

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Boys Hope Girls Hope of San Francisco, Inc.
San Francisco, California

We have audited the accompanying financial statements of Boys Hope Girls Hope of San Francisco, Inc. (a nonprofit corporation), 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.

Auditor's 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 judgement, 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 evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation 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.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

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 San Francisco, 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

Another firm has previously audited the Boys Hope Girls Hope of San Francisco, Inc. financial statements for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in their report dated April 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

February 10, 2021

Santa Rosa, CA

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(With summarized comparative totals for June 30, 2019)

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 92,850	\$ 16,970
Pledges receivable	-	10,000
Total current assets	92,850	26,970
Fixed assets:		
Computer equipment and software	26,545	20,591
Furniture and equipment	4,510	4,510
Subtotal	31,055	25,101
Less accumulated depreciation	(23,522)	(22,620)
Net fixed assets	7,533	2,481
Total assets	\$ 100,383	\$ 29,451
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 5,350	\$ 52,034
Accrued expenses	25,002	39,789
Credit cards payable	-	33,152
Current portion of long-term debt	99,553	20,836
Total current liabilities	129,905	145,811
Long-term debt, net of current portion	38,994	-
Total liabilities	168,899	145,811
Net assets:		
Without donor restriction	(68,516)	(126,360)
With donor restriction	-	10,000
Total net assets	(68,516)	(116,360)
Total liabilities and net assets	\$ 100,383	\$ 29,451

The accompanying notes are an integral part of these financial statements

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(with summarized comparative totals for the year ended June 30, 2019)

	Without donor restriction	With donor restriction	2020 Total	2019 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
SUPPORT AND REVENUE:				
In-kind contribution	\$ 190,617		\$ 190,617	\$ 215,328
Contributions	260,168		260,168	278,007
Event revenues	25,386		25,386	94,384
Miscellaneous revenue	8,138		8,138	1
Net assets released from restriction	10,000	\$ (10,000)	-	-
Total support and revenue	<u>494,309</u>	<u>(10,000)</u>	<u>484,309</u>	<u>587,720</u>
EXPENSES:				
Program	394,237		394,237	533,473
Management and general	82,179		82,179	42,259
Fundraising	73,485		73,485	27,776
Total expenses	<u>549,901</u>		<u>549,901</u>	<u>603,508</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(55,592)	(10,000)	(65,592)	(15,788)
OTHER INCOME:				
Forgiveness of debt	113,436	-	113,436	-
CHANGE IN NET ASSETS	57,844	(10,000)	47,844	(15,788)
NET ASSETS, beginning	<u>(126,360)</u>	<u>10,000</u>	<u>(116,360)</u>	<u>(100,572)</u>
NET ASSETS, ending	<u>\$ (68,516)</u>	<u>\$ -</u>	<u>\$ (68,516)</u>	<u>\$ (116,360)</u>

The accompanying notes are an integral part of these financial statements

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(with summarized comparative totals for the year ended June 30, 2019)

	Program	Management and General	Fundraising	2020 Total	2019 Total
Salaries and wages	\$ 133,460	\$ 28,599	\$ 28,599	\$ 190,658	\$ 262,885
Payroll taxes and benefits	25,185	5,397	5,397	35,979	46,843
Assistance to children	190,009	-	-	190,009	214,792
Office rent	2,400	16,800	4,800	24,000	24,000
Administrative fees-BHGHl	11,208	3,202	1,601	16,011	14,580
Insurance	18,027	2,003	-	20,030	18,920
Building rent	4,400	-	-	4,400	7,500
Contractor costs	6,158	24,631	30,789	61,578	5,245
Interest and bank fees	1,549	295	1,926	3,770	2,439
Other expenses	1,841	350	373	2,564	5,402
Subtotal operating expenses	394,237	81,277	73,485	548,999	602,606
Depreciation	-	902	-	902	902
Total expenses	<u>\$ 394,237</u>	<u>\$ 82,179</u>	<u>\$ 73,485</u>	<u>\$ 549,901</u>	<u>\$ 603,508</u>

The accompanying notes are an integral part of these financial statements

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(with summarized comparative totals for the year ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 47,844	\$ (15,788)
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	902	902
Forgiveness of debt	(113,436)	-
(Increase) decrease in:		
Pledges receivable	-	(10,000)
Increase (decrease) in:		
Accounts payable and accrued expenses	(43,402)	9,399
Total cash provided (used) by operations	(108,092)	(15,487)
CASH FLOWS FROM INVESTING ACTIVITIES:		
In-kind of property and equipment	(5,954)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on long-term debt	288,847	-
Principal payments on long-term debt	(98,921)	(4,164)
Total cash provided by financing activities	189,926	(4,164)
NET CHANGE IN CASH	75,880	(19,651)
CASH, beginning of year	16,970	36,621
CASH, end of year	\$ 92,850	\$ 16,970
Supplemental information:		
Cash paid for interest	\$ 2,158	\$ 2,995

The accompanying notes are an integral part of these financial statements

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 ORGANIZATION

Boys Hope Girls Hope of San Francisco, Inc., (Agency) is not-for-profit corporation that nurtures, and guides motivated young people in need to become well educated, career ready men and women for others. Scholars are supported from adolescence through college graduation and beyond, offering a holistic spectrum of programming that evolves with the age and needs of the youth. The Agency is entirely funded by private and in-kind contributions. The Agency is affiliated with Boys Hope Girls Hope, Inc. (BHGHI), its sponsoring national organization (see Note 7).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Agency reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Agency to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other Basis of Presentation Policies – Revenues or support are reported as increases in unrestricted net assets unless subject to donor-imposed restrictions. If net assets with restrictions are fulfilled in the same time period the revenue or support is received, the Agency reports the revenue or support as without donor restriction. Expenses are reported as decreases in net assets without donation. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donation unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents – The Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Interest rates range from 0 to .03 percent for all cash accounts.

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Concentrations of Credit Risk – The Agency maintains cash balances at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Property and equipment – The Agency capitalizes all expenditures for property and equipment with more than one-year life. Property and equipment are recorded at cost if purchased and at fair market value on the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 7 years.

Allocation of Expenses – Expenses are allocated to various programs and support services based upon detailed estimates prepared by management which considers the number of individuals served in each program and employee time spent on various duties.

Income Taxes – The Agency is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Agency is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Agency considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Agency’s status as a not-for-profit entity. Management believes the Agency met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax; therefore no provision for income taxes has been provided in these financial statements. The Agency’s tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Donated Services and Items – Some people have contributed amounts of time and inventory to the activities of the Agency without compensation. The financial statements reflect the value of those contributed services and items at donor stated value or fair value if no value is given.

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 Agency's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Agency's financial assets as of June 30, 2020 that are available for operations:

Financial assets at year end	
Cash and investments	\$ 92,850

The Agency has no donor restricted net assets at June 30, 2020.

NOTE 4 ACCUMULATED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Agency. The value of accumulated vacation at June 30, 2020 is \$16,630.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated personal leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Agency since payment of such benefits is not probable. Therefore, personal leave benefits are recorded as expenses in the period personal leaves are taken.

NOTE 5 NOTES PAYABLE

The Agency has a line of credit with a local financial institution that is secured by BHGHI. Interest is 4.75 percent and due on demand. The balance at June 30, 2020 is \$80,250.

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 NOTES PAYABLE, continued

The Agency had notes and accounts payable with the Boys Hope Girls Hope Network that was forgiven during the year ended June 30, 2020 totaling \$113,436.

The Agency has a Payroll Protection Program loan with the Small Business Administration that originated in May 2020 and terminates May 2022. Interest is one percent. The loan has the option to be forgiven if certain criteria are met. The balance at June 30, 2020 is \$58,297.

Future maturities are as follows as of June 30:

2021	\$	99,553
2022		29,197
2023		9,797
Total notes payable	\$	<u>138,547</u>

NOTE 6 LEASE COMMITMENTS

The Agency leases space under a lease that commenced July 2019 and terminates June 2020. The lease was not renewed due to current restrictions with Covid-19. Monthly payments are \$625. Rent expense is \$4,400 for the year ended June 30, 2020.

NOTE 7 AFFILIATIONS

The Agency is affiliated with Boys Hope Girls Hope, Inc. (BHGHI), its sponsoring national organization. The Agency obtains programmatic, administrative, and fundraising assistance from BHGHI. In return, the Agency under an affiliation agreement pays an annual fee for such services.

NOTE 8 PRIOR PERIOD ADJUSTMENT

The Agency has a prior period adjustment to recognize in-kind tuition and expenses appropriately. The adjustment did not affect the bottom line, but the overall figures changed.

BOYS HOPE GIRLS HOPE OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 CHANGE IN ACCOUNTING PRINCIPLE

The financial statements have been changed to adopt ASU 2016-14, changing to the new language of “without donor restriction” and “with donor restriction.” This change has been applied to both the current year and the prior summarized information. As well, an addition to the summary of significant accounting policies in Note 2 has been written to disclose the allocation methodology used by the Organization, and the new liquidity note has been added in Note 3. The prior year change was only in terminology from “unrestricted” and “temporarily restricted” to “without donor restriction” and with “donor restriction.” There was no change in the beginning net asset number.

The financial statements have been changed to adopt ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition. This change has been applied to both the current year and the prior year summarized information.

NOTE 10 SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through February 10, 2021, the date the financial statements were available to be issued. In January 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the Agency’s operations, financial position, and cash flows.