

Boys Hope Girls Hope of Baltimore, Inc.

Audited Financial Statements

June 30, 2023 and 2022

Boys Hope Girls Hope of Baltimore, Inc.
Table of Contents

	Page
Independent Auditors' Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Change in Net Assets	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boys Hope Girls Hope of Baltimore, Inc.

Opinion

We have audited the accompanying financial statements of Boys Hope Girls Hope of Baltimore, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and change in net assets, statements of functional expenses and statements cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys Hope Girls Hope of Baltimore, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys Hope Girls Hope of Baltimore, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys Hope Girls Hope of Baltimore, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Boys Hoe Girls Hope of Baltimore, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys Hope Girls Hope of Baltimore, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

The financial statements of the Organization for the year ended and as of June 30, 2022, were audited by other auditors whose report dated November 30, 2023, expressed an unqualified opinion on those statements.

L&H Business Consulting, LLC

Lutherville, Maryland

November 30, 2023

Boys Hope Girls Hope of Baltimore, Inc.

Statement of Financial Position

June 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 386,225	\$ 417,246
Prepaid expenses	-	3,775
Scholar advance	550	-
Total current assets	386,775	421,021
Property		
Land	165,341	165,341
Buildings and improvements	1,872,008	1,872,008
Vehicles	45,589	45,589
Furniture and equipment	12,233	12,233
Total Cost	2,095,171	2,095,171
Less: Accumulated depreciation	(718,958)	(657,644)
Net Property	1,376,213	1,437,527
Total Assets	\$ 1,762,988	\$1,858,548
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,874	\$ -
Accrued expenses	41,936	32,327
Current maturities of long-term debt	23,023	19,941
Total current liabilities	70,833	52,268
Non-Current Liabilities		
Long-term debt, net of current maturities	107,774	129,038
Total Non-Current Liabilities	107,774	129,038
Total liabilities	178,607	181,306
Commitments		
	-	-
Net Assets		
Without donor restrictions	1,535,316	1,634,909
With donor restriction	49,065	42,333
Total net assets	1,584,381	1,677,242
Total Liabilities and Net Assets	\$ 1,762,988	\$1,858,548

The accompanying notes are an integral part of these financial statements

Boys Hope Girls Hope of Baltimore, Inc.
Statement of Activities and Change in Net Assets
For the Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Contributions of cash	\$ 312,671	\$ 20,000	\$ 332,671
Contributions of nonfinancial assets	23,583	-	23,583
Special events net of expenses of \$18,137	407,678		407,678
Gain on disposal of property	100	-	100
Other income	(136)	-	(136)
Net investment income	54	-	54
Net assets released from restrictions	13,268	(13,268)	-
Total Support and Revenue	757,218	6,732	763,950
Expenses			
Program services	649,862	-	649,862
Management and general	92,565	-	92,565
Fundraising	114,384	-	114,384
Total expenses	856,811	-	856,811
Change in net assets	(99,593)	6,732	(92,861)
Net assets - beginning of year	1,634,909	42,333	1,677,242
Net assets - end of year	\$ 1,535,316	\$ 49,065	\$ 1,584,381

The accompanying notes are an integral part of these financial statements

Boys Hope Girls Hope of Baltimore, Inc.
Statement of Activities and Change in Net Assets
For the Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Contributions of cash	\$ 312,941	\$ -	\$ 312,941
Contributions of nonfinancial assets	111,995	-	111,995
Special events net of expenses of \$20,499	449,216		449,216
Forgiveness of PPP loan	83,742	-	83,742
Gain on disposal of property	11,768	-	11,768
Other income	711	-	711
Net investment income	43	-	43
Net assets released from restrictions	5,000	(5,000)	-
Total Support and Revenue	975,416	(5,000)	970,416
Expenses			
Program services	667,404	-	667,404
Management and general	75,419	-	75,419
Fundraising	112,653	-	112,653
Total expenses	855,476	-	855,476
Change in net assets	119,940	(5,000)	114,940
Net assets - beginning of year	1,514,969	47,333	1,562,302
Net assets - end of year	\$ 1,634,909	\$ 42,333	\$ 1,677,242

