
BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2022

RICHARD  CPAS

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Financial Statements</u>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
<u>Notes to Financial Statements</u>	7-18



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Boys Hope Girls Hope of Greater New Orleans

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Boys Hope Girls Hope of Greater New Orleans (the Organization), which comprise the statements of financial position as of June 30, 2022, and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of a land lease at a nominal value described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 8 to the financial statements, the Organization leases land at a nominal value. In our opinion, accounting principles generally accepted in the United States of America require that such land lease be recorded as a contribution at present value at the inception of the lease. The effects of the accompanying financial statements of the failure to record the leased land at a nominal value has not been determined.

We conducted our audit in accordance with the 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 the Organization 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 the Organization'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 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 the Organization'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 the Organization'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.

Richard CPAS

Metairie, Louisiana
November 11, 2022

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 243,609	\$ 231,145
Accounts receivable	802	1,002
Total current assets	<u>244,411</u>	<u>232,147</u>
<u>LONG TERM ASSETS</u>		
Investments-endowment fund	1,323,259	1,557,820
Property and equipment, net	890,941	947,644
Total long term assets	<u>2,214,200</u>	<u>2,505,464</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,458,611</u>	<u>\$ 2,737,611</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 3,812	\$ 828
Salaries and taxes payable	15,360	16,914
Compensated absences payable	31,055	30,442
Note payable	-	83,314
Total current liabilities	<u>50,227</u>	<u>131,498</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 50,227</u>	<u>\$ 131,498</u>
<u>NET ASSETS</u>		
Without donor restrictions	1,545,861	1,617,912
With donor restrictions	862,523	988,201
Total net assets	<u>2,408,384</u>	<u>2,606,113</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,458,611</u>	<u>\$ 2,737,611</u>

The accompanying notes are an integral part of these financial statements.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>			<u>2021</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<u>SUPPORT AND OTHER REVENUE</u>						
Contributions	\$ 268,860	\$ 156,424	\$ 425,284	\$ 379,823	\$ 84,575	\$ 464,398
In-kind contributions	57,174	-	57,174	67,040	-	67,040
SBA loan forgiveness income	83,314	-	83,314	-	-	-
United Way	1,087	-	1,087	907	-	907
Special events, net of expenses	266,486	-	266,486	212,640	-	212,640
Investment return, net	(57,000)	(103,707)	(160,707)	111,773	207,879	319,652
Miscellaneous income	910	-	910	3,892	-	3,892
	<u>620,831</u>	<u>52,717</u>	<u>673,548</u>	<u>776,075</u>	<u>292,454</u>	<u>1,068,529</u>
Net assets released from restrictions	<u>178,395</u>	<u>(178,395)</u>	<u>-</u>	<u>162,270</u>	<u>(162,270)</u>	<u>-</u>
Total revenues and other support	<u>799,226</u>	<u>(125,678)</u>	<u>673,548</u>	<u>938,345</u>	<u>130,184</u>	<u>1,068,529</u>
<u>EXPENSES</u>						
Program expenses	660,691	-	660,691	674,370	-	674,370
Fundraising expenses	102,476	-	102,476	109,329	-	109,329
Management and general	108,110	-	108,110	122,089	-	122,089
Total expenses	<u>871,277</u>	<u>-</u>	<u>871,277</u>	<u>905,788</u>	<u>-</u>	<u>905,788</u>
<u>CHANGE IN NET ASSETS</u>	<u>(72,051)</u>	<u>(125,678)</u>	<u>(197,729)</u>	<u>32,557</u>	<u>130,184</u>	<u>162,741</u>
<u>NET ASSETS, BEGINNING OF THE YEAR</u>	<u>1,617,912</u>	<u>988,201</u>	<u>2,606,113</u>	<u>1,585,355</u>	<u>858,017</u>	<u>2,443,372</u>
<u>NET ASSETS, END OF THE YEAR</u>	<u>\$ 1,545,861</u>	<u>\$ 862,523</u>	<u>\$ 2,408,384</u>	<u>\$ 1,617,912</u>	<u>\$ 988,201</u>	<u>\$ 2,606,113</u>

