



THE CLAIRMOUNT GROUP, PLC

Certified Public Accountants

Boys Hope Girls Hope of Michigan, Inc.

(A Michigan Non-Profit Corporation)

Financial Statements

For the Year Ended June 30, 2024 and 2023



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THE CLAIRMOUNT GROUP, PLC
Certified Public Accountants

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Boys Hope Girls Hope of Michigan, