

BOYS HOPE GIRLS HOPE OF ST. LOUIS, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2022
(With comparative totals for 2021)**

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Boys Hope Girls Hope of St. Louis, Inc. which comprise the statement of financial position as of June 30, 2022, 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 St. Louis, Inc. as of June 30, 2022, and the results of its operations 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys Hope Girls Hope of St. Louis, 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 St. Louis, Inc.'s ability to continue as a going concern within 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 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 St. Louis, 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 St. Louis, 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.

Report on Summarized Comparative Information

We have previously audited Boys Hope Girls Hope of St. Louis, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



November 21, 2022

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Financial Position
June 30, 2022
(With comparative totals for 2021)

Assets

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Current Assets				
Cash	\$ 273,309	\$ 15,356	\$ 288,665	\$ 847,293
Cash equivalents	44,137	-	44,137	40,566
Investments, at fair value	2,296,450	300,818	2,597,268	2,582,912
Unconditional promises to give	91,038	162,500	253,538	237,593
Prepaid expenses	450	-	450	4,788
Total Current Assets	2,705,384	478,674	3,184,058	3,713,152
Property and Equipment, net	3,611,052	-	3,611,052	3,665,398
Unconditional Promises to Give, net	-	156,884	156,884	316,809
Total Assets	\$ 6,316,436	\$ 635,558	\$ 6,951,994	\$ 7,695,359

Liabilities and Net Assets

Current Liabilities				
Accounts payable	\$ 28,194	\$ -	\$ 28,194	\$ 25,390
Accrued expenses and other current liabilities	131,227	-	131,227	110,938
Total Liabilities	159,421	-	159,421	136,328
Net Assets				
Without donor restrictions				
Available for general activities	5,907,015	-	5,907,015	6,334,817
Board designated	250,000	-	250,000	250,000
With donor restrictions	-	635,558	635,558	974,214
Total Net Assets	6,157,015	635,558	6,792,573	7,559,031
Total Liabilities and Net Assets	\$ 6,316,436	\$ 635,558	\$ 6,951,994	\$ 7,695,359

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Activities
Year Ended June 30, 2022
(With comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Revenue, Gains and Other Support				
Contributions - operating	\$ 669,093	\$ 59,019	\$ 728,112	\$ 1,484,473
In-kind donated materials and services	61,549	-	61,549	36,893
In-kind contributions - tuition	139,785	-	139,785	126,385
Interest and dividend income	53,499	-	53,499	38,591
Realized gain on investments	34,911	-	34,911	25,893
Net unrealized gain (loss) on investments	(420,656)	-	(420,656)	388,702
Other income	5,111	-	5,111	48,394
SBA grant through Paycheck Protection Program	-	-	-	379,000
Gain on disposition of property and equipment	-	-	-	1,747
	<u>543,292</u>	<u>59,019</u>	<u>602,311</u>	<u>2,530,078</u>
Gross fundraising revenue	1,097,956	-	1,097,956	886,376
Less cost of direct benefits to donors	<u>(133,599)</u>	<u>-</u>	<u>(133,599)</u>	<u>(86,019)</u>
Net Fundraising Events Revenue	<u>964,357</u>	<u>-</u>	<u>964,357</u>	<u>800,357</u>
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	<u>397,675</u>	<u>(397,675)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>1,905,324</u>	<u>(338,656)</u>	<u>1,566,668</u>	<u>3,330,435</u>
Expenses				
Program services	<u>1,839,965</u>	<u>-</u>	<u>1,839,965</u>	<u>1,471,721</u>
Supporting activities				
Management and general	229,246	-	229,246	180,274
Fundraising	<u>263,915</u>	<u>-</u>	<u>263,915</u>	<u>187,515</u>
Total Supporting Activities	<u>493,161</u>	<u>-</u>	<u>493,161</u>	<u>367,789</u>
Total Expenses	<u>2,333,126</u>	<u>-</u>	<u>2,333,126</u>	<u>1,839,510</u>
Change in Net Assets	(427,802)	(338,656)	(766,458)	1,490,925
Net Assets, Beginning of Year	<u>6,584,817</u>	<u>974,214</u>	<u>7,559,031</u>	<u>6,068,106</u>
Net Assets, End of Year	<u>\$ 6,157,015</u>	<u>\$ 635,558</u>	<u>\$ 6,792,573</u>	<u>\$ 7,559,031</u>

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Functional Expenses
Years Ended June 30, 2022
(With comparative totals for 2021)

	Program Services	Supporting Activities			Total	
		Management and General	Fundraising	Total	2022	2021
Professional salaries	\$ 83,312	\$ 109,576	\$ 152,781	\$ 262,357	\$ 345,669	\$ 265,001
Support staff salaries	700,962	60,439	49,175	109,614	810,576	571,827
Total Salaries	<u>784,274</u>	<u>170,015</u>	<u>201,956</u>	<u>371,971</u>	<u>1,156,245</u>	<u>836,828</u>
Payroll taxes	57,426	12,449	14,788	27,237	84,663	54,290
Employee benefits	129,384	24,260	8,087	32,347	161,731	152,185
Total Related Expenses	<u>186,810</u>	<u>36,709</u>	<u>22,875</u>	<u>59,584</u>	<u>246,394</u>	<u>206,475</u>
Other Expenses						
Building expenses	62,855	-	-	-	62,855	99,585
Furnishings	8,282	-	-	-	8,282	9,412
Domestic supplies	<u>13,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,251</u>	<u>10,123</u>
Scholar Assistance						
Tuition and college aid	218,665	-	-	-	218,665	194,444
Living expense	132,715	-	-	-	132,715	101,121
Educational expense	55,486	-	-	-	55,486	32,860
Miscellaneous expense	<u>19,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,098</u>	<u>14,260</u>
Total Scholar Assistance	425,964	-	-	-	425,964	342,685
Transportation	38,648	-	-	-	38,648	23,499
Gifts in-kind	23,605	5,212	32,733	37,945	61,550	33,789
Uncollectible pledges	-	-	-	-	-	15,000
Administration	146,084	6,351	6,351	12,702	158,786	112,946
Assessments - National Program	<u>36,673</u>	<u>6,472</u>	<u>-</u>	<u>6,472</u>	<u>43,145</u>	<u>36,255</u>
Total Other Expenses	<u>755,362</u>	<u>18,035</u>	<u>39,084</u>	<u>57,119</u>	<u>812,481</u>	<u>683,294</u>
Total Expenses Before Depreciation	1,726,446	224,759	263,915	488,674	2,215,120	1,726,597
Depreciation	<u>113,519</u>	<u>4,487</u>	<u>-</u>	<u>4,487</u>	<u>118,006</u>	<u>112,913</u>
Total Expenses	<u>\$ 1,839,965</u>	<u>\$ 229,246</u>	<u>\$ 263,915</u>	<u>\$ 493,161</u>	<u>\$ 2,333,126</u>	<u>\$ 1,839,510</u>
	78.9 %	9.8 %	11.3 %	21.1 %	100.0 %	100.0 %

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (766,458)	\$ 1,490,925
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	118,006	112,913
Realized gains from sales of investments	(34,911)	(25,893)
Unrealized (gains) losses on investments	420,656	(388,702)
Paycheck Protection Program debt forgiveness	-	(189,500)
(Increase) decrease in assets		
Unconditional promises to give, net	143,980	(429,244)
Prepaid expenses	4,338	825
Increase in liabilities		
Accounts payable	2,804	15,993
Accrued expenses	20,289	14,658
Net Cash Provided by (Used in) Operating Activities	(91,296)	601,975
Cash Flows From Investing Activities		
Purchases of investments	(538,465)	(370,894)
Proceeds from sales of investments	138,364	135,592
Purchases of property and equipment	(63,660)	(18,921)
Net Cash Used In Investing Activities	(463,761)	(254,223)
Net Increase (Decrease) in Cash and Cash Equivalents	(555,057)	347,752
Cash and Cash Equivalents, Beginning of Year	887,859	540,107
Cash and Cash Equivalents, End of Year	\$ 332,802	\$ 887,859
Cash	\$ 288,665	\$ 847,293
Cash Equivalents	44,137	40,566
Total Cash and Cash Equivalents	\$ 332,802	\$ 887,859

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. Nature of Operations and Basis of Presentation

Organization

Boys Hope Girls Hope of St. Louis, Inc. (the "Organization") provides housing and educational assistance for academically capable and motivated children-in-need in the St. Louis metropolitan area. The organization provides a path to and through college with its three program platforms: a residential facility that provides a family-like environment for scholars, Hope Prep academy which currently offers college and career readiness programming in two St. Louis school districts, and collegian services to help ensure scholars persist to receive a college degree. The Organization provides family environments that allow scholars to mature and provide guidance to motivated young people in need to become well-educated, career-ready men and women for others.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside for a particular purpose.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained permanently by the Organization. The income earned on any related investments may be subject to donor-imposed stipulations.