The accompanying notes are an integral part of these financial statements.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Administrative service fee	\$ 6,690	\$ 6,494	\$ 6,494	\$ 19,678	\$ 6,776	\$ 3,388	\$ 6,776	\$ 16,940
Assistance to youth	12,052	-	-	12,052	10,849	-	-	10,849
Automobile	26,442	-	-	26,442	20,292	-	-	20,292
Bank charges	-	7,931	1,983	9,914	-	3,023	3,023	6,046
Clothing	5,796	-	-	5,796	4,578	-	-	4,578
Collegian assistance	50,202	-	-	50,202	41,024	-	-	41,024
Depreciation	66,733	-	1,347	68,080	65,378	-	1,099	66,477
Domestic supplies	1,918	-	-	1,918	3,050	-	-	3,050
Educational supplies	4,318	-	-	4,318	13,098	-	-	13,098
Employee benefits	31,843	7,733	5,914	45,490	35,861	6,860	6,860	49,581
Food	18,556	-	-	18,556	21,681	-	-	21,681
Insurance	32,390	-	13,178	45,568	12,623	-	25,559	38,182
Medical supplies	4,684	-	-	4,684	5,325	-	-	5,325
Membership dues	2,722	-	-	2,722	6,530	-	-	6,530
Miscellaneous	6,718	3,322	4,764	14,804	4,568	2,056	4,857	11,481
Office expense	1,986	1,658	1,593	5,237	1,694	1,597	1,379	4,670
Payroll taxes	18,444	4,410	3,372	26,226	18,753	6,157	4,324	29,234
Postage	248	619	371	1,238	270	676	406	1,352
Professional fees	50	-	6,545	6,595	-	-	6,623	6,623
Repairs and maintenance	10,943	-	-	10,943	15,046	-	17	15,063
Salaries and stipends	233,856	68,795	58,577	361,228	251,307	84,313	59,211	394,831
Staff training and testing	1,791	159	121	2,071	1,875	-	658	2,533
Special projects	1,070	694	715	2,479	865	656	676	2,197
Summer programs	2,357	-	-	2,357	532	-	-	532
Telephone	9,407	565	582	10,554	8,653	499	514	9,666
Travel and entertainment	4,714	-	2,455	7,169	4,121	-	0	4,121
Tuition	75,304	-	-	75,304	95,762	-	-	95,762
Utilities	29,457	96	99	29,652	23,859	104	107	24,070
	<u>\$ 660,691</u>	<u>\$ 102,476</u>	<u>\$ 108,110</u>	<u>\$ 871,277</u>	<u>\$ 674,370</u>	<u>\$ 109,329</u>	<u>\$ 122,089</u>	<u>\$ 905,788</u>

The accompanying notes are an integral part of these financial statements.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (197,729)	\$ 162,741
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	68,080	66,477
SBA loan forgiveness income	(83,314)	-
Net realized and unrealized (loss) on investments	163,423	(319,652)
Changes in operating assets and liabilities:		
Accounts receivable	200	19,952
Accounts payable and accrued expenses	2,984	(1,149)
Salaries and taxes payable	(1,554)	2,858
Compensated absences payable	613	2,394
Net cash used in operating activities	<u>(47,297)</u>	<u>(66,379)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(11,377)	(6,166)
Purchase of investments	(1,000)	(1,000)
Proceeds from sale of investments	72,138	53,302
Net cash provided by investing activities	<u>59,761</u>	<u>46,136</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on line of credit	-	(75,000)
Net cash used in financing activities	<u>-</u>	<u>(75,000)</u>
Net change in cash and cash equivalents	12,464	(95,243)
Cash and cash equivalents, beginning of year	<u>231,145</u>	<u>326,388</u>
Cash and cash equivalents, end of year	<u>\$ 243,609</u>	<u>\$ 231,145</u>
<u>NON-CASH DISCLOSURE</u>		
Donated services - tuition provided to students	<u>\$ 57,174</u>	<u>\$ 67,040</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ 728</u>

The accompanying notes are an integral part of these financial statements.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies

History and Organization

Boys Hope Girls Hope of Greater New Orleans (the Organization) is one of 16 affiliates across the United States and Latin America. The Organization helps academically motivated middle and high school students rise above disadvantaged backgrounds and become successful in college and beyond. The Organization's goal is to graduate young people who are physically, emotionally and academically prepared for post-secondary education and a productive life, breaking the cycle of poverty. The Organization utilizes the following elements to achieve our mission: academic excellence, long-term and comprehensive programming, service and community engagement, faith-based values, family-like setting to cultivate youth empowerment, and voluntary participant commitment. The Organization operates a separate girls' home and boys' home in New Orleans, Louisiana.

