

BOYS HOPE GIRLS HOPE OF ST. LOUIS, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2020
(With comparative totals for 2019)**

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Boys Hope Girls Hope of St. Louis, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 St. Louis, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Boys Hope Girls Hope of St. Louis, Inc.'s 2019 financial statements, and our report dated November 23, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Anders Minkler Huber & Helms LLP

November 10, 2020

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Financial Position
Year Ended June 30, 2020
(With comparative totals for 2019)

	Assets		Totals	
	Without Donor	With Donor	2020	2019
	<u>Restrictions</u>	<u>Restrictions</u>		
Current Assets				
Cash	\$ 515,759	\$ 1,154	\$ 516,913	\$ 69,883
Cash equivalents	23,194	-	23,194	46,752
Investments, at fair value	1,632,197	300,818	1,933,015	1,851,341
Unconditional promises to give	50,158	45,000	95,158	287,450
Prepaid expenses	5,613	-	5,613	5,996
Total Current Assets	<u>2,226,921</u>	<u>346,972</u>	<u>2,573,893</u>	<u>2,261,422</u>
Property and Equipment, net	3,759,390	-	3,759,390	3,865,966
Unconditional Promises to Give, net	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>58,763</u>
Total Assets	<u><u>\$ 5,986,311</u></u>	<u><u>\$ 376,972</u></u>	<u><u>\$6,363,283</u></u>	<u><u>\$ 6,186,151</u></u>
	Liabilities and Net Assets			
Current Liabilities				
Line of credit	\$ -	\$ -	\$ -	\$ 100,000
Current maturities of long-term debt	27,539	-	27,539	-
Accounts payable	9,397	-	9,397	54,392
Accrued expenses and other current liabilities	96,280	-	96,280	87,592
Total Current Liabilities	<u>133,216</u>	<u>-</u>	<u>133,216</u>	<u>241,984</u>
Long-Term Debt	<u>161,961</u>	<u>-</u>	<u>161,961</u>	<u>-</u>
Total Liabilities	<u>295,177</u>	<u>-</u>	<u>295,177</u>	<u>241,984</u>
Net Assets				
Without donor restrictions				
Available for general activities	5,441,134	-	5,441,134	5,058,219
Board designated	250,000	-	250,000	250,000
With donor restrictions	<u>-</u>	<u>376,972</u>	<u>376,972</u>	<u>635,948</u>
Total Net Assets	<u>5,691,134</u>	<u>376,972</u>	<u>6,068,106</u>	<u>5,944,167</u>
Total Liabilities and Net Assets	<u><u>\$ 5,986,311</u></u>	<u><u>\$ 376,972</u></u>	<u><u>\$6,363,283</u></u>	<u><u>\$ 6,186,151</u></u>

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Activities
Year Ended June 30, 2020
(With comparative totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
Revenue, Gains and Other Support				
Contributions - operating	\$ 700,096	\$ 306	\$ 700,402	\$ 641,535
In-kind donated materials and services	71,174	-	71,174	79,067
In-kind contributions - tuition	128,951	-	128,951	178,028
Interest and dividend income	44,915	-	44,915	51,473
Realized gain on investments	53,953	-	53,953	61,125
Net unrealized gain (loss) on investments	4,631	-	4,631	32,266
Gain (loss) on disposition of property and equipment	-	-	-	3,176
	<u>1,003,720</u>	<u>306</u>	<u>1,004,026</u>	<u>1,046,670</u>
Gross fundraising revenue	1,058,662	-	1,058,662	1,044,817
Less cost of direct benefits to donors	<u>(224,336)</u>	<u>-</u>	<u>(224,336)</u>	<u>(173,882)</u>
Net fundraising events revenue	<u>834,326</u>	<u>-</u>	<u>834,326</u>	<u>870,935</u>
Net assets released from restrictions:				
Satisfaction of time and purpose restrictions	<u>259,282</u>	<u>(259,282)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>2,097,328</u>	<u>(258,976)</u>	<u>1,838,352</u>	<u>1,917,605</u>
Expenses				
Program Services	<u>1,364,922</u>	<u>-</u>	<u>1,364,922</u>	<u>1,485,769</u>
Supporting Activities				
Management and general	157,515	-	157,515	229,414
Fundraising	191,976	-	191,976	190,677
Total Supporting Activities	<u>349,491</u>	<u>-</u>	<u>349,491</u>	<u>420,091</u>
Total Expenses	<u>1,714,413</u>	<u>-</u>	<u>1,714,413</u>	<u>1,905,860</u>
Change in Net Assets	382,915	(258,976)	123,939	11,745
Net Assets, Beginning of Year	<u>5,308,219</u>	<u>635,948</u>	<u>5,944,167</u>	<u>5,932,422</u>
Net Assets, End of Year	<u>\$ 5,691,134</u>	<u>\$ 376,972</u>	<u>\$ 6,068,106</u>	<u>\$ 5,944,167</u>

