BOYS HOPE GIRLS HOPE OF ST. LOUIS, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2015
(With comparative totals for 2014)

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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 nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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 auditor's 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.

Anders Minkler Huber & Helm LLP | 800 Market Street-Suite 500 | St. Louis, MO 63101-2501 | p (314) 655-5500 | f (314) 655-5501 | www.anderscpa.com

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, 2015, 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 2014 financial statements, and our report dated November 18, 2014, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Anders Minkler Huber & Helm LLP

February 26, 2016

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Financial Position
Year Ended June 30, 2015
(With comparative totals for 2014)

Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2015	Totals 2014
Current Assets					
Cash and cash equivalents	$ 382,904	$ 389,233	$ -	$ 772,137	$ 95,333
Investments, at fair value	992,328	18,030	300,818	1,311,176	1,289,674
Pledges receivable	66,944	740,268	-	807,212	48,541
Prepaid expenses	12,881	-	-	12,881	6,528
Total Current Assets	1,455,057	1,147,531	300,818	2,903,406	1,440,076
Investments, at fair value	39,038	-	-	39,038	38,428
Property and Equipment, net	1,040,959	-	-	1,040,959	968,888
Pledges Receivable	-	880,289	-	880,289	-
Total Assets	$ 2,535,054	$ 2,027,820	$ 300,818	$ 4,863,692	$ 2,447,392

Liabilities and Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2015	Totals 2014
Current Liabilities					
Line of credit	$ -	$ -	$ -	$ -	$ 538,953
Accounts payable	19,549	-	-	19,549	39,034
Accrued expenses	54,227	-	-	54,227	65,455
Deferred bonus plan	6,701	-	-	6,701	13,034
Total Current Liabilities	80,477	-	-	80,477	656,476
Net Assets					
Unrestricted:					
Unrestricted - available for general activities	2,204,577	-	-	2,204,577	722,141
Unrestricted - board designated	250,000	-	-	250,000	250,000
Temporarily restricted	-	2,027,820	-	2,027,820	517,957
Permanently restricted	-	-	300,818	300,818	300,818
Total Net Assets	2,454,577	2,027,820	300,818	4,783,215	1,790,916
Total Liabilities and Net Assets	$ 2,535,054	$ 2,027,820	$ 300,818	$ 4,863,692	$ 2,447,392

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Activities
Year Ended June 30, 2015
(With comparative totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2015	Totals 2014
Revenue, Gains and Other Support					
Contributions	$ 804,875	$ 2,814,011	$ -	$ 3,618,886	$ 598,301
Gifts in kind	59,200	-	-	59,200	53,114
Fundraising events, net	632,800	-	-	632,800	583,079
Interest and dividend income	41,115	-	-	41,115	37,302
Realized gain on investments	112,391	-	-	112,391	82,622
Unrealized gain (loss) on investments	(76,543)	-	-	(76,543)	70,662
Less investment fees	(14,578)	-	-	(14,578)	(11,335)
Other	591	-	-	591	2,566
Total Revenues, Gains and Other Support	1,559,851	2,814,011	-	4,373,862	1,416,311
Net assets released from restrictions:					
Satisfaction of time and usage restrictions	1,304,148	(1,304,148)	-	-	-
Total Revenues, Gains and Other Support	2,863,999	1,509,863	-	4,373,862	1,416,311
Expenses					
Program Services	1,026,084	-	-	1,026,084	1,058,824
Supporting Activities					
Management and general	110,097	-	-	110,097	64,939
Fundraising	245,382	-	-	245,382	196,918
Total Supporting Activities	355,479	-	-	355,479	261,857
Total Expenses	1,381,563	-	-	1,381,563	1,320,681
Change in Net Assets	1,482,436	1,509,863	-	2,992,299	95,630
Net Assets, Beginning of Year	972,141	517,957	300,818	1,790,916	1,695,286
Net Assets, End of Year	$ 2,454,577	$ 2,027,820	$ 300,818	$ 4,783,215	$ 1,790,916

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Functional Expenses
Year Ended June 30, 2015
(With comparative totals for 2014)

	Program Services	Supporting Activities: Management and General	Supporting Activities: Fundraising	Supporting Activities: Total	Total 2015	Total 2014
Professional salaries	$ 71,645	$ 13,424	$ 79,265	$ 92,689	$ 164,334	$ 165,648
Support staff	335,762	58,535	23,931	82,466	418,228	380,364
Total Salaries	407,407	71,959	103,196	175,155	582,562	546,012
Payroll taxes	30,366	5,363	7,692	13,055	43,421	40,093
Employee benefits	74,697	13,194	18,921	32,115	106,812	130,830
Total Related Expenses	105,063	18,557	26,613	45,170	150,233	170,923
Other Expenses						
Buildings	27,901	-	-	-	27,901	26,155
Furnishings	3,535	-	-	-	3,535	4,511
Domestic supplies	4,641	-	-	-	4,641	4,358
Assistance to youth	258,537	-	-	-	258,537	274,879
Transportation	30,307	-	-	-	30,307	39,967
Gifts-in-kind	9,235	-	47,118	47,118	56,353	53,114
Uncollectible pledges	-	-	-	-	-	160
Hope Builds	5,150	11,153	58,763	69,916	75,066	20,522
Miscellaneous	-	-	5,525	5,525	5,525	524
Administration	94,506	4,109	4,109	8,218	102,724	92,646
Assistance - National Program	22,721	4,010	-	4,010	26,731	26,730
Total Other Expenses	456,533	19,272	115,515	134,787	591,320	543,566
Total Expenses Before Depreciation and Amortization	969,003	109,788	245,324	355,112	1,324,115	1,260,501
Depreciation and Amortization	57,081	309	58	367	57,448	60,180
Total Expenses	$ 1,026,084	$ 110,097	$ 245,382	$ 355,479	$ 1,381,563	$ 1,320,681

See notes to financial statements

Boys Hope Girls Hope of St. Louis, Inc.
Statement of Cash Flows
Year Ended June 30, 2015
(With comparative totals for 2014)

	2015	2014
Cash Flows From Operating Activities		
Change in net assets	$ 2,992,299	$ 95,630
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	57,448	60,180
Realized gains from sales of investments	(112,391)	(82,622)
Unrealized losses (gains) on investments	76,543	(70,662)
Loss on disposal of equipment	-	944
Donated securities	(169,300)	-
(Increase) decrease in assets:		
Accounts receivable	-	10,000
Pledges receivable	(1,638,960)	(11,139)
Prepaid expenses and other current assets	(6,353)	-
Increase (decrease) in liabilities:		
Accounts payable	(19,485)	(23,647)
Accrued expenses	(11,228)	1,034
Deferred bonus plan	(6,333)	5,155
Net Cash Provided by (Used in) Operating Activities	1,162,240	(15,127)
Cash Flows From Investing Activities		
Purchases of investments	(31,638)	(461,396)
Proceeds from sales of investments	214,674	492,801
Purchases of property and equipment	(129,519)	(499,952)
Net Cash Provided by (Used In) Investing Activities	53,517	(468,547)
Cash Flows From Financing Activities		
Borrowings on line of credit	-	703,953
Payments on line of credit	(538,953)	(165,000)
Net Cash Provided by (Used in) Financing Activities	(538,953)	538,953
Net Increase in Cash and Cash Equivalents	676,804	55,279
Cash and Cash Equivalents, Beginning of Year	95,333	40,054
Cash and Cash Equivalents, End of Year	$ 772,137	$ 95,333
Supplemental Disclosures of Cash Flow Information		
Cash paid for		
Interest on line of credit	$ 1,250	$ 2,161

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 abandoned, abused, and neglected boys and girls in the St. Louis metropolitan area. The Organization places these boys and girls in family environments that allow them to mature and succeed through guidance, education, financial support, and encouragement.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of 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 three categories of net assets, as applicable, and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent unrestricted net assets that have been set aside for a particular purpose.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations required to be maintained permanently by the Organization. The income earned on any related investments would also 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, 2014, from which the summarized information was derived.

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 and 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.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on the trade-date basis. Dividends are recorded on the ex-dividend date. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Pledges Receivable

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 pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is deemed necessary.

Property and Equipment

Purchased property and equipment is stated at cost and 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. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. 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. Leasehold improvements are amortized over the shorter of the life of the related asset or the term of the lease.

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

Classification	Years
Building and improvements	10-30
Furniture and equipment	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, 2015 and 2014.

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 permanently restricted net assets 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.

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, temporarily restricted net assets are reclassified to unrestricted net assets 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. Donor restricted contributions in which the restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. It is the Organization’s policy to imply a time restriction, based on the assets’ estimated useful lives, on donations of property and equipment that are not restricted as their use by the donor. Accordingly, those donations are recorded as support increasing temporarily restricted net assets. The Organization reclassifies temporarily restricted net assets to unrestricted net assets each year in the amount of the donated property and equipment’s depreciation expense.

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 $59,000 and $53,000 for the years ended June 30, 2015 and 2014, 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.

Tuition and Fees

Several of the schools attended by the scholars have provided tuition assistance. For the years ended June 30, 2015 and 2014, the Organization received tuition grants of $67,755 and $99,844, respectively. These amounts have been recorded in contributions, with offsetting expenses included in assistance to youth.

Functional Expense Allocation

The Organization allocates expenses on a functional basis among various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated by various statistical bases.

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.

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 2011 and later remain subject to examination by taxing authorities.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the current year presentation.

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 $26,730 for the years ended June 30, 2015 and 2014.

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, 2015 and 2014 were $95,268 and $101,866, 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.

Maryville University - St. Louis

The Organization is associated with Maryville University - St. Louis (the “University”). In November 1996, the Organization entered into a long-term lease agreement with the University for land for the purpose of building a new home for program housing. The lease term is 25 years, with five renewal options of five years each. The Organization has the option to terminate the lease at any time after the residence is completed and occupied (October 1998). Upon termination, all improvements on the site become the property of the University.

After ten years, the University had the option to terminate the lease and purchase the home at the Organization’s depreciated cost. The University must notify the Organization of its intent to exercise this option at least two years in advance. As of June 30, 2015, the Organization had not received any such notification.

The property has a yearly lease payment of $1 that was waived by the University in fiscal years ended June 30, 2015 and 2014.

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, 2015 and 2014, revenues from these events were $28,165 and $24,487, respectively. Associated expenses at June 30, 2015 and 2014 were $5,120 and $4,422, 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.

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.

Carrying amounts of certain financial instruments such as cash and cash equivalents, accounts receivable, pledges receivable, accounts payable, accrued expenses, and line of credit 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, 2015 and 2014.

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 government bonds and corporate bonds. 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 table presents 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, 2015 and 2014:

	2015			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity securities:				
Financial services	$ 143,601	$ 143,601	$ -	$ -
Technology	172,843	172,843	-	-
International	101,454	101,454	-	-
Consumer services	48,824	48,824	-	-
Oil and gas	4,580	4,580	-	-
Energy	9,470	9,470	-	-
Process industries	26,569	26,569	-	-
Retail	23,386	23,386	-	-
Producer manufacturing	15,405	15,405	-	-
Consumer durables	27,265	27,265	-	-
Industrial services	25,052	25,052	-	-
Consumer non-durables	40,778	40,778	-	-
Transportation	6,863	6,863	-	-
Telecommunication	28,410	28,410	-	-
Consumer goods	10,329	10,329	-	-
Industrial materials	38,188	38,188	-	-
Health care	18,977	18,977	-	-
	741,994	741,994	-	-
Mutual funds:				
Small/Mid U.S. Equity	148,297	148,297	-	-
	148,297	148,297	-	-
U.S. Treasury securities	158,775	-	158,775	-
Corporate debt securities	284,638	-	284,638	-
Mortgage-backed securities	16,510	16,510	-	-
Total Investments	$ 1,350,214	$ 906,801	$ 443,413	$ -

Boys Hope Girls Hope of St. Louis, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

	2014			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity securities:				
Financial services	$ 148,437	$ 148,437	$ -	$ -
Technology	148,986	148,986	-	-
International	110,507	110,507	-	-
Consumer services	57,289	57,289	-	-
Oil and gas	12,743	12,743		
Energy	12,613	12,613	-	-
Process industries	21,216	21,216	-	
Retail	13,045	13,045	-	-
Producer manufacturing	15,746	15,746	-	-
Consumer durables	14,707	14,707	-	
Health services	12,133	12,133	-	-
Industrial services	43,286	43,286	-	-
Consumer non-durables	34,277	34,277	-	-
Transportation	9,239	9,239	-	
Telecommunication	3,245	3,245	-	-
Consumer goods	11,333	11,333	-	-
Industrial materials	20,943	20,943	-	-
Health care	15,633	15,633	-	-
	705,378	705,378	-	-
Mutual funds:				
Small/Mid U.S. Equity	137,188	137,188	-	-
	137,188	137,188	-	-
U.S. Treasury securities	177,242	-	177,242	-
Corporate debt securities	288,923	-	288,923	-
Mortgage-backed securities	19,371	19,371	-	-
Total Investments	$ 1,328,102	$ 861,937	$ 466,165	$ -

5. Investments

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

	2015			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	$ 814,156	$ 88,778	$ -	$ 902,934
Mutual funds	67,310	11,252	-	78,562
U.S. Treasury securities	112,086	-	(454)	111,632
Corporate debt securities	257,635	(549)	-	257,086
	$ 1,251,187	$ 99,481	$ (454)	$ 1,350,214

	2014			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	$ 719,761	$ 153,757	$ -	$ 873,518
Mutual funds	58,253	18,274	-	76,527
U.S. Treasury securities	122,209	-	(528)	121,681
Corporate debt securities	252,310	4,066	-	256,376
	$ 1,152,533	$ 176,097	$ (528)	$ 1,328,102

6. Pledges Receivable

Pledges receivable at June 30, are as follows:

	2015	2014
Less than one year	$ 721,662	$ 48,541
One to five years	1,012,844	-
	1,734,506	48,541
Less:		
Unamortized discount	(47,005)	-
Net pledges receivable	$ 1,687,501	$ 48,541

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.7 percent each year. The amounts are classified on the statements of financial position as follows:

	2015	2014
Pledges receivable - current	$ 807,212	$ 48,541
Pledges receivable - long-term	880,289	-
	$ 1,687,501	$ 48,541

7. Property and Equipment

Property and equipment at June 30, is as follows:

	2015	2014
Land	$ 507,502	$ 507,502
Buildings	953,517	945,917
Leasehold Improvements	160,395	157,035
Automobiles	82,131	84,184
Construction in Progress	129,306	13,593
	1,832,851	1,708,231
Less Accumulated Depreciation and Amortization	791,892	739,343
	$ 1,040,959	$ 968,888

Depreciation and amortization expense for the years ended 2015 and 2014 totaled $57,448 and $60,180, respectively.

8. Line of Credit

The Organization has a line of credit agreement (the "Agreement") of $150,000. Borrowings are charged interest at the prime rate (3.25 percent at June 30, 2015) plus 0.25 percent, and are secured by the Organization's Girls Hope home. The Organization is subject to certain restrictions and covenants as defined in the Agreement. The Organization was in compliance with all covenants at June 30, 2015. At June 30, 2015 and 2014, borrowings outstanding against the line of credit totaled $0 and $90,000, respectively.