Basis of Presentation

The accompanying statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. Contributions are recognized when received or when unconditionally promised.

Financial Statement Presentation

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 and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions net assets for an operating reserve or board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) 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. At June 30, 2022, and 2021, the Organization held net assets with donor restrictions in the amount of \$862,523 and \$988,201, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, management considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist primarily of grants and contributions receivable. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, management believes the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Investments

Investments include shares of investment pools which are valued at net asset value as a practical expedient for fair value. Unrealized gains and losses, interest income, and dividends are included in investment return, net on the statements of activities.

Property and Equipment

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$2,000. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	30 years
Furniture and fixtures	5 to 7 years
Vehicles	5 years
Office equipment	5 years
Leasehold improvements	5 years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose, time, or event. 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to without donor restricted net assets at that time.

The cost of maintenance and repairs is expensed as incurred. Significant renewals and improvements are capitalized.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

Endowment

FASB Accounting Standard Codification 958-205, Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. This standard also requires additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations, including those that are not yet subject to an enacted version of UPMIFA.

Interest earned on donor-restricted investments is reported based on the existence or absence of donor-imposed restrictions. The Organization's endowments provide for any earnings not withdrawn to remain in endowment for investment purposes and reported as increases in donor restricted net assets. The return of these earnings is reported in donor restricted net assets and are available to the Organization for distribution in accordance with the endowment agreement or may be returned to the endowment by the Organization for perpetual investment.

Contributions

Contributions represent cash donations to the Organization from organizations and individuals and are recognized as support when received or unconditionally pledged. Contributions are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the specific nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Use of Space, Services, Materials and Equipment

Donated use of space and services are reflected as contributions at their estimated value and are recorded as expense for program services when determinable. Donated materials and equipment are reflected as contributions at their estimated values as of the date of receipt and are recorded as expense for program services when they are used or consumed.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, primarily salaries, benefits, and professional fees have been allocated among the programs and supporting services. The allocation between functions is based on time spent by specific employees as estimated by management. All other costs are charged directly to the appropriate functional category.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

Income Tax Status

During the years ended June 30, 2022 and 2021, the Organization elected to file a stand-alone tax return in lieu of a consolidated tax return with the Boys Hope Girls Hope National Organization. The Organization is exempt from income tax under IRC section 501 (c)(3), though it is subject to tax on income unrelated to its tax-exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status: to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization is not classified as a private foundation.

The Organization applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach allows the recognition of only those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Organization has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities; therefore, the implementation of this standard has not had a material effect on the Organization.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that could affect reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results and the results of future periods could differ from those estimates.

New Accounting Pronouncements – Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, to simplify the lease standard’s implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years’ results when they adopt the new lease standard. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for the Organization’s year ending June 30, 2023.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements –Adopted

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization’s year ending June 30, 2022.

2. Liquidity and Availability

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 243,609	\$ 231,145
Accounts receivable	802	1,002
Endowment earnings appropriated for use over the next year	<u>72,138</u>	<u>53,302</u>
Total available financial assets	<u>\$ 316,549</u>	<u>\$ 285,449</u>

The Organization’s endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Organization’s board-designated endowment of \$517,013 and \$576,729 as of June 30, 2022, and 2021, respectively, is subject to an annual distribution policy as described in Note 13. Although the Organization does not intend to withdraw from this board designated endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to the above amounts, the Organization has an unused line of credit available in the amount of \$150,000 that was available for use to fund operations, if no other sources are available.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

3. Investments

The Organization has investments held by the Catholic Community Foundation Archdiocese of New Orleans (CCF) and the Greater New Orleans Foundations (GNOF). The investments have been pooled to reduce investment management expenses and to maximize the return on the investments. Investments in the common investment pools consist primarily of debt and equity securities, mutual funds, hedge funds and private equity investments. The amounts recorded in the statements of financial position represent the Organization's share of the pool. The following summarizes the market value and the unrealized appreciation at June 30:

	<u>2022</u>	<u>2021</u>
Investment cost	\$ 1,195,993	\$ 1,225,688
Investment fair value	<u>1,323,259</u>	<u>1,557,820</u>
Unrealized appreciation	<u>\$ 127,266</u>	<u>\$ 332,132</u>

Investment return, net includes the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Realized gains, interest and dividend income	\$ 48,846	\$ 30,135
Unrealized gain/(loss)	(197,986)	302,081
Investment fees	<u>(11,567)</u>	<u>(12,564)</u>
Total investment return	<u>\$ (160,707)</u>	<u>\$ 319,652</u>

4. Property and Equipment

Property and equipment is summarized as follows at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 167,432	\$ 167,432
Buildings	1,295,415	1,295,415
Furniture and fixtures	5,272	5,272
Vehicles	76,515	76,515
Office equipment	8,472	5,496
Leasehold improvements	<u>21,934</u>	<u>13,532</u>
	1,575,040	1,563,662
Less: accumulated depreciation	<u>(684,099)</u>	<u>(616,018)</u>
	<u>\$ 890,941</u>	<u>\$ 947,644</u>

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

5. Note Payable

On May 8, 2020, the Organization received a U.S. Small Business Administration (SBA) Paycheck Protection Program loan in the amount of \$83,314. This loan is forgivable if the Organization meets certain criteria. The loan has an interest rate of 1% and is due two years from the date of origination (May 8, 2022). The Paycheck Protection Program loan does not require any collateral or personal guarantees associated with this loan. The loan balance of \$83,314 was forgiven during the year ended June 30, 2022.

6. Line of Credit

The Organization maintains a line of credit agreement of \$150,000 subject to 7.00% interest. Interest only payments are due monthly to the lender. The line of credit matured in February 2021 and was not renewed. The line of credit is secured by the residential girls' home. On November 11, 2021, the Organization obtained a new line of credit agreement for \$150,000 subject to 5.25% interest. Interest only payments are due monthly to the lender. The line of credit is secured by the residential girls' home. The outstanding balance on the line of credit is \$0 at June 30, 2022 and 2021.

7. Net Assets with Restrictions

The Organization has the following net assets with restrictions, as of June 30:

	<u>2022</u>	<u>2021</u>
Endowment corpus (Invested in perpetuity)	\$ 501,250	\$ 501,250
Endowment campaign (Freeman Challenge)	239,600	238,600
Accumulated earnings on endowment funds	65,396	241,241
Other purpose restrictions	<u>56,277</u>	<u>7,110</u>
Total	<u>\$ 862,523</u>	<u>\$ 988,201</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2022, and 2021:

	<u>2022</u>	<u>2021</u>
Program expenses	\$ 106,257	\$ 108,968
Endowment appropriation	<u>72,138</u>	<u>53,302</u>
Total	<u>\$ 178,395</u>	<u>\$ 162,270</u>

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

8. Donated Use of Space and Services

The Organization provides educational services to its program participants. Free and/or reduced tuition is provided by several schools. The value of this tuition assistance is reflected as contributions in the financial statements based on an estimated value, provided by the schools, of \$57,174 and \$67,040 for the years ended June 30, 2022, and 2021, respectively.

A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fund-raising campaigns. No amounts have been reflected in the statements for donated services since there is no objective basis to measure the value of such services.

The Organization leases land at a nominal rent for the residential boys' home for as long as the home continues to operate. The Organization is solely responsible for all expenses associated with the residence including related improvements. The Organization has not recorded a contributed asset with respect to this land lease.

9. Special Events

The Organization held several fundraising events during the years ended June 30, 2022, and 2021. The revenues and direct costs associated with these events are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Revenues:		
Golf	\$ 32,989	\$ 13,918
Crescent City Classic	3,561	1,127
Tennis	11,000	7,500
Fall Dinner Gala	163,073	62,125
Reveillion	41,250	44,899
Junior Board	5,743	1,870
Christmas Appeal	79,730	134,086
Total revenue	<u>337,346</u>	<u>265,525</u>
Direct Costs:		
Golf	17,344	-
Crescent City Classic	329	-
Tennis	-	-
Fall Dinner Gala	32,950	20,084
Reveillion	9,061	14,018
Junior Board	763	-
Christmas Appeal	3,696	18,783
Total costs	<u>64,143</u>	<u>52,885</u>
Special Events Revenue, Net of Expenses	<u>\$ 273,203</u>	<u>\$ 212,640</u>

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

10. Fair Value of Financial Instruments

The Organization reports certain assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

Investments of the Organization are held in pooled assets managed by Catholic Community Foundation Archdiocese of New Orleans and Greater New Orleans Foundation. The Catholic Community Foundation and the Greater New Orleans Foundation are reported at net asset value which approximates fair value. In accordance with the guidance in FASB ASC 820-10-25-54B, these investments are considered as Level 2 in the fair value hierarchy. The Catholic Community Foundation and the Greater New Orleans Foundation's investments are diversified, including a mix of mainly equity and fixed income securities. There are no lockup provisions in either of the pooled investments.

The method described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

11. Related Party Transactions

During each of the years ended June 30, 2022, and 2021, the Organization incurred administrative expenses of \$19,678 and \$16,940 respectively, paid to the Boys Hope Girls Hope National office. At June 30, 2022, and 2021, there are no amounts included in accounts payable that are due to the Boys Hope Girls Hope National office.

During the years ended June 30, 2022, and 2021, board members of the Organization contributed approximately \$96,365 and \$77,441 respectively towards the endowment and ongoing operations.

12. Concentrations of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At June 30, 2022, and 2021, the Organization's cash balances are not in excess of amounts covered by the FDIC.

13. Endowment

The Organization's endowment (the Endowment) consists of funds on deposit with the Catholic Community Foundation and the Greater New Orleans Foundation and were established by donors to provide funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022, and 2021, there was no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in UPMIFA. 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 purpose of 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, and (7) the investment policies of the Organization.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

13. Endowment (continued)

As of June 30, 2022, and 2021, the Organization had the following endowment net asset composition:

	<u>Without Donor Restrictions</u>	<u>With Donor restrictions</u>	<u>Total</u>
<u>June 30, 2022</u>			
Original endowment gift	\$ 382,403	\$ 740,850	\$ 1,123,253
Accumulated investment gains	134,610	65,396	200,006
	<u>\$ 517,013</u>	<u>\$ 806,246</u>	<u>\$ 1,323,259</u>
<u>June 30, 2021</u>			
Original endowment gift	\$ 382,403	\$ 739,850	\$ 1,122,253
Accumulated investment gains	194,326	241,241	435,567
	<u>\$ 576,729</u>	<u>\$ 981,091</u>	<u>\$ 1,557,820</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. At June 30, 2022, and 2021, the fair value of the endowment funds is in excess of the original gift values.

Investment and Spending Policies

The Organization has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets and to cover the costs of managing the Endowment investments. In September 2010, the Organization adopted a policy to approve distributions from the endowment not to exceed 5% of the market value for any given calendar year. In setting this policy, the Organization considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time. Distributions from funds held at GNOF are limited to 4% of trailing market value determined on a rolling quarterly basis.

BOYS HOPE GIRLS HOPE OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

13. Endowment (continued)

The table below represents the endowment activity for the years ended June 30, 2022, and 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, June 30, 2020	\$ 464,956	\$ 825,514	\$ 1,290,470
Investment return, net:			
Interest and dividend income	8,150	13,867	22,017
Net appreciation (depreciation)	103,623	194,012	297,635
Total investment return, net	111,773	207,879	319,652
Contributions	-	1,000	1,000
Appropriated for expenditures	-	(53,302)	(53,302)
Endowment assets, June 30, 2021	<u>\$ 576,729</u>	<u>\$ 981,091</u>	<u>\$ 1,557,820</u>
Investment return, net:			
Interest and dividend income	11,120	16,527	27,647
Net appreciation (depreciation)	(70,836)	(120,234)	(191,070)
Total investment return, net	(59,716)	(103,707)	(163,423)
Contributions	-	1,000	1,000
Appropriated for expenditures	-	(72,138)	(72,138)
Endowment assets, June 30, 2022	<u>\$ 517,013</u>	<u>\$ 806,246</u>	<u>\$ 1,323,259</u>

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 11, 2022, and determined no item requires disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.