

**BOYS HOPE GIRLS HOPE
OF KANSAS CITY, INC.
FINANCIAL STATEMENTS
June 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Boys Hope Girls Hope of Kansas City, Inc.

We have audited the accompanying statement of financial position of Boys Hope Girls Hope of Kansas City, Inc. (a nonprofit organization) as of June 30, 2015 the related statement of activities, functional expenses and statement of cash flows for the period then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys Hope Girls Hope of Kansas City, Inc. as of June 30, 2015 and the changes in net assets and it's cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.


Arnone, Salerno & Company, PA
December 1, 2016

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

Assets

Current Assets

Cash and cash equivalents	\$ 28,566	
Promises to give, net of allowance for doubtful accounts (Notes 2 and 3)	188,888	
Property and equipment (Notes 4 and 6)	<u>630,070</u>	
Total Assets		<u><u>\$ 847,524</u></u>

Liabilities and Net Assets

Liabilities

Lines of credit (Note 6)	\$ 96,057	
Accounts payable	96,472	
Accrued payroll and taxes	<u>37,133</u>	
Total Liabilities		<u><u>\$ 229,662</u></u>

Net Assets

Unrestricted:		
Operations	(29,004)	
Investment in property and equipment	<u>396,866</u>	
Total Unrestricted		367,862
Permanently restricted (Note 7)		<u>250,000</u>
Total Net Assets		<u><u>617,862</u></u>
Total Liabilities and Net Assets		<u><u>\$ 847,524</u></u>

See the independent auditor's report and accompanying notes to financial statements

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Permanently		
	Unrestricted	Restricted	Total
Public Support and Revenues			
Contributions	\$ 302,003	\$	\$ 302,003
Special events	187,292		187,292
Other income	13,983		13,983
Total Public Support and Revenues	503,278		\$ 503,278
Expenses			
Program Services	371,888		371,888
Supporting Activities:			
Fundraising	57,988		57,988
Management and general	79,913		79,913
Total Supporting Activities	137,901		137,901
Total Expenses	509,789		509,789
Increase (Decrease) in Net Assets	(6,511)	-	(6,511)
Net Assets-Beginning of Year	527,920	250,000	777,920
Net Assets-End of Year	\$ 521,409	\$ 250,000	\$ 771,409

See the independent auditor's report and accompanying notes to financial statements

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	Supporting Activities		Total
		Fundraising	Management and General	
Payroll and Related Expenses				
Salaries	\$ 221,459	\$ 12,303	\$ 12,303	\$ 246,066
Employee Benefits	\$ 31,962	\$ 1,904	\$ 1,904	35,770
Payroll taxes	\$ 18,068	\$ 1,004	\$ 1,004	20,075
	<u>271,489</u>	<u>15,211</u>	<u>15,211</u>	<u>301,911</u>
Other Expenses				
Automobile expense	7,916			7,916
Office supplies and expense			2,804	2,804
Printing and stationary			4,743	4,743
Postage			2,251	2,251
Insurance	3,994		8,015	12,009
Interest expense			3,172	3,172
Bank fees			2,570	2,570
Workshops and seminars			3,254	3,254
Depreciation-building and furnishings	23,682			23,682
Depreciation-vehicles	2,083			2,083
Memberships and dues			99	99
Other	11,830	31,475	17,546	60,851
Rent-office			3,941	3,941
Utilities	9,578			9,578
Telephone	1,338		877	2,215
Promotion		11,302		11,302
Professional fees and services			14,950	14,950
Travel			480	480
Repairs and maintenance	6,923			6,923
Domestic supplies	1,395			1,395
Youth assistance	31,660			31,660
Uncollectable pledges	-	-	-	-
Total Other Expenses	<u>100,399</u>	<u>42,777</u>	<u>64,702</u>	<u>207,878</u>
Total Functional Expenses	<u>\$ 371,888</u>	<u>\$ 57,988</u>	<u>\$ 79,913</u>	<u>\$ 509,789</u>

See the independent auditor's report and accompanying notes to financial statements

