
BOYS HOPE GIRLS HOPE

FINANCIAL STATEMENTS

JUNE 30, 2024



Contents

	Page
Independent Auditors' Report	1 - 2
 Financial Statements	
Statement Of Financial Position.....	3
Statement Of Activities	4
Statements Of Functional Expenses.....	5 - 6
Statement Of Cash Flows.....	7
Notes To Financial Statements.....	8 - 26

Independent Auditors' Report

Board of Directors
Boys Hope Girls Hope
St. Louis, Missouri

Opinion

We have audited the financial statements of Boys Hope Girls Hope, which comprise the statement of financial position as of June 30, 2024, and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Boys Hope Girls Hope as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of Boys Hope Girls Hope and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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'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'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.

RubinBrown LLP

November 26, 2024

BOYS HOPE GIRLS HOPE

STATEMENT OF FINANCIAL POSITION

Assets

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 814,783	\$ 433,271
Pledges receivable (Notes 4 and 11)	2,548,761	808,566
Investments (Note 5)	1,649,056	1,466,840
Retirement plan assets (Note 6)	87,478	87,478
Prepaid insurance	329,641	236,250
Other assets	60,275	94,692
Due from affiliates (Note 7)	161,911	45,502
Property and equipment (Note 8)	155,212	249,936
Right-of-use asset - operating lease (Note 12)	305,315	367,501
Investments restricted/designated for endowment (Notes 5 and 10)	9,078,553	9,064,731
Total Assets	\$ 15,190,985	\$ 12,854,767

Liabilities And Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 328,182	\$ 265,196
Due to affiliates (Note 7)	54,578	24,352
Retirement plan liabilities (Note 6)	107,916	116,493
Right-of-use liability - operating lease (Note 12)	355,216	407,131
Total Liabilities	845,892	813,172

Net Assets

Unrestricted:		
Invested in property and equipment	105,311	210,306
Board-designated endowment (Note 10)	235,509	221,687
Available for operations	312,354	778,713
Without donor restrictions	653,174	1,210,706
With donor restrictions (Note 9)	13,691,919	10,830,889
Total Net Assets	14,345,093	12,041,595
Total Liabilities And Net Assets	\$ 15,190,985	\$ 12,854,767

BOYS HOPE GIRLS HOPE

STATEMENT OF ACTIVITIES

	For The Year Ended June 30, 2024			For The Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	Public Support And Revenues					
Contributions (Notes 9 and 11)	\$ 1,356,839	\$ 341,630	\$ 1,698,469	\$ 1,627,984	\$ 874,107	\$ 2,502,091
<i>Hope Ignites</i> campaign contributions	—	2,965,094	2,965,094	—	—	—
Contributed nonfinancial assets (Note 1)	—	—	—	139,900	—	139,900
Special events (net of expenses of \$14,415 and \$9,206 in 2024 and 2023, respectively)	57,691	—	57,691	66,288	—	66,288
Support from local affiliates (Notes 1 and 7)	484,950	—	484,950	454,493	—	454,493
Other income	59,563	—	59,563	35,623	—	35,623
Loss on disposal of property and equipment	(18,760)	—	(18,760)	(31,827)	—	(31,827)
Investment return designated for current operations (Notes 9 and 10)	462,046	(462,046)	—	341,880	(341,880)	—
Net assets released from restrictions (Note 9)	935,499	(935,499)	—	728,343	(728,343)	—
Total Public Support And Revenues	3,337,828	1,909,179	5,247,007	3,362,684	(196,116)	3,166,568
Expenses						
Program services	2,886,690	—	2,886,690	2,605,278	—	2,605,278
Supporting activities:						
Management and general	787,920	—	787,920	858,939	—	858,939
Fundraising	423,602	—	423,602	326,729	—	326,729
Total Supporting Activities	1,211,522	—	1,211,522	1,185,668	—	1,185,668
Total Expenses	4,098,212	—	4,098,212	3,790,946	—	3,790,946
Increase (Decrease) In Net Assets From Operations	(760,384)	1,909,179	1,148,795	(428,262)	(196,116)	(624,378)
Other Income						
Investment income (Note 5)	202,852	951,851	1,154,703	176,245	923,011	1,099,256
Increase (Decrease) In Net Assets	(557,532)	2,861,030	2,303,498	(252,017)	726,895	474,878
Net Assets - Beginning Of Year	1,210,706	10,830,889	12,041,595	1,462,723	10,103,994	11,566,717
Net Assets - End Of Year	\$ 653,174	\$ 13,691,919	\$ 14,345,093	\$ 1,210,706	\$ 10,830,889	\$ 12,041,595

BOYS HOPE GIRLS HOPE

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended June 30, 2024

	Program Services	Supporting Activities			Total
		Management And General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 1,614,622	\$ 452,230	\$ 276,877	\$ 729,107	\$ 2,343,729
Program support and administration	439,419	9,238	101,919	111,157	550,576
Scholarships	345,512	—	—	—	345,512
Bad debt expense	15	—	—	—	15
Depreciation and amortization	43,388	42,695	—	42,695	86,083
Information technology	66,546	24,985	9,906	34,891	101,437
Insurance	88,887	68,143	—	68,143	157,030
Interest and bank fees	268	6,383	—	6,383	6,651
International assistance	101,240	—	—	—	101,240
Postage and stationery	3,694	3,662	—	3,662	7,356
Professional fees	25,996	59,008	—	59,008	85,004
Promotion and marketing	54,314	42,587	14,911	57,498	111,812
Repairs, maintenance and rent (Note 12)	23,308	57,854	—	57,854	81,162
Staff recruiting and education	12,736	3,350	—	3,350	16,086
Supplies	16,249	1,507	94	1,601	17,850
Travel	45,537	7,068	19,895	26,963	72,500
Telephone and internet	4,959	9,210	—	9,210	14,169
	\$ 2,886,690	\$ 787,920	\$ 423,602	\$ 1,211,522	\$ 4,098,212

BOYS HOPE GIRLS HOPE

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended June 30, 2023

	Program Services	Supporting Activities			Total
		Management And General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 1,396,043	\$ 425,319	\$ 264,110	\$ 689,429	\$ 2,085,472
Program support and administration	326,003	28,128	46,038	74,166	400,169
Scholarships	419,686	—	—	—	419,686
Depreciation and amortization	—	80,178	—	80,178	80,178
Information technology	96,454	23,731	12,577	36,308	132,762
Insurance	101,254	44,962	—	44,962	146,216
Interest and bank fees	—	10,887	—	10,887	10,887
International assistance	81,100	—	—	—	81,100
Postage and stationery	—	9,008	—	9,008	9,008
Professional fees	27,260	54,701	—	54,701	81,961
Promotion and marketing	84,526	24,700	326	25,026	109,552
Repairs, maintenance and rent (Note 12)	—	78,043	—	78,043	78,043
Staff recruiting and education	3,672	39,782	—	39,782	43,454
Supplies	10,250	12,412	—	12,412	22,662
Travel	59,030	9,617	3,678	13,295	72,325
Telephone and internet	—	17,471	—	17,471	17,471
	\$ 2,605,278	\$ 858,939	\$ 326,729	\$ 1,185,668	\$ 3,790,946

BOYS HOPE GIRLS HOPE
STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2024	2023
Cash Flows From Operating Activities		
Increase in net assets	\$ 2,303,498	\$ 474,878
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	86,083	80,178
Realized (gains) losses on sale of investments	(67,587)	145,585
Unrealized gains on investments	(815,227)	(999,920)
Donated property and equipment	—	(65,565)
Loss on disposal of property and equipment	18,760	31,827
Changes in assets and liabilities:		
Pledges receivable	(1,740,195)	(217,477)
Other assets	34,417	(6,169)
Prepaid insurance	(93,391)	38,989
Due from affiliates	(116,409)	(27,467)
Right-of-use asset and lease liability	10,271	20,646
Accounts payable and accrued expenses	62,986	(27,965)
Due to affiliates	30,226	13,846
Retirement plan liabilities (net)	(8,577)	(11,625)
Net Cash Used In Operating Activities	(295,145)	(550,239)
Cash Flows From Investing Activities		
Purchases of investments	(552,426)	(1,030,811)
Proceeds from sale of investments	1,354,309	1,394,696
Purchases of property and equipment	(10,119)	—
Net Cash Provided By Investing Activities	791,764	363,885
Net Increase (Decrease) In Cash And Cash Equivalents	496,619	(186,354)
Cash And Cash Equivalents - Beginning Of Year	1,259,024	1,445,378
Cash And Cash Equivalents - End Of Year	\$ 1,755,643	\$ 1,259,024
Cash And Cash Equivalents Consist Of:		
Cash and cash equivalents per the statement of financial position	\$ 814,783	\$ 433,271
Cash and cash equivalents included in investments (Note 5)	940,860	825,753
Cash And Cash Equivalents - End Of Year	\$ 1,755,643	\$ 1,259,024

BOYS HOPE GIRLS HOPE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 And 2023

1. Summary Of Significant Accounting Policies

Basis Of Accounting

The financial statements of Boys Hope Girls Hope (the Organization) have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in a way that provides relevant information about the interrelationships, liquidity, and financial flexibility. As a result, the Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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. Actual results could differ from these estimates.

Operating And Nonoperating Activity

Operating results in the statement of activities reflect all transactions except investment income (loss).

Cash And Cash Equivalents

The Organization considers all highly-liquid, short-term investments to be cash equivalents.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (*Continued*)

The Organization maintains its cash balances with financial institutions with strong credit ratings. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit, which is \$250,000 per financial institution. In addition, some cash and cash equivalents consist of money market funds, which are not covered by FDIC but are covered by Securities Investor Protection Corporation (SIPC) insurable limits. At June 30, 2024, cash and cash equivalents in excess of FDIC and SIPC insurance limits approximated \$776,000.

Pledges Receivable

Unconditional pledges receivable in future periods are recognized as revenues in the period the pledges are received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized as support until the conditions upon which they depend are met. Pledges receivable are reported at the amount management expects to collect on balances outstanding at year end.

An allowance for uncollectible pledges receivable is provided based upon the Organization's estimate of amounts that will ultimately not be collected. The estimate is based on historical collection experience coupled with a review of the current status of existing pledges receivable. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. Management has determined that no allowance for uncollectible pledges receivable is necessary as of June 30, 2024 or 2023.

Investments And Investments Restricted/Designated For Endowment

The Organization invests in various investment securities. Marketable investments are carried at market value as quoted on major securities exchanges. Investments for which quoted market prices are not available are carried at estimated realizable values as determined by the fund managers and are reviewed by management. Gains and losses on sales of investments are determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property And Equipment

Property and equipment are carried at cost, if purchased, or at fair value, if donated, less accumulated depreciation and amortization computed using the straight-line method. Additions exceeding \$2,500 are capitalized. The assets are depreciated and amortized over the following periods:

Building and improvements	10 - 35 years
Computer equipment	5 years
Furniture and equipment	5 years

Leases

As further described in Note 12, the Organization maintains an office space lease. Lease right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. The Organization's lease has an initial term of approximately seven years. The Organization does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered, include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the lease asset and the terms associated with extending the lease. The lease for the office space includes a renewal option for a successive separate period of five years. The Organization has not included this renewal period in the term when determining the ROU asset and lease liability as management is not reasonably certain if such renewal will be exercised. Accordingly, only the initial term is included in the lease term when calculating the ROU asset and lease liability with respect to the building space lease. The Organization has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

As most leases do not provide an implicit discount rate, the Organization has made an election available to not-for-profit organizations that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

The Organization's operating leases typically contain fixed rent escalations over the lease term, and Organization recognizes expense for these leases on a straight-line basis over the lease term of the respective ROU asset. The Organization recognizes the related lease expense on a straight-line basis and records the difference between the recognized lease expense and amounts payable under the lease as part of the ROU asset.

The Organization does not separate non-lease components of a contract from the lease components to which they relate for all classes of leased assets.

Public Support And Revenues

The Organization reports gifts of cash and other assets as net assets without donor restrictions or net assets with donor restrictions, 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, 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.

Contributed Nonfinancial Assets

Donated property and equipment and materials are recorded at fair value at the date of donation.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services that meet the criteria for recognition are recorded at fair value at the date of donation. No such donated services were received in 2024 or 2023.

Contributed nonfinancial assets (in-kind contributions) were received for:

	<u>2024</u>	<u>2023</u>
Computers	\$ —	\$ 139,600
Technology equipment	—	300
	<u>\$ —</u>	<u>\$ 139,900</u>

In-kind property contributions consisted of various technology solutions and equipment to be used by the Organization and the Organization's affiliates. In-kind property and equipment contributions were valued at the fair value of the assets received based on the price for similar items.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (*Continued*)

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated assets.

Support From Local Affiliates

The Organization receives support from affiliates for providing a variety of services and consultations to the affiliates in areas such as program and administrative management, staff/volunteer recruitment and retention, board development and functioning, financial management, fundraising, marketing and public relations, college preparation success and support, alumni development and program evaluation. An annual fee, as determined by the Organization's Board of Directors, is assessed for services and consultations provided from July 1st through June 30th. Revenue, which is included in support from local affiliates on the statement of activities, is recognized as these services and consultations are provided to an affiliate.

In addition, the Organization provides accounting services to certain affiliates on an hourly rate basis. Revenue, which is included in other income on the statement of activities, is recognized as these services are provided to the affiliate.

Opening and closing balances of receivables from affiliates for the year ended June 30, 2024 were \$45,502 and \$161,911, respectively. Opening and closing balances of receivables from affiliates for the year ended June 30, 2023 were \$18,035 and \$45,502, respectively.

As of July 1, 2023, the Organization adopted Accounting Standards Codification (ASC) Topic 326, *Financial Instruments - Credit Losses*, using a modified-retrospective approach. The standard replaces the previously incurred loss model and requires entities to record an estimate of expected losses on financial assets for the remaining estimated life of the asset. This estimate must include consideration of historical experience, current conditions and reasonable and supportable forecasts.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (*Continued*)

Receivables from affiliates are stated at the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to earnings and a credit to a valuation allowance. To estimate the expected credit losses, receivables have been grouped based on credit risk characteristics including age of the receivable, payer and type of underlying revenue transaction. The allowance is determined by applying an expected credit loss percentage to the carrying value of the assets by categories. The percentages, which are updated at least annually, are based on historical experience and may be adjusted to the extent that future results are expected to differ from past experience. Given that the Organization extends credit terms on a short-term basis, changes to the credit loss percentages due to future events are expected to be rare. Additionally, the allowance is also adjusted due to the changes in the collectability assessment of individual payers. Management has determined that no allowance for uncollectible receivables from affiliates is necessary as of June 30, 2024 or 2023.

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 comprehensive support to affiliates across various domains and direct services to young people. Affiliate services include strategic leadership, program support and design, knowledge building, training, and convening. The Network Headquarters also provides evaluation and performance management, finance and accounting services, technology support, risk management, corporate insurance, marketing and development consulting, employee recruiting and training as well as payroll and benefits management.

The Network Headquarters provides direct support and programs to scholars, collegians, and alumni through case management, scholarships, and in-person convenings. This includes scholarships of up to \$3,000 per collegian per year.

Management And General

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Organization's program strategy, secure proper administrative functioning of the Board of Directors and manage the financial and budgetary responsibilities of the Organization.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (*Continued*)

Fundraising

Fundraising includes activities related to identifying and accessing the resources necessary to maintain operations and achieve programmatic goals.

Expense Allocation

Expenses that are directly identifiable as related to specific functions such as scholarships, depreciation and amortization, insurance, interest and bank fees, international assistance, repairs and maintenance, supplies, telephone and internet, and utilities are charged directly to those specific functions. Expenses such as salaries, payroll taxes and benefits are allocated to multiple functions based on an analysis of personnel time and related activities. Other expenses are charged to program services and supporting activities based on the nature of the expenditure or based on management's best estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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 on related, exempt income.

The federal tax returns for tax years ended June 30, 2021 and later remain subject to examination by taxing authorities.

Reclassification

Certain 2023 balances have been reclassified, where appropriate, to conform to the 2024 financial statement presentation.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available for issue, which is the date of the Independent Auditors' Report.

2. Operations

The Organization partners with its affiliates in 13 US cities, Mexico, and Guatemala to nurture and guide motivated young people to become well-educated, career-ready men and women for others.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

The Organization's affiliates receive a variety of services from Network Headquarters. Affiliate services include strategic leadership, program support and design, knowledge building, training, and convening. The Network Headquarters also provides evaluation and performance management, finance and accounting services, technology support, risk management, corporate insurance, marketing and development consulting, employee recruiting and training as well as payroll and benefits management. With this support from Network Headquarters, affiliate staff is able to focus on providing the highest quality of service to each scholar.

The Network Headquarters provides direct support and programs to scholars, collegians, and alumni through case management, scholarships, and in-person convenings. This includes scholarships of up to \$3,000 per collegian.

The Network Headquarters fundraising activities provide for the services described above, while each affiliate is responsible for generating support for their operations.

Each U.S. affiliate is separately incorporated in its respective state but is covered by a group 501(c)(3) exemption.

3. Available Resources And Liquidity

As of June 30, 2024 and 2023, the Organization had the following financial assets available within one year of the statement of financial position date to meet general expenditures:

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 814,783	\$ 433,271
Pledges receivable	2,548,761	808,566
Investments	1,649,056	1,466,840
Due from affiliates	161,911	45,502
Total Financial Assets	<u>5,174,511</u>	<u>2,754,179</u>
Less Amounts Not Available To Be Used For General Expenditures Within One Year		
Approved spending allowance for the upcoming year	533,250	475,083
Amounts with donor restrictions	1,925,633	539,483
Total Amounts Not Available To Be Used For General Expenditures Within One Year	<u>2,458,883</u>	<u>1,014,566</u>
	<u>\$ 2,715,628</u>	<u>\$ 1,739,613</u>

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$950,000). To meet liquidity needs, the Organization's investment allocation plan each year sets aside funds in short-term investments, including money market accounts.

4. Pledges Receivable

At June 30, 2024 and 2023, pledges receivable are expected to be collected as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 894,089	\$ 444,784
One to five years	2,101,667	460,097
	<u>2,995,756</u>	<u>904,881</u>
Less: Discount on long-term pledges receivable	446,995	96,315
	<u>\$ 2,548,761</u>	<u>\$ 808,566</u>

Pledges receivable are recorded after discounting to the present value of future cash flows using discount rates ranging from 7.75% to 8.50%.