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020
(With comparative totals for 2019)

	Program Services	Supporting Activities			Total	
		Management and General	Fundraising	Total	2020	2019
Professional salaries	\$ 63,326	\$ 103,741	\$ 93,166	\$ 196,907	\$ 260,233	\$ 299,680
Support staff	434,782	16,631	28,117	44,748	479,530	586,118
Total Salaries	<u>498,108</u>	<u>120,372</u>	<u>121,283</u>	<u>241,655</u>	<u>739,763</u>	<u>885,798</u>
Payroll taxes	37,259	9,004	9,072	18,076	55,335	65,856
Employee benefits	120,642	15,080	15,080	30,160	150,802	148,100
Total Related Expenses	<u>157,901</u>	<u>24,084</u>	<u>24,152</u>	<u>48,235</u>	<u>206,136</u>	<u>213,956</u>
Other Expenses						
Building expenses	46,842	-	-	-	46,842	60,543
Furnishings	8,011	-	-	-	8,011	8,739
Domestic supplies	7,358	-	-	-	7,358	7,608
Scholar Assistance						
Tuition and college aid	211,408	-	-	-	211,408	234,858
Living expense	96,602	-	-	-	96,602	108,420
Educational expense	30,621	-	-	-	30,621	62,775
Miscellaneous expense	10,814	-	-	-	10,814	14,259
Total Scholar Assistance	349,445	-	-	-	349,445	420,312
Transportation	26,569	-	-	-	26,569	34,183
Gifts in-kind	46,398	2,290	22,485	24,775	71,173	48,192
Uncollectible pledges	-	-	20,082	20,082	20,082	7,050
Administration	91,405	3,974	3,974	7,948	99,353	86,206
Assessments - National Program	24,583	4,338	-	4,338	28,921	26,731
Total Other Expenses	<u>600,611</u>	<u>10,602</u>	<u>46,541</u>	<u>57,143</u>	<u>657,754</u>	<u>699,564</u>
Total Expenses Before Depreciation	1,256,621	155,058	191,976	347,034	1,603,655	1,799,318
Depreciation	108,301	2,457	-	2,457	110,758	106,542
Total Expenses	<u>\$ 1,364,922</u>	<u>\$ 157,515</u>	<u>\$ 191,976</u>	<u>\$ 349,491</u>	<u>\$ 1,714,413</u>	<u>\$ 1,905,860</u>

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Cash Flows
Year Ended June 30, 2020
(With comparative totals for 2019)

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 123,939	\$ 11,745
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	110,758	106,542
Realized gains and losses from sales of investments	(53,953)	(61,125)
Unrealized gains and losses on investments	(4,631)	(32,266)
Loss on disposal of property and equipment	-	(3,176)
Donated securities	-	(118,875)
Increase in assets:		
Unconditional promises to give	221,055	238,071
Prepaid expenses	383	29
Increase (decrease) in liabilities:		
Accounts payable	(44,995)	22,607
Accrued expenses	8,688	15,233
Net Cash Provided by Operating Activities	361,244	178,785
Cash Flows From Investing Activities		
Purchases of investments	(119,326)	(370,712)
Proceeds from sales of investments	96,236	171,366
Purchases of property and equipment	(4,182)	(54,967)
Proceeds from sale of property and equipment	-	4,719
Net Cash Used In Investing Activities	(27,272)	(249,594)
Cash Flows From Financing Activities		
Borrowings on line of credit	(100,000)	100,000
Proceeds from long-term debt	189,500	-
Payments on long-term debt	-	(198,711)
Net Cash Provided by (Used in) Financing Activities	89,500	(98,711)
Net Increase Decrease in Cash and Cash Equivalents	423,472	(169,520)
Cash and Cash Equivalents, Beginning of Year	116,635	286,155
Cash and Cash Equivalents, End of Year	\$ 540,107	\$ 116,635
Cash	\$ 516,913	\$ 69,883
Cash Equivalents	23,194	46,752
Total Cash and Cash Equivalents	\$ 540,107	\$ 116,635
Supplemental Disclosures of Cash Flow Information		
Cash paid for		
Interest	\$ 5,624	\$ 6,305

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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, 2019, from which the summarized information was derived.

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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 \$23,194 and \$46,752 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019

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, 2020 and 2019.