Due to the purchase of land to construct new homes, an additional line of credit was opened in May 2014. Borrowings are charged interest at the rate of 3.75% and are secured by the Organization's investments. The Organization is subject to certain restrictions and covenants as defined in the loan agreement. The Organization was in compliance with all covenants at June 30, 2015. At June 30, 2014, borrowings outstanding against the line of credit totaled $448,953. There were no borrowings against the line of credit as of June 30, 2015.

9. Deferred Bonus Plan

The Organization maintains a deferred bonus plan for all full-time employees. The plan provides that after three years of service, a full-time employee will receive a lump-sum payment equal to 3% of his or her salary for those three years. This payment will take place no later than the last day of the quarter following the third year of eligible employment. After the third year, the employee is eligible for annual bonus payments equal to 3% of the previous 12 months' salary. For the years ended June 30, 2015 and 2014, expenses related to this plan were $547 and $18,715, respectively.

10. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	June 30, 2015	June 30, 2014
Purpose restrictions	$ 84,545	$ 9,525
Purpose restrictions - capital campaign	1,925,245	-
Construction and maintenance of residential centers for children	18,030	508,432
	$ 2,027,820	$ 517,957

Permanently restricted net assets are restricted to:

	June 30, 2015	June 30, 2014
Investment in perpetuity, the income of which is available for general activities	$ 300,818	$ 300,818

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

	2015	2014
Released from purpose restrictions	$ 1,304,148	$ 42,878

11. Endowment Funds

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to the Organization, while also maintaining the purchasing power of those endowment assets over the long-term. Disbursements, other than amounts to pay investment fees, require the approval of the Board of Directors. 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 fund
2.) The purposes of the Organization and the donor-restricted endowment fund
3.) General economic conditions
4.) The possible effect of inflation and deflation
5.) The expected total return from income and the appreciation of investments
6.) Other resources of the Organization
7.) The investment policies of the Organization

Endowment funds at June 30, are as follows:

	2015	2014
Investment in perpetuity, the income of which is expendable to support the operations of the Organization	$ 300,818	$ 300,818

Changes in endowment net assets for the years ended June 30, are as follows:

	2015	2014
Endowment net assets, beginning of year	$ 300,818	$ 300,818
Contributions	-	-
Endowment net assets, end of year	$ 300,818	$ 300,818

12. Retirement Plans

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.

13. Fundraising Events

During the years ended June 30, 2015 and 2014, the Organization engaged in several fundraising activities, which included the following:

	2015	2014
Golf Tournament/Auction		
Gross revenues	$ 144,960	$ 153,662
Gross expenses	48,692	40,098
Net income from golf tournament/auction	96,268	113,564
Dinner/Auction		
Gross revenues	423,225	332,080
Gross expenses	46,990	41,581
Net income from dinner/auction	376,235	290,499
Morning of Hope		
Gross revenues	70,525	96,508
Gross expenses	4,495	7,294
Net income from Morning of Hope	66,030	89,214
Miscellaneous		
Gross revenues	156,193	168,406
Gross expenses	61,926	78,604
Net income from miscellaneous	94,267	89,802
Total Support from Fundraising Events, net	$ 632,800	$ 583,079

14. Commitments and Contingencies

Leases

The Organization leases office space, vehicles, building, and equipment under noncancellable operating leases. Future minimum lease payments at June 30, 2015 are as follows:

Years Ending June 30,	
2016	$ 29,155
2017	9,718
	$ 38,873

Rent expense related to operating leases for the years ended June 30, 2015 and 2014 totaled approximately $29,155 and $23,463, respectively.

15. Risks and Uncertainties

Concentrations

Contributions from one donor was approximately 10 and 12 percent of the Organization's contributions during the years ended June 30, 2015 and 2014, respectively. Pledges receivable from three donors were approximately 42 and 69 percent of the Organization's pledges receivable at June 30, 2015 and 2014, respectively.

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 ("FDIC") up to $250,000. At June 30, 2015, there were cash balances of $510,204 in excess of federally insured limits at the bank. The Organization performs ongoing credit evaluations of its donors 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, 2015. 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, 2015, there were investment balances of $854,000 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 statement of financial position.