During 2023, the Organization received a \$255,000 multi-year pledge commitment that was conditional on the Organization raising an equivalent amount of matching funds restricted for scholarships. At June 30, 2023, \$80,659 had not yet been recognized as the equivalent matching funds had yet to be raised. By June 30, 2024, this condition was met and the \$80,659 was recognized and included in pledges receivable at June 30, 2024.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

5. Investments

Investments are recorded at fair value and consist of:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 940,860	\$ 825,753
Exchange-traded funds	9,785,749	9,704,818
Equity securities	1,000	1,000
	<u>10,727,609</u>	<u>10,531,571</u>
Less: Investments restricted/designated for endowment (Note 10)	9,078,553	9,064,731
	<u>\$ 1,649,056</u>	<u>\$ 1,466,840</u>

Investment income consists of:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 271,889	\$ 244,921
Realized gains (losses)	67,587	(145,585)
Unrealized gains	815,227	999,920
	<u>\$ 1,154,703</u>	<u>\$ 1,099,256</u>

The Organization accounts for certain investments at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset.
- *Income approach* - Uses valuation techniques to convert future amounts to a present amount based on current market expectations about the future amounts.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

- Level 1* Quoted prices that are readily available in active markets/exchanges for identical investments.
- Level 2* Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3* Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

The following are the Organization's investments measured at fair value, all of which are classified as Level 1 investments:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 940,860	\$ 825,753
Exchange-traded funds		
Intermediate government	722,268	675,593
Intermediate-term bond	319,151	300,460
Inflation-protected bond	217,766	195,197
Corporate bond	848,837	788,671
Foreign large-cap blend	632,701	633,394
Foreign large-cap value	949,208	972,995
Real estate	215,676	199,069
U.S. large-cap value	3,509,421	3,565,437
U.S. small-cap blend	2,370,721	2,374,002
Equity securities		
Technology	1,000	1,000
	<u>\$ 10,727,609</u>	<u>\$ 10,531,571</u>

During 2024 and 2023, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's investments.

6. Retirement Plans

The Organization has established a 401(k) plan covering eligible employees. Employees are eligible after a probationary period of one year. The plan provides for an employer contribution of 100% of an eligible employee's contributions up to 3% plus an employer contribution of 50% of an eligible employee's contributions that exceed 3% of the eligible employee's compensation but not more than 5% of the eligible employee's compensation. All contributions are 100% vested when made. Total contributions by the Organization amounted to \$60,539 and \$46,939 in 2024 and 2023, respectively.

As of June 30, 2017, the Organization also had a nonqualified 401(a) and 403(b) defined benefit pension plan (the Plan) covering a former employee. Under the 401(a) and 403(b) plans, assets were funded and directed by the Organization. The provisions of the Plan allowed for the offset of the assets of the Plan against the retirement benefit payments, as defined. The retirement plan liabilities represent the actuarial present value of benefits related to a prior employee's service. During 2018, investments of the Plan were liquidated to fund a portion of this obligation. At June 30, 2024 and 2023, the pension plan assets include cash surrender value of life insurance of \$87,478. The remaining obligation will be funded by this cash surrender value of life insurance as well by the Organization's operating funds.

7. Affiliations And Related Parties

As of June 30, 2024, 13 local affiliate locations are incorporated in the following locations:

St. Louis, Missouri
Brooklyn, New York
Chicago, Illinois
New Orleans, Louisiana
Cincinnati, Ohio
Detroit, Michigan
Cleveland, Ohio
Phoenix, Arizona
Irvine, California
Pittsburgh, Pennsylvania
Denver, Colorado
Baltimore, Maryland
Kansas City, Missouri

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

During 2024, the affiliate in Kansas City, Missouri paused programming. Subsequent to year end, the affiliate was dissolved.

In addition to these domestic locations, there are two international locations:

Guatemala City, Guatemala
Monterrey, Mexico

Affiliates are required to pay an assessment under a contractual agreement. During 2024 and 2023, such assessments totaled \$484,950 and \$454,493, respectively.

Due from affiliates, which relate primarily to these assessments, were \$161,911 and \$45,502 at June 30, 2024 and 2023, respectively.

The Organization periodically receives funds intended for the affiliates. The Organization will deposit the funds and immediately issue a check or transfer funds to the intended affiliate for the donation. At June 30, 2024 and 2023, the Organization has a payable of \$54,578 and \$24,352, respectively, due to its affiliates.