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, 2020 and 2019

Support and Revenue

Contributions, including unconditional promises to give, are recorded as received. 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 noncash items are recorded as contributions at their fair values at the date of donation. The estimated fair values of donated items was approximately \$71,173 and \$79,067 for the years ended June 30, 2020 and 2019, respectively.

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, 2020 and 2019, expenses related to this plan were \$15,276 and \$20,451, respectively.

Tuition and Fees

Several of the schools attended by the scholars have provided tuition assistance. For the years ended June 30, 2020 and 2019, the Organization received tuition grants of \$128,951 and \$178,028, 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, 2020 and 2019

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 2016 and later remain subject to examination by taxing authorities.

Subsequent Events

The Organization has evaluated subsequent events through November 10, 2020, the date the financial statements were available to be issued.

3. Change in Accounting Principle

During the year ended June 30, 2020, the Organization changed its method of presentation and disclosure of revenue recognition in accordance with Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The major changes associated with ASU 2014-09 are to create a single framework for recognizing revenue from contracts with customers that fall within its scope. Adoption of ASU 2014-09 had no impact on the Organization's prior revenue recognition process.

4. 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 \$28,921 and \$26,731 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 were \$104,132 and \$102,505, 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, 2020 and 2019

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 fundraising events, net. For the years ended June 30, 2020 and 2019, revenues from these events were \$22,682 and \$23,245, respectively. Associated expenses at June 30, 2020 and 2019 were \$3,797 and \$3,011, 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, 2020 and 2019, revenues from these events were \$78,236 and \$102,434 respectively. Associated expenses at June 30, 2020 and 2019 were \$33,128 and \$49,916, respectively.

5. 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, 2020 and 2019

Carrying amounts of certain financial instruments such as cash and cash equivalents, pledges receivable, accounts payable, accrued expenses, line of credit and note payable approximate fair value due to their short maturities or because the terms are similar to market terms. There have been no changes in the methodologies used at June 30, 2020 and 2019.

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, 2020 and 2019:

	2020			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity securities	\$ 1,737,054	\$ 1,737,054	\$ -	\$ -
U.S. Treasury securities	75,186	-	75,186	-
Corporate debt securities	102,771	-	102,771	-
Mortgage-backed securities	18,004	-	18,004	-
Total Investments	<u>\$ 1,933,015</u>	<u>\$ 1,737,054</u>	<u>\$ 195,961</u>	<u>\$ -</u>

	2019			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity securities	\$ 1,588,451	\$ 1,588,451	\$ -	\$ -
U.S. Treasury securities	105,218	-	105,218	-
Corporate debt securities	134,578	-	134,578	-
Mortgage-backed securities	23,094	-	23,094	-
Total Investments	<u>\$ 1,851,341</u>	<u>\$ 1,588,451</u>	<u>\$ 262,890</u>	<u>\$ -</u>

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

6. Investments

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

	2020			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	\$ 1,566,688	\$ 174,127	\$ (3,760)	\$ 1,737,055
U.S. Treasury securities	65,587	9,598	-	75,185
Corporate debt securities	97,226	5,545	-	102,771
Mortgage backed securities	8,890	380	-	9,270
Other securities	8,413	321	-	8,734
	<u>\$ 1,746,804</u>	<u>\$ 189,971</u>	<u>\$ (3,760)</u>	<u>\$ 1,933,015</u>
	2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	\$ 1,410,062	\$ 178,389	\$ -	\$ 1,588,451
U.S. Treasury securities	102,285	2,933	-	105,218
Corporate debt securities	134,982	-	(404)	134,578
Mortgage backed securities	22,432	662	-	23,094
	<u>\$ 1,669,761</u>	<u>\$ 181,984</u>	<u>\$ (404)</u>	<u>\$ 1,851,341</u>

7. Unconditional Promises to Give

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

	2020	2019
Less than one year	\$ 95,158	\$ 287,450
One to five years	30,000	60,000
	<u>125,158</u>	<u>347,450</u>
Less:		
Unamortized discount	-	(1,237)
Net unconditional promises to give	<u>\$ 125,158</u>	<u>\$ 346,213</u>

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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 0.3 percent each year. The amounts are classified on the statements of financial position as follows:

	2020	2019
Unconditional promises to give - current	\$ 95,158	\$ 287,450
Unconditional promises to give - long-term	30,000	58,763
	\$ 125,158	\$ 346,213

8. Property and Equipment

Property and equipment at June 30, is as follows:

	2020	2019
Land	\$ 471,210	\$ 471,210
Buildings	3,603,455	3,603,455
Automobiles	117,907	117,907
Furniture and fixtures	46,364	42,182
	4,238,936	4,234,754
Less Accumulated Depreciation	479,546	368,788
	\$ 3,759,390	\$ 3,865,966

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$110,758 and \$106,542, respectively.

9. Line of Credit

The Organization has a line of credit agreement (the "Agreement") of \$250,000 scheduled to expire on January 28, 2021. Borrowings are charged interest at the prime rate (4.75 percent at June 30, 2020), and are secured by the Organization's real property. There were no borrowings outstanding under the line of credit at June 30, 2020. At June 30, 2019, borrowings outstanding under the line of credit totaled \$100,000.

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10. Long-term Debt

Long-term debt at June 30, is as follows:

	<u>2020</u>	<u>2019</u>
Paycheck Protection Program note payable administered by the U.S. Small Business Administration, eligible for forgiveness in 2021 upon meeting certain requirements, interest at 1%, principal and interest payments of \$3,590 starting in November 2020, maturing in April 2025. Management believes the conditions for forgiveness will be met in 2021.	\$ 189,500	-
	189,500	-
Less current maturities	<u>27,539</u>	-
	<u>\$ 161,961</u>	<u>\$ -</u>

Maturities of long-term debt as of June 30, 2020, are as follows:

<u>Years ending June 30,</u>	
2021	\$ 27,539
2022	41,654
2023	42,073
2024	42,495
2025	<u>35,739</u>
	<u>\$ 189,500</u>

11. Liquidity and Availability

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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 540,107	\$ 116,635
Unconditional promises to give	95,158	287,450
Operating investments	1,632,197	1,550,523
Contractual or donor-imposed restrictions:		
Board designations	(250,000)	(250,000)
Other donor restrictions	<u>(376,972)</u>	<u>(635,948)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,640,490</u>	<u>\$ 1,068,660</u>

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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.

12. Net Assets With Donor Restrictions

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

	2020	2019
Subject to expenditures for specified purpose	\$ 1,154	\$ 59,332
Subject to passage of time	60,000	240,000
Purpose restrictions - capital campaign	15,000	35,798
Investment in perpetuity, the income of which is available for general activities	300,818	300,818
	\$ 376,972	\$ 635,948

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

	2020	2019
Released from purpose restrictions	\$ 79,282	\$ 243,899
Released from time restrictions	180,000	30,000
	\$ 259,282	\$ 273,899

13. 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.

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14. 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.

15. Fundraising Events

During the years ended June 30, 2020 and 2019, the Organization engaged in several fundraising activities, which included the following:

	2020	2019
Golf Tournament/Auction		
Gross revenues	\$ -	\$ 123,009
Gross expenses	-	<u>37,754</u>
Net income from golf tournament/auction	<u>-</u>	<u>85,255</u>
Dinner/Auction		
Gross revenues	905,427	707,312
Gross expenses	<u>183,660</u>	<u>73,821</u>
Net income from dinner/auction	<u>721,767</u>	<u>633,491</u>
Miscellaneous		
Gross revenues	153,235	214,496
Gross expenses	<u>40,676</u>	<u>62,307</u>
Net income from miscellaneous	<u>112,559</u>	<u>152,189</u>
Total Support from Fundraising Events, net	<u>\$ 834,326</u>	<u>\$ 870,935</u>
Reconciliation to Statements of Activities		
Gross fundraising events revenues	\$ 1,058,662	\$ 1,044,817
Less cost of direct benefits to donors	<u>(224,336)</u>	<u>(173,882)</u>
Net fundraising events revenue	<u>\$ 834,326</u>	<u>\$ 870,935</u>

Due to the COVID-19 pandemic described in Note 16, the Organization's 2020 Golf Tournament/Auction event was postponed and is schedule to be held in FY 2021.

16. Risks and Uncertainties

Concentrations

Unconditional promises to give from three donors were approximately 80 and 69 percent of the Organization's unconditional promises to give at June 30, 2020 and 2019, 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, 2020, there were cash balances of \$73,607 in excess of FDIC limits at the bank. 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, 2020. 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, 2020, there were investment balances of \$1,433,015 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.

Economic Conditions

The Organization's results of operations for the last quarter of the year ended June 30, 2020 were affected by the COVID-19 pandemic in limiting certain fundraising events and activities. The effects of the pandemic and related actions by the government to mitigate the spread have impacted the Organization's employees, scholars and related schools, donors and other supporting organizations. Although some of the restrictions have begun to ease, the economic impact brought on by the pandemic may have an adverse impact on our operations and our future fundraising efforts. Therefore there remains significant uncertainty about the ongoing impact of the COVID -19 outbreak on our financial condition and results of future operations.