition or disclosure through February 11, 2025, the date the financial statements were available for issuance.

**Note 2 – Availability and Liquidity**

The following represents the BHGH's financial assets available to meet general expenditures within one year at June 30:

Cash	\$ 374,374
Accounts receivable	13,236
Promises to give	25,000
Investments	3,743,665
Less assets with donor-imposed restrictions	<u>(448,796)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,707,479</u>

**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 2 - Availability and Liquidity (continued)**

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.

**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 3 – Fair Value Measurements and Disclosures (continued)**

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, 2024:

	<b>Total</b>	<b>Quoted Prices in Active Markets For Identical Observable Assets (Level 1)</b>	<b>Other Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money Market Short-Term	\$ 3,104,122	\$ 3,104,122	\$ -	\$ -
Pooled funds held by CCF	522,179	-	-	522,179
Beneficial interests in assets held by CCF	117,364	-	-	117,364
<b>Total Investments</b>	<b>\$ 3,743,665</b>	<b>\$ 3,104,122</b>	<b>\$ -</b>	<b>\$ 639,543</b>

The following is a reconciliation of the beginning and ending balance of assets m measured at fair value on a recurring basis using significant unobservable inputs (Level3) for the year ended June 30, 2024:

	<b>Pooled Funds Held by CCF</b>	<b>Beneficial Interests in Assets Held by CCF</b>
Balance, June 30, 2023	\$ 513,174	\$ 104,592
Purchases/Contributions	-	-
Net investment return	9,005	12,772
<b>Balance, June 30, 2024</b>	<b>\$ 522,179</b>	<b>\$ 117,364</b>

**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 4 – Property and Equipment**

Property and equipment consisted of the following at June 30, 2024:

Furniture and fixtures	\$ 4,000
Vehicles	159,912
Leasehold improvements	7,100
	171,012
Accumulated depreciation	(125,213)
Property and equipment, net	\$ 45,799

Depreciation expense as of June 30, 2024 was \$39,328.

**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, 2024, 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, 2024:

**Subject to the Passage of Time**

Promises to give that are not restricted by donors, but which are unavailable for expenditures until due	\$ 25,000
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**Subject to Use Restrictions**

Strategic Growth	306,432
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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	21,284
Total net assets with donor restrictions	\$ 448,796

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, 2024:

Expiration of time restrictions	\$ 25,000
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**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 7 – Endowment**

BHGH received contributions in the amount of \$96,080 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.

The composition of endowment net assets by fund type as of June 30, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount required to be maintained in perpetuity by donor	\$ -	\$ 96,080	\$ 96,080
Earnings from which are subject to endowment spending policy appropriation	-	21,284	21,284
Total net assets with donor restrictions	<u>\$ -</u>	<u>\$ 117,364</u>	<u>\$ 117,364</u>

**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.



**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**Note 7 – Endowment (continue)**

Changes in Endowment net assets for the fiscal year ended June 30, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2023	\$ -	\$ 100,625	\$ 100,625
Investment return	-	16,739	16,739
Balance, June 30, 2024	<u>\$ -</u>	<u>\$ 117,364</u>	<u>\$ 117,364</u>

**Note 8 – Donated Goods and Services**

Donated goods and services are as follows during the fiscal year ended June 30, 2024:

Description	Donor		Program Type	Valuation Techniques and Inputs
	Amount	Restrictions		
Rent	\$57,272	None	Admin & Fundraising	Estimated fair value based on cost to purchase
Gift Cards	13,659	None	Programmatic	Ultimate value received
School Supplies	9,793	None	Programmatic	Estimated fair value based on cost to purchase
Student Trips	5,050	None	Programmatic	Estimated fair value based on cost to purchase
Snacks for Students	3,537	None	Programmatic	Estimated fair value based on cost to purchase
Printing Costs	1,056	None	Admin & Fundraising	Estimated fair value based on cost to purchase
Miscellaneous services	<u>1,515</u>	None	Programmatic	Estimated fair value based on cost to purchase
Total	<u>\$91,882</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, 2024 were unrestricted.

**Boys Hope Girls Hope of Arizona, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**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 \$57,642 for the year ended June 30, 2024. As of June 30, 2024, there was \$3,228 outstanding as a payable to National in accounts payable.

**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, 2024.