The accompanying notes are an integral part of these financial statements

Boys Hope Girls Hope of Baltimore, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Personnel Costs:				
Directors and coordinators	\$ 153,400	\$ 25,567	\$ 76,700	\$ 255,666
Counselors and house parents	183,897	-	-	183,897
Fringe benefits and payroll taxes	57,114	5,711	18,766	81,592
Stipends	5,329	-	-	5,329
Total personnel costs	399,740	31,278	95,466	526,484
Assistance to youth	88,937	-	-	88,937
Depreciation and amortization	52,196	9,118	-	61,314
Insurance	39,860	5,694	11,389	56,943
Repairs and maintenance	11,509	-	-	11,509
Administrative expenses - national	17,728	5,909	5,909	29,547
Utilities	19,060	-	-	19,060
Special events	-	-	18,137	18,137
Other administrative expenses	-	26,362	-	26,362
Professional fees	-	12,500	-	12,500
Transportation	8,787	-	-	8,787
Interest expense	7,726	-	-	7,726
Office supplies	1,040	1,040	1,387	3,468
Promotion and marketing	1,179	-	-	1,179
Domestic supplies	1,436	-	-	1,436
Travel	489	489	-	977
Postage	175	175	233	582
Total Expenses	649,862	92,565	132,521	874,948
Less: Special events expenses netted with special events revenue in the statement of activities	-	-	18,137	18,137
	<u>\$ 649,862</u>	<u>\$ 92,565</u>	<u>\$ 114,384</u>	<u>\$ 856,811</u>

The accompanying notes are an integral part of these financial statements

Boys Hope Girls Hope of Baltimore, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Personnel Costs:				
Directors and coordinators	\$ 152,295	\$ 25,383	\$ 76,148	\$ 253,825
Counselors and house parents	140,860	-	-	140,860
Fringe benefits and payroll taxes	61,545	6,155	20,222	87,923
Stipends	8,590	-	-	8,590
Total personnel costs	363,290	31,538	96,370	491,197
Assistance to youth	123,849	-	-	123,849
Depreciation and amortization	52,349	9,164	-	61,513
Insurance	32,060	4,580	9,160	45,800
Repairs and maintenance	32,791	-	-	32,791
Administrative expenses - national	16,954	5,651	5,651	28,256
Utilities	24,115	-	-	24,115
Special events	-	-	20,499	20,499
Other administrative expenses	-	11,721	-	11,721
Professional fees	-	11,500	-	11,500
Transportation	9,581	-	-	9,581
Interest expense	7,818	-	-	7,818
Office supplies	1,043	1,043	1,391	3,477
Promotion and marketing	2,857	-	-	2,857
Domestic supplies	475	-	-	475
Travel	161	161	-	322
Postage	61	61	81	203
Total Expenses	667,404	75,419	133,152	875,974
Less: Special events expenses netted with special events revenue in the statement of activities	-	-	20,499	20,499
	<u>\$ 667,404</u>	<u>\$ 75,419</u>	<u>\$ 112,653</u>	<u>\$ 855,475</u>

The accompanying notes are an integral part of these financial statements

Boys Hope Girls Hope of Baltimore, Inc.