Members of the Board of Directors of the Organization (including their related companies and organizations) contributed approximately \$2,082,000 and \$973,000 for the years ended June 30, 2024 and 2023, respectively.

8. Property And Equipment

Property and equipment consist of:

	<u>2024</u>	<u>2023</u>
Computer equipment	\$ 379,118	\$ 395,799
Furniture and equipment	41,526	41,526
	<u>420,644</u>	<u>437,325</u>
Less: Accumulated depreciation and amortization	265,432	187,389
	<u>\$ 155,212</u>	<u>\$ 249,936</u>

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (*Continued*)

9. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of:

	2024			2023		
	Time And Purpose Restrictions	Perpetual In Nature	Total	Time And Purpose Restrictions	Perpetual In Nature	Total
Time restrictions	\$ 122,500	\$ —	\$ 122,500	\$ 92,515	\$ —	\$ 92,515
International	29,196	200,000	229,196	18,118	200,000	218,118
Jean T. McKenna National Scholarship	154,692	1,059,638	1,214,330	96,001	1,059,638	1,155,639
Other funded projects	275,516	—	275,516	484,578	—	484,578
<i>Hope Ignites</i> campaign	2,995,629	—	2,995,629	409,108	—	409,108
Scholarships	181,617	—	181,617	217,836	—	217,836
Boys Hope						
Girls Hope						
Endowment Fund	1,089,725	7,583,406	8,673,131	669,689	7,583,406	8,253,095
	\$ 4,848,875	\$ 8,843,044	\$ 13,691,919	\$ 1,987,845	\$ 8,843,044	\$ 10,830,889

The net asset components are described as follows:

Time Restrictions - This component represents pledges for future operating support.

International - The International component is used to record revenue generated to help support the ongoing operations of various international programs.

Jean T. McKenna National Scholarship - The scholarship component is used to fund a portion of a youth's college education costs each year through scholarships. Boys and girls qualifying for awards must show financial need and academic achievement.

Other Funded Projects - This component is comprised of donor gifts restricted for specific projects.

Hopes Ignites Campaign - This campaign aims to transform the lives of motivated young people, tripling the Organization's reach and unlocking opportunities for economic and social mobility. This component will fund scholarships and post-secondary support, boost central capacity to serve a larger network, and provide matching grants to affiliates.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

Scholarships - This component is comprised of donor gifts restricted for scholarships.

Boys Hope Girls Hope Endowment Fund - This component was established to create a restricted fund that is perpetual in nature to generate income to offset general operating expenses and the costs of expansion and local program support.

Net assets were released from donor restrictions as follows:

	<u>2024</u>	<u>2023</u>
International	\$ —	\$ 275
Scholarships	168,049	330,760
Other funded projects	258,861	172,308
<i>Hope Ignites</i> campaign	378,574	—
Satisfaction of time restrictions	130,015	225,000
	<u>\$ 935,499</u>	<u>\$ 728,343</u>

Investment return earned by the Organization's endowment funds (Note 10) was designated for current operations as follows:

	<u>2024</u>	<u>2023</u>
National Campaign and affiliate support	\$ 396,230	\$ 293,181
International	10,450	7,732
Jean T. McKenna National Scholarship	55,366	40,967
	<u>\$ 462,046</u>	<u>\$ 341,880</u>

10. Endowment Funds

The Organization's endowment consists of three individual donor-restricted endowment funds and one board-designated endowment fund established for a variety of purposes, including general national campaign and affiliate support, international assistance, and scholarships. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (*Continued*)

The Board of Directors has interpreted the 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, the Organization classifies as endowment with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in investments in perpetuity is classified as unappropriated endowment earnings until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds;
- (2) The purposes of the Organization and the donor-restricted endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment policies of the Organization.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

Endowment Net Asset Composition

As of June 30, 2024 and 2023, the Organization had the following endowment funds:

	2024				Total
	Without Donor Restrictions	Unappropriated Endowment Earnings	Investments In Perpetuity		
Donor-restricted endowment funds	\$ —	\$ 1,273,613	\$ 8,843,044	\$ 10,116,657	
Board-designated endowment fund	235,509	—	—	235,509	
	<u>\$ 235,509</u>	<u>\$ 1,273,613</u>	<u>\$ 8,843,044</u>	<u>\$ 10,352,166</u>	

	2023				Total
	Without Donor Restrictions	Unappropriated Endowment Earnings	Investments In Perpetuity		
Donor-restricted endowment funds	\$ —	\$ 783,808	\$ 8,843,044	\$ 9,626,852	
Board-designated endowment fund	221,687	—	—	221,687	
	<u>\$ 221,687</u>	<u>\$ 783,808</u>	<u>\$ 8,843,044</u>	<u>\$ 9,848,539</u>	

Changes In Endowment Assets For The Years Ended June 30, 2024 And 2023:

	2024				Total
	Without Donor Restrictions	Unappropriated Endowment Earnings	Investments In Perpetuity		
Endowment assets at July 1, 2022	\$ 205,288	\$ 202,677	\$ 8,843,044	\$ 9,251,009	
Investment income	26,046	923,011	—	949,057	
Appropriation of endowment assets for expenditure	(9,647)	(341,880)	—	(351,527)	
Endowment assets at June 30, 2023	221,687	783,808	8,843,044	9,848,539	
Investment income	26,859	951,851	—	978,710	
Appropriation of endowment assets for expenditure	(13,037)	(462,046)	—	(475,083)	
Endowment assets at June 30, 2024	<u>\$ 235,509</u>	<u>\$ 1,273,613</u>	<u>\$ 8,843,044</u>	<u>\$ 10,352,166</u>	

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature related to market fluctuations are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2024 or 2023.

If the fair value of a donor-restricted endowment fund were to fall below the amount to be held in perpetuity, no distributions would be taken from the fund.

Return Objectives And Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maximize total return through a diversified investment strategy that achieves, over time, an annualized rate of return that supports the Organization's spending rate over the life of the Organization.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which distributions are funded from net investment income, net realized capital gains and proceeds from the sale of investments. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Organization's Board of Directors determines the annual spending rate after considering the needs of the Organization, current market conditions, and the rate of inflation. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an annual rate that is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

BOYS HOPE GIRLS HOPE

Notes To Financial Statements (Continued)

11. Concentrations

For the years ended June 30, 2024 and 2023, approximately 32% and 19%, respectively, of contributions were from two donors and one donor, respectively.

As of June 30, 2024 and 2023, approximately 67% and 90%, respectively, of pledges receivable were from three donors.

12. Operating Lease

On September 1, 2021, the Organization entered into a lease agreement with Fair Mercantile Center 2017, LLC (the Landlord) for office space located in St Louis, Missouri. The asset under the operating lease is capitalized using a discount rate of 2.92% and amortized over the remaining life of the lease. As of June 30, 2024 and 2023, 4.60 and 5.50 years of the lease term remains, respectively. Rent is payable in escalating annual installments. For the years 2022 through 2028, the annual rent payable starts at \$47,511 and increases to \$89,934. Lease rental payments are recognized on a straight-line basis over the term of the lease. The lease expires on November 30, 2028. A one-time five-year renewal option is available.

During 2024 and 2023, cash paid for the operating lease totaled \$62,997 and \$52,622, respectively. Lease expense, which is included in repairs, maintenance and rent on the statement of functional expenses, was \$73,268 and \$73,368 during the years ended June 30, 2024 and 2023, respectively.

At June 30, 2024, the reconciliation of the undiscounted cash flows of the lease liability recorded on the statement of financial position is as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 73,614
2026	83,353
2027	88,288
2028	89,385
2029	44,967
Total minimum lease payments	379,607
Less: Amount of lease payments representing interest	24,391
Present value of future minimum lease payments	355,216
Less: Current portion	64,237
	<u>\$ 290,979</u>