



Stanley A. Monger CPA, PA
5730 Alden Court
Shawnee, Kansas 66216

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Boys Hope Girls Hope of Kansas City, Inc. (a nonprofit organization) as of June 30, 2013, the related statement of activities, functional expenses and statement of cash flows for the period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys Hope Girls Hope of Kansas City, Inc. as of June 30, 2013, and the changes in net assets and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read "Stanley A. Monger", is written over a faint, light blue horizontal line.

Stanley A. Monger CPA, PA
June 19, 2014

**BOYS HOPE GIRLS HOPE
OF KANSAS CITY, INC.
FINANCIAL STATEMENTS
June 30, 2013**

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

Assets

Current Assets

Cash and cash equivalents	\$ 159,438	
Accounts Receivable	25	
Promises to give, net of allowance for doubtful accounts (Notes 2 and 3)	95,213	
Property and equipment (Notes 4 and 6)	<u>681,514</u>	
Total Assets		<u><u>\$ 936,190</u></u>

Liabilities and Net Assets

Liabilities

Lines of credit (Note 6)	\$ 94,325	
Accounts payable	38,474	
Accrued payroll and taxes	<u>25,471</u>	
Total Liabilities		<u><u>\$ 158,269</u></u>

Net Assets

Unrestricted:		
Operations	(153,594)	
Investment in property and equipment	<u>681,514</u>	
Total Unrestricted		527,920
Permanently restricted (Note 7)		<u>250,000</u>
Total Net Assets		<u><u>777,920</u></u>
Total Liabilities and Net Assets		<u><u>\$ 936,190</u></u>

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

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

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

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Permanently Restricted	Total
Public Support and Revenues			
Contributions	\$ 231,224	\$	\$ 231,224
Special events	123,125		123,125
Other income	1,786		1,786
Total Public Support and Revenues	356,134		\$ 356,134
Expenses			
Program Services	207,496		207,496
Supporting Activities:			
Fundraising	28,805		28,805
Management and general	72,948		72,948
Total Supporting Activities	101,753		101,753
Total Expenses	309,249		309,249
Increase (Decrease) in Net Assets	46,885	-	46,885
Net Assets-Beginning of Year	481,035	250,000	731,035
Net Assets-End of Year	\$ 527,920	\$ 250,000	\$ 777,920

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

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

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

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services	Supporting Activities		Total
		Fundraising	Management and General	
Payroll and Related Expenses				
Salaries	\$ 116,209	\$ 8,622	\$ 8,622	\$ 133,452
Employee Benefits	12,696	1,587	1,587	15,869
Payroll taxes	6,950	869	869	8,688
	<u>135,855</u>	<u>11,077</u>	<u>11,077</u>	<u>158,010</u>
Other Expenses				
Automobile expense	8,732			8,732
Office supplies and expense			105	105
Printing and stationary			1,930	1,930
Postage			548	548
Insurance	4,945	618	13,538	19,102
Interest expense			9,435	9,435
Bank fees			1,395	1,395
Workshops and seminars			3,692	3,692
Depreciation-building and furnishings	23,681			23,681
Depreciation-vehicles	2,083			2,083
Memberships and dues			1,116	1,116
Other		12,810	19,597	32,406
Rent-office			3,337	3,337
Utilities	8,422		-	8,422
Telephone	948		1,512	2,461
Professional fees and services			5,000	5,000
Travel			531	531
Repairs and maintenance	4,637		135	4,772
Domestic supplies	1,211			1,211
Youth assistance	16,981			16,981
Uncollectable pledges		4,300		4,300
Total Other Expenses	<u>71,641</u>	<u>17,728</u>	<u>61,871</u>	<u>151,240</u>
Total Functional Expenses	<u>\$ 207,496</u>	<u>\$ 28,805</u>	<u>\$ 72,948</u>	<u>\$ 309,249</u>

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

**BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

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

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Cash Flows From Operating Activities	
Net Income from Operations	\$ 46,885
Increase (Decrease) in net assets	
Adjustments to reconcile increase in net asset to net cash provided by operating activities:	
Depreciation	25,764
Change in assets and liabilities:	
(Increase)decrease in promises to give	32,675
(Increase)decrease in accounts receivable	7,350
Increase(decrease) in accounts payable	(14,839)
Increase(decrease) in accrued payroll and taxes	11,890
Net Cash Provided By Operating Activities	<u>109,725</u>
Cash Flows Used in Investing Activities	
Purchases of property and equipment	<u>-</u>
Net Cash Provided By Investing Activities	<u>-</u>
Cash Flows From Financing Activities	
(Payments on) Proceeds from line of credit	<u>(245,877)</u>
Net Cash Provided By Financing Activities	<u>(245,877)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(136,151)</u>
Cash and Cash Equivalents-Beginning of Year	<u>295,589</u>
Cash and Cash Equivalents-End of Year	<u><u>\$ 159,438</u></u>
Supplemental Cash Flow Information	
Interest paid	<u>\$ 9,435</u>

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

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

1. Operations

Boys Hope Girls Hope of Kansas City, Inc. is a not-for-profit corporation that offers a structured program to help academically capable and motivated children – in-need meet their full potential and “become men and women for others” by providing value-centered, family-like homes, opportunities and education through college. The Home currently houses seven scholars and two collegians during breaks from school, all boys ages 10-21. There are also three full-time staff members in residence. Kimberly Hines was hired as the Executive Director June 10, 2013.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

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

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

Estimates and Assumptions

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Cash and Cash Equivalents

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

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

2. Summary of Significant Accounting Policies – Continued

Promises to Give

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

Allowance for Doubtful Promises to Give

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

Property and Equipment

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

Building and improvements	5 – 30 years
Computer equipment	5 years

Restricted and Unrestricted Public Support and Revenues

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

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Description of Program Services and Supporting Activities

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

Program

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

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

Management and General

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

Fundraising

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

Expense Allocation

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

Tax Status

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

3. Promises To Give

Promises to give are aged based on the term of the original pledge agreement. Short-term pledges for the year ended June 30, 2013 are expected to be received before June 30, 2014.

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

4. Property and Equipment

Property and equipment consist of the following:

Land	\$ 159,125
Building and improvements	701,251
Furnishings	24,292
Computer equipment	4,873
Vehicles	<u>20,800</u>
	910,339
Less: Accumulated Depreciation	<u>(228,825)</u>
	<u>\$681,514</u>

Depreciation charged to expenses amounted to \$25,764 for the year ended June 30, 2013.

5. Assets Restricted for Endowment

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

6. Lines of Credit

The Great Southern Bank note executed September 2, 2012 balance is \$94,325 and is secured by the group home.

7. Related Parties

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