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Cash Flows From Operating Activities	
Net Income from Operations	\$ (29,004)
Increase (Decrease) in net assets	
Adjustments to reconcile increase in net asset to net cash provided by operating activities:	
Depreciation	25,679
Change in assets and liabilities:	
(Increase)decrease in promises to give	(103,600)
Increase(decrease) in accounts payable	46,554
Increase(decrease) in accrued payroll and taxes	6,790
Net Cash Provided By Operating Activities	<u>(53,581)</u>
 Cash Flows Used in Investing Activities	
Purchases of property and equipment	<u>-</u>
Net Cash Provided By Investing Activities	<u>-</u>
 Cash Flows From Financing Activities	
(Payments on) Proceeds from line of credit	<u>46</u>
Net Cash Provided By Financing Activities	<u>46</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 <u>(53,535)</u>
 Cash and Cash Equivalents-Beginning of Year	 <u>82,101</u>
 Cash and Cash Equivalents-End of Year	 <u>\$ 28,566</u>
 Supplemental Cash Flow Information	
Interest paid	<u>\$ 3,327</u>

• See the independent auditor's report and accompanying notes to financial statements

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1. Operations

Boys Hope Girls Hope of Kansas City, Inc. is a not-for-profit corporation that offers a structured program to help academically capable and motivated children – in-need meet their full potential and “become men and women for others” by providing value-centered, family-like homes, opportunities and education through college. The Home currently houses eight scholars and two collegians during breaks from school, all boys ages 10-21. There are also five full-time staff and two full time volunteer members in residence.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Boys Hope Girls Hope of Kansas City, Inc. (the Organization and BHGH) have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets, temporarily restricted net assets, and permanent restricted net assets.

Estimates and Assumptions

The Organization uses estimates and assumptions in preparing 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.

Cash and Cash Equivalents

The Organization considers all highly-liquid, short-term investments to be cash equivalents. The Organization invests its cash investments with financial institutions with strong credit ratings. At times, such investments may be in excess of FDIC insurance limits.

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

2. Summary of Significant Accounting Policies – Continued

Promises to Give

Unconditional promises to give are recognized as revenues in the period in which the promises are received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met.

Allowance for Doubtful Promises to Give

Promises to give are stated net of an allowance for doubtful pledges. The Organization estimates the allowance based on an analysis of specific donors, taking into consideration the age of past-due pledges and an assessment of the donor's ability to pay. The Organization writes off pledges when it becomes apparent that the pledge will not be collected in full. There is presently no allowance for doubtful accounts.

Property and Equipment

Property and equipment are carried at cost, if purchased, or at fair value, if donated; less accumulated depreciation computed using the straight-line method. The assets are depreciated over the following periods:

Building and improvements	5 – 30 years
Computer equipment	5 years

Restricted and Unrestricted Public Support and Revenues

The Organization reports gifts of cash and other assets as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Program

Program services include expenses relating to Living and Education assistance for the boys and girls.

The BHGH program services and expenses include costs associated with the start-up of the program. In addition to the home preparation, these services included referral marketing, applicant processing and school visitation.

Management and General

Include expenses relating to the direction for the overall affairs of the program, including accounting, personnel and administrative services.

Fundraising

Provides the requested assistance to encourage and secure private financial support from the corporations, foundations, and individuals through various fundraising and special events.

Expense Allocation

Expenses are allocated to program services and supporting activities based on the time spent by employees performing each function during the year.

Tax Status

The Organization constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

3. Promises To Give

Promises to give are aged based on the term of the original pledge agreement. Short-term pledges for the year ended June 30, 2015 are expected to be received before June 30, 2016.

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

4. Property and Equipment

Property and equipment consist of the following:

Land	\$ 159,125
Building and improvements	701,251
Furnishings	24,292
Computer equipment	4,873
Vehicles	<u>20,800</u>
	910,339
Less: Accumulated Depreciation	<u>(280,269)</u>
	<u>\$630,070</u>

Depreciation charged to expenses amounted to \$25,764 for the year ended June 30, 2015.

5. Assets Restricted for Endowment

During 2006, the organization received \$250,000 from Boys Hope Girls Hope National Organization. The assets were permanently restricted for the endowment.

6. Line of Credit

The Country Club Bank note executed February 20, 2015 balance is \$96,011 and is secured by the group home.

7. Related Parties

The Organization has entered into a cooperative agreement with the National Boys Hope Girls Hope Organization. The agreement, among other things, provides for support of National Boys Hope Girls Hope in a fixed amount for funding of new programs worldwide, college aid, and for National Boys Hope Girls Hope to perform certain administrative services. As part of this agreement, an annual assessment of \$14, 580 will be paid upon the first child entering the group home. Additionally, the Organization pays for some administration, insurance and accounting services through National Boys Hope Girls Hope Organization.