The financial statements include certain prior-year summarized comparative information in total, but not by class of net assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash equivalents. The balance includes money market accounts of \$44,137 and \$40,566 for the years ended June 30, 2022 and 2021, respectively.

Investments

The Organization carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the average cost method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

Unconditional Promises to Give

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the promises are to be received.

The Organization provides an allowance for doubtful promises to give equal to the estimated losses that will be incurred in the collection of unconditional promises to give. This estimate is based on historical experience coupled with a review of the current status of existing promises. The allowance and associated promises are reduced when the promises are determined to be uncollectible. The Organization considers unconditional promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is deemed necessary.

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$2,500 are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. Donated assets are recorded at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose or period of time. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated lives for computing depreciation on property and equipment are:

<u>Classification</u>	<u>Years</u>
Building and improvements	10-39
Furniture and fixtures	5-10
Automobiles	5

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Endowment Fund

The State of Missouri enacted the State Prudent Management of Institutional Funds Act ("SPMIFA") effective August 28, 2009. The Organization follows FASB guidance on accounting for the net assets classification of restricted endowment funds for a not-for-profit organization that is subject to the enacted version of the SPMIFA. The Organization has determined that the net assets with donor restriction meet the definition of endowment funds under SPMIFA.

The Organization has interpreted the SPMIFA as requiring the preservation of the original gift amount. As a result of this interpretation, the Organization classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment. The remaining portion of funds are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Support and Revenue

Contributions are recorded as received, and unconditional promises to give are recorded as the promise is made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions with donor restrictions in which the restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Donated Materials and Services (In Kind)

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Retention Incentive Plan

The Organization maintains a retention incentive plan for all full-time and part-time employees in good standing. The plan provides that after three years of service, an employee will receive a lump-sum payment equal to 3 percent of his or her salary for those three years. This payment is payable within 60 days following the third year of eligible employment. Beginning the fourth year of employment, the employee is eligible for annual bonus payments equal to 3 percent of the previous 12 months' salary. For the years ended June 30, 2022 and 2021, expenses related to this plan were \$9,234 and \$13,710, respectively. The retention incentive plan was suspended as of June 30, 2022, pending additional research and evaluation on effectiveness and best practices.

Tuition and Fees

Several of the schools attended by the scholars have provided tuition assistance. For the years ended June 30, 2022 and 2021, the Organization received tuition grants of \$139,785 and \$126,385, respectively. These amounts have been recorded in contributions, with offsetting expenses included in scholar assistance.

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Organization files as a tax exempt organization under the national Boys Hope Girls Hope organization.

The Organization follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization's returns for tax years 2018 and later remain subject to examination by taxing authorities.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through November 21, 2022, the date the financial statements were available to be issued.

3. Affiliate Agreements

National Organization

The Organization is affiliated with Boys Hope Girls Hope (the "National Program"). The Organization is required, under mutual agreement with the National Program, to pay an assessment to the National Program for administrative and promotional services rendered on behalf of the Organization. The National Program determines the amounts due for each year of operation. The assessments totaled \$43,145 and \$36,255 for the years ended June 30, 2022 and 2021, respectively.

The National Program also administers certain group life and medical insurance plans for the Organization. The Organization is charged its allocated premiums by the National Program. The allocations for the years ended June 30, 2022 and 2021 were \$117,065 and \$110,799, respectively, and are included in employee benefits on the statement of functional expenses. In addition, the Organization carries certain other types of insurance under group policies administered by the National Program. The Organization pays premiums for these policies directly to the underwriters.

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Associate Board

The Organization is supported by the Associate Board, which was established in fiscal year 2001. The Associate Board's purpose is to generate funds for the operation of the program. The Associate Board raises funds from special events. The revenue and expenses of the Associate Board are reflected in the Organization's statement of activities under net fundraising events revenue. For the years ended June 30, 2022 and 2021, revenues from these events were \$19,316 and \$12,237, respectively. Associated expenses at June 30, 2022 and 2021 were \$4,939 and \$2,796, respectively.

Women of Hope

The Organization is supported by the Women of Hope. The purpose of Women of Hope is to aid the management and staff of the Organization in providing housing and educational assistance. The Women of Hope raise funds from members' dues and special events. The revenue and expenses of the Women of Hope are reflected in the Organization's statement of activities under fundraising events, net. For the years ended June 30, 2022 and 2021, revenues from these events were \$77,332 and \$29,716 respectively. Associated expenses at June 30, 2022 and 2021 were \$17,645 and \$1,468, respectively.

4. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.
Level 2	Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The instruments' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Following is a description of the valuation methodologies used for instruments measured at fair value.

- Level 1 Instruments consist of equity securities and publicly traded mutual funds. These investments are traded on national exchanges and are stated at the last reported sales price on the day of valuation.
- Level 2 Instruments consist of U.S. Treasury securities, corporate bonds, and mortgage-backed securities. These securities are valued using evaluated pricing, which incorporates modeling techniques, information from extensive market sources, observed transaction data, credit quality information, perceived market movements, news, and other relevant information.

The following tables present the fair value measurements of instruments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at June 30, 2022 and 2021:

	2022			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity securities	\$ 2,439,428	\$ 2,439,428	\$ -	\$ -
U.S. Treasury securities	77,365	-	77,365	-
Corporate debt securities	80,475	-	80,475	-
Total Investments	\$ 2,597,268	\$ 2,439,428	\$ 157,840	\$ -
	2021			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity securities	\$ 2,397,674	\$ 2,397,674	\$ -	\$ -
U.S. Treasury securities	72,262	-	72,262	-
Corporate debt securities	90,495	-	90,495	-
Mortgage-backed securities	22,481	-	22,481	-
Total Investments	\$ 2,582,912	\$ 2,397,674	\$ 185,238	\$ -

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

5. Investments

A summary of the cost and fair value of the Organization's investments as of June 30, is as follows:

	2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	\$ 2,272,247	\$ 183,060	\$ (15,879)	\$ 2,439,428
U.S. Treasury securities	83,508	-	(6,143)	77,365
Corporate debt securities	87,258	-	(6,783)	80,475
	<u>\$ 2,443,013</u>	<u>\$ 183,060</u>	<u>\$ (28,805)</u>	<u>\$ 2,597,268</u>
	2021			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	\$ 1,830,504	\$ 568,210	\$ (1,040)	\$ 2,397,674
U.S. Treasury securities	68,405	3,857	-	72,262
Corporate debt securities	86,850	3,645	-	90,495
Mortgage backed securities	22,241	240	-	22,481
	<u>\$ 2,008,000</u>	<u>\$ 575,952</u>	<u>\$ (1,040)</u>	<u>\$ 2,582,912</u>

6. Unconditional Promises to Give

Unconditional promises to give at June 30, are as follows:

	2022	2021
Less than one year	\$ 253,538	\$ 237,593
One to five years	162,500	325,000
	416,038	562,593
Less		
Unamortized discount	(5,616)	(8,191)
Net unconditional promises to give	<u>\$ 410,422</u>	<u>\$ 554,402</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.6 and 0.8 percent for the years ended June 30, 2022 and 2021, respectively. The amounts are classified on the statements of financial position as follows:

	2022	2021
Unconditional promises to give - current	\$ 253,538	\$ 237,593
Unconditional promises to give - long-term	156,884	316,809
	<u>\$ 410,422</u>	<u>\$ 554,402</u>

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7. Property and Equipment

Property and equipment at June 30, is as follows:

	2022	2021
Land	\$ 471,210	\$ 471,210
Buildings	3,603,455	3,603,455
Automobiles	145,907	117,907
Furniture and fixtures	97,933	65,079
	4,318,505	4,257,651
Less accumulated depreciation	707,453	592,253
	<u>\$ 3,611,052</u>	<u>\$ 3,665,398</u>

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$118,006 and \$112,913, respectively.

8. Line of Credit

The Organization has a line of credit agreement (the "Agreement") of \$250,000 scheduled to expire on January 28, 2022. Borrowings are charged interest at the prime rate (5.5 percent at June 30, 2022), and are secured by the Organization's real property. There were no borrowings outstanding under the line of credit at June 30, 2022 and 2021.

9. Debt - Paycheck Protection Program

On April 6, 2020 and January 25, 2021 the Organization received loans in the amount of \$189,500 each under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization applied for and has been notified that both loans for \$379,000 have been forgiven and were recorded as income in 2021.

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10. Liquidity and Availability of Financial Assets

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

	2022	2021
Cash and cash equivalents	\$ 332,802	\$ 887,859
Unconditional promises to give	410,422	554,402
Operating investments	2,296,450	2,282,094
Contractual, donor-imposed restrictions, or internal designations:		
Board designations	(250,000)	(250,000)
Other donor restrictions	(334,740)	(673,396)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 2,454,934	\$ 2,800,959

Our endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. Although we do not intend to spend from this board designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CD's, money market funds, and a line of credit. Occasionally, the Board designates a portion of any operating surplus to its operating reserves.

11. Net Assets With Donor Restrictions

Net assets with donor restriction at June 30 are available for the following purposes or periods:

	2022	2021
Subject to expenditures for specified purpose	\$ 15,356	\$ 164,087
Subject to passage of time	310,621	509,309
Investment in perpetuity, the income of which is available for general activities	300,818	300,818
	\$ 626,795	\$ 974,214

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Assets released from restrictions for the years ended June 30 are as follows:

	2022	2021
Released from purpose restrictions	\$ 205,175	\$ 96,254
Released from time restrictions	<u>192,500</u>	<u>192,500</u>
	<u>\$ 397,675</u>	<u>\$ 288,754</u>

12. Endowment Funds

The State of Missouri enacted the State Prudent Management of Institutional Funds Act ("SPMIFA") effective August 28, 2009. The Organization follows FASB guidance on accounting for the net assets classification of restricted endowment funds for a not-for-profit organization that is subject to the enacted version of the SPMIFA. The Organization has determined that the assets with donor restrictions meet the definition of endowment funds under SPMIFA.

The Organization has interpreted the SPMIFA as requiring the preservation of the original gift amount. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of funds are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

13. Retirement Plan

The Organization maintains a contributory retirement savings plan under Section 403(b) of the Internal Revenue Code covering substantially all employees who meet certain eligibility requirements. Participants are allowed to defer a fixed percentage of their salary (not to exceed statutory limits). The plan's provisions do not provide for the Organization to make matching contributions.

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14. Fundraising Events

During the years ended June 30, 2022 and 2021, the Organization engaged in several fundraising activities, which included the following:

	<u>2022</u>	<u>2021</u>
Golf Tournament/Auction		
Gross revenues	\$ 182,442	\$ 280,212
Gross expenses	<u>43,317</u>	<u>75,491</u>
Net income from golf tournament/auction	<u>139,125</u>	<u>204,721</u>
Dinner/Auction		
Gross revenues	766,154	511,922
Gross expenses	<u>62,561</u>	<u>1,660</u>
Net income from dinner/auction	<u>703,593</u>	<u>510,262</u>
Miscellaneous		
Gross revenues	149,360	94,242
Gross expenses	<u>27,721</u>	<u>8,868</u>
Net income from miscellaneous	<u>121,639</u>	<u>85,374</u>
Total Support from Fundraising Events, net	<u>\$ 964,357</u>	<u>\$ 800,357</u>
Reconciliation to Statements of Activities		
Gross fundraising events revenues	\$ 1,097,956	\$ 886,376
Less cost of direct benefits to donors	<u>(133,599)</u>	<u>(86,019)</u>
Net Fundraising Events Revenue	<u>\$ 964,357</u>	<u>\$ 800,357</u>

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15. Contributed Nonfinancial Assets

For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

	2022	2021
Special event supplies and auction items	\$ 31,788	\$ 698
Laptops	-	14,646
Medical Services	691	7,299
Other donated materials and services	29,070	14,250
Tuition	139,785	126,385
	\$ 201,334	\$ 163,278
In-kind donated materials and services	61,549	36,893
In-kind contributions - tuition	139,785	126,385
	\$ 201,334	\$ 163,278

The Organization recognized contributed nonfinancial assets within revenue, including donated materials, services, and tuition. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Organization's policy is for donated noncash items to be recorded as contributions at their fair values at the date of donation as described in Note 2. The fair value of tuition is determined by review of the applicable schools website for each school year. It is the organization's policy to sell tangible personal property within a reasonable time of being donated unless the property is to be used in connection with the Organization's charitable purposes.

16. Risks and Uncertainties

Concentrations

Unconditional promises to give from one donor was approximately 78 and 88 percent of the Organization's unconditional promises to give at June 30, 2022 and 2021, respectively.

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Concentrations of Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, pledges receivable, and investments. The Organization maintains its cash primarily with one financial institution. Deposits at this bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, there were cash balances of \$52,864 in excess of FDIC limits at the bank. The Organization performs ongoing credit evaluations of its payors and maintains allowances, as needed, for potential credit losses. Although the Organization is directly affected by the financial stability of its donor base, management does not believe significant credit risk exists at June 30, 2022. The Organization maintains its investments primarily with one brokerage firm. Securities held at this firm are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. As of June 30, 2022, there were investment balances of \$2,097,268 in excess of SIPC limits at the brokerage firm.

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain 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 accompanying statements of financial position.