Statements of Cash Flows For the Year Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (92,861)	\$ 114,940
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	61,314	61,513
Gain on disposal of property	(100)	(11,768)
Forgiveness of PPP loan	-	(83,742)
Changes in operating assets and liabilities		
Scholar advance	(550)	
Prepaid expenses	3,775	(540)
Accounts payable	5,874	(6,128)
Accrued expenses	9,609	(5,738)
Net cash (used in) provided by operating activities	(12,939)	68,537
Cash flows from investing activities		
Proceeds from property disposal	100	11,768
Net cash provided by investing activities	100	11,768
Cash flows from financing activities		
Proceeds from borrowings on notes payable	1,365	
Payments on notes payable	(19,547)	(24,956)
Net cash used in financing activities	(18,182)	(24,956)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(31,021)	55,349
Cash and cash equivalents, beginning of year	417,246	361,897
Cash and cash equivalents, end of year	\$ 386,225	\$ 417,246
Supplemental information:		
Cash paid for interest during the year	\$ 7,726	\$ 7,818

The accompanying notes are an integral part of these financial statements

Boys Hope Girls Hope of Baltimore, Inc.

Notes to Financial Statements For the Year Ended June 30, 2023

NOTE 1 – Nature of Organization and Summary of Significant Accounting Policies

Boys Hope Girls Hope of Baltimore, Inc. (the “Organization”) was organized as a not-for-profit corporation on August 9, 2001, and began operations with the opening of its first residence in Baltimore, Maryland in 2002. The purpose of the Organization is to provide housing and education assistance for displaced youth. The Organization places these children in a family environment that allows them to mature and succeed through guidance, education, financial support and encouragement while challenging them to live up to their religious convictions. The Organization sponsors various activities to secure support from the public for the needs and overall direction of the Organization. The Organization is an independent incorporated affiliate of Boys Hope Girls Hope, Inc. (the “National Organization”).

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Presentation: The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Property and Depreciation: Property is stated at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. The Organization’s threshold for capitalization is any acquisition that meets the above criteria and is greater than or equal to \$5,000. Depreciation is computed using the straight-line method over the following estimated lives:

Buildings and improvements	15-40 Years
Vehicles	5-10 Years
Furniture and equipment	7 Years

Contributions: Contributions received are recorded without donor restrictions or with donor restrictions depends on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is met in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction., Net assets with donor restrictions are reclassified to net assets without donor restrictions when the related restriction is fulfilled or expires. Unconditional promises to give support are recognized as contributions support and revenue in the year the promises to give are made. Conditional pledges to give, which depend on the occurrence of a specified future and uncertain event, are not recognized as support and revenue until the condition has been met.

Boys Hope Girls Hope of Baltimore, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 – Nature of Organization and Summary of Significant Accounting Policies (Continued)

Tuition and fees: Several of the schools attended by the scholars have provided tuition assistance. These amounts have been recorded as contributions of nonfinancial assets – in-kind tuition, with offsetting expenses included as assistance to youth in the statements of activities.

Gifts-in-Kind (Donated Commodities): Donated commodities, which include food and supplies, are recorded at their estimated fair market value on the date of receipt and were used in its program services.

Donated Services: Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Facility.

Donated services consisted of maintenance and cleaning services. They are recorded based on comparable industry rates which management believes reflects the actual value of the services provided and were used in its program services.

A substantial number of unpaid volunteers have made significant contributions of their time and services to the Facility. The value of this contributed time is not recorded as a contribution in these financial statements since the recognition criteria was not met.

Income Taxes: The Organization is exempt from federal and state income taxes under Internal Revenue Code 501(c)(3). Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Organization had no unrelated business income for both years ended June 30, 2023 and 2022. Accordingly, no provision for income taxes is reflected in these financial statements. The Organization does not file a federal income tax return as all of its activities are included in the Federal Form 990 filed by the National Organization.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated, generally based on estimates of the portion of time expended by staff on the various functions.

Recently Adopted Accounting Pronouncements: The Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* which will be effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous leases guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a related liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. The Organization has adopted this standard effective July 1, 2022 (the Adoption Date). Additionally, the Organization elected and applied the following practical expedients on the Adoption Date. The package of practical expedients permitting the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

Boys Hope Girls Hope of Baltimore, Inc.

Notes to Financial Statements For the Year Ended June 30, 2023

NOTE 2 – Liquidity and Availability of Funds

A summary of the financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following:

	2023	2022
Cash	\$ 386,225	\$ 417,246
Less		
Accounts payable	(5,874)	-
Accrued expenses	(41,936)	(32,327)
Donor Imposed Restrictions	(49,065)	(42,333)
Net Financial Assets Available for General Expenditures	\$ 289,350	\$ 342,586

The Organization receives significant contributions and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability, and maintaining adequate liquid assets to fund near-term operating needs.

None of the financial assets other than disclosed above are subject to donor restrictions or other contractive restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

NOTE 3 – Related Party

The Organization pays the National Organization a quarterly fee for administrative costs. These fees are included in administrative expenses. Total fees paid during the years ending June 30, 2023, and 2022 were \$29,547 and \$28,256, respectively.

NOTE 4 – Long Term Debt and Paycheck Protection Program

On September 14, 2017, the Organization obtained a five-year term loan with M&T Bank for \$250,000. The loan called for monthly payments of \$2,731 at a variable rate (5.50% at June 30, 2022), with a balloon payment in September 2022. The loan was collateralized by the community center property. On July 14, 2022 this debt was refinanced with M&T Bank for the balance then outstanding. The loan calls for monthly principal and interest payments of \$2,479 with an interest rate of 5.58% and matures July 2028.

The aggregate annual maturities of long-term debt for each of the years subsequent to June 30, 2023 are as follows:

2024	\$ 23,023
2025	24,341
2026	25,735
2027	27,208
2028	30,490
	\$ 130,797

Boys Hope Girls Hope of Baltimore, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 4 – Long Term Debt and Paycheck Protection Program (Continued)

The Organization applied for and received funds in the amount of \$83,742 under the Paycheck Protection Program – 2nd draw (PPP2). The proceeds are considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, are incurred during 24-week period, commencing on the date of the loan agreement (February 3, 2021). Any portion of this loan that does not qualify for forgiveness is subject to an interest rate of 1%. The Organization applied for and received full forgiveness of the PP2 loan on September 2, 2021 and the proceeds have been included on the statements of activities as forgiveness of PPP loan for the year ended June 30, 2022.

NOTE 5 – Net Assets with Donor Restrictions

The Organization’s net assets with donor restrictions as of June 30, 2023 and 2022 were available for the following purposes:

	2023	2022
STEM Program	\$ 42,333	\$ 42,333
Scholar tuition	6,732	-
	\$ 49,065	\$ 42,333

NOTE 6 – Contributed Non-Financial Assets

For the years ended June 30, 2023 and 2022, contributed non-financial assets recognized within the statements of activities included:

	2023	2022
Tuition	15,000	81,042
Repairs and maintenance	6,550	28,603
Food	1,883	400
Household supplies	-	1,050
Cleaning service	150	900
Total	23,583	111,995

NOTE 7 – Retirement Plan

The Organization maintains a tax deferred retirement plan qualified under section 401(k) of the Internal Revenue Code (the “Plan”). Under the Plan, eligible employees may make pretax contributions, with the Organization matching the first 3% of employees’ contribution. The Organization may also make discretionary contributions to eligible employees. The Organization did not contribute to the Plan for the years ended June 30, 2023 and 2022. The Organization also received credits for forfeitures from the National Organization of \$0 and \$0 for the years ended June 30, 2023 and 2022, respectively. Some of these credits were used to reduce the Organization’s contributions to the Plan. For the years ended June 30, 2023, and 2022, the Organization utilized \$2,276 and \$7,054 respectively, of these forfeitures to offset contributions.

Boys Hope Girls Hope of Baltimore, Inc.

Notes to Financial Statements For the Year Ended June 30, 2023

NOTE 8 – Concentration of Credit Risk

The Organization maintains its cash balances in one financial institution. Periodically during the year, the Organization's cash balances may have exceeded federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances.

NOTE 9 - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Organization through November 30, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.