

**BOYS HOPE GIRLS HOPE
OF KANSAS CITY, INC.
FINANCIAL STATEMENTS
June 30, 2014**

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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, 2014 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.


Stanley A. Monger CPA, PA
March 18, 2016

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

Assets

Current Assets

Cash and cash equivalents	\$ 82,101	
Promises to give, net of allowance for doubtful accounts (Notes 2 and 3)	85,288	
Property and equipment (Notes 4 and 6)	<u>655,749</u>	
Total Assets		<u><u>\$ 823,138</u></u>

Liabilities and Net Assets

Liabilities

Lines of credit (Note 6)	\$ 96,011	
Accounts payable	49,777	
Accrued payroll and taxes	<u>30,343</u>	
Total Liabilities		<u><u>\$ 176,131</u></u>

Net Assets

Unrestricted:		
Operations	(130,915)	
Investment in property and equipment	<u>527,922</u>	
Total Unrestricted		397,007
Permanently restricted (Note 7)		<u>250,000</u>
Total Net Assets		<u><u>647,007</u></u>
Total Liabilities and Net Assets		<u><u>\$ 823,138</u></u>

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, 2014

	Unrestricted	Permanently Restricted	Total
Public Support and Revenues			
Contributions	\$ 160,931	\$	\$ 160,931
Special events	155,281		155,281
Other income	3,228		3,228
Total Public Support and Revenues	319,440		\$ 319,440
Expenses			
Program Services	313,537		313,537
Supporting Activities:			
Fundraising	52,280		52,280
Management and general	84,536		84,536
Total Supporting Activities	136,816		136,816
Total Expenses	450,353		450,353
Increase (Decrease) in Net Assets	(130,913)	-	(130,913)
Net Assets-Beginning of Year	527,920	250,000	777,920
Net Assets-End of Year	<u>\$ 397,007</u>	<u>\$ 250,000</u>	<u>\$ 647,007</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, 2014

	Program Services	Supporting Activities		Total
		Fundraising	Management and General	
Payroll and Related Expenses				
Salaries	\$ 191,847	\$ 16,928	\$ 16,928	\$ 225,703
Employee Benefits	16,677	1,472	1,472	19,621
Payroll taxes	13,672	1,206	1,206	16,084
	<u>222,196</u>	<u>19,606</u>	<u>19,606</u>	<u>261,408</u>
Other Expenses				
Automobile expense	10,729			10,729
Office supplies and expense			2,804	2,804
Printing and stationary			4,743	4,743
Postage			2,251	2,251
Insurance	3,994		8,015	12,009
Interest expense			3,172	3,172
Bank fees			2,570	2,570
Workshops and seminars			3,254	3,254
Depreciation-building and furnishings	23,682			23,682
Depreciation-vehicles	2,083			2,083
Memberships and dues			99	99
Other		21,372	17,546	38,918
Rent-office			3,941	3,941
Utilities	9,578			9,578
Telephone	1,297		1,105	2,402
Promotion		11,302		11,302
Professional fees and services			14,950	14,950
Travel			480	480
Repairs and maintenance	6,923			6,923
Domestic supplies	1,395			1,395
Youth assistance	31,660			31,660
Uncollectable pledges	-	-	-	-
Total Other Expenses	<u>91,341</u>	<u>32,674</u>	<u>64,930</u>	<u>188,945</u>
Total Functional Expenses	<u>\$ 313,537</u>	<u>\$ 52,280</u>	<u>\$ 84,536</u>	<u>\$ 450,353</u>

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, 2014

Cash Flows From Operating Activities	
Net Income from Operations	\$ (130,915)
Increase (Decrease) in net assets	
Adjustments to reconcile increase in net asset to net cash provided by operating activities:	
Depreciation	25,765
Change in assets and liabilities:	
(Increase)decrease in promises to give	9,950
Increase(decrease) in accounts payable	11,303
Increase(decrease) in accrued payroll and taxes	4,874
Net Cash Provided By Operating Activities	<u>(79,023)</u>
Cash Flows Used in Investing Activities	
Purchases of property and equipment	-
Net Cash Provided By Investing Activities	<u>-</u>
Cash Flows From Financing Activities	
(Payments on) Proceeds from line of credit	1,686
Net Cash Provided By Financing Activities	<u>1,686</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(77,337)</u>
Cash and Cash Equivalents-Beginning of Year	<u>159,438</u>
Cash and Cash Equivalents-End of Year	<u>\$ 82,101</u>
Supplemental Cash Flow Information	
Interest paid	<u>\$ 3,172</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, 2014

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 eight scholars and two collegians during breaks from school, all boys ages 10-21. There are also five full-time staff and two full time volunteers members in residence.

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, 2014

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, 2014

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, 2014 are expected to be received before June 30, 2015.

BOYS HOPE GIRLS HOPE OF KANSAS CITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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>(254,590)</u>
	<u>\$655,749</u>

Depreciation charged to expenses amounted to \$25,764 for the year ended June 30, 2014.

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. Line of Credit

The Country Club Bank note executed February 20, 2015 balance is \$96,011 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.

March 17, 2016

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

To Stanley A. Monger CPA, PA

We are providing this letter in connection with your audit of the statement of financial position of Boys Hope Girls Hope of Kansas City, Inc. as of June 30, 2014. and the related statements of activities, functional expenses and cash flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of Boys Hope Girls Hope of Kansas City, Inc. in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, (as of June 30, 2014.) the following representations made to you during your audit.

- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the Organization's control.
- 2) We have made available to you all—
 - a) Financial records and related data.
 - b) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 5) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
- 6) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 7) We have no knowledge of any fraud or suspected fraud affecting the Organization involving—
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 8) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others.
- 9) The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- 10) The following, if any, have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the Organization is contingently liable.

- c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
- 11) There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of a near-term severe impact that have not been properly disclosed in the financial statements.
- 12) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 13) Boys Hope Girls Hope of Kansas City, Inc. is an exempt organization under Section 501(c) 3 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 14) There are no—
- a) Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification 450, Contingencies , (formerly *Statement of Financial Accounting Standards No. 5, Accounting for Contingencies*).
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB *Accounting Standards Codification 450 , Contingencies* (formerly *Statement of Financial Accounting Standards No. 5*).
 - d) Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- 15) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 16) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
- 17) No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.



Kimberly Hines
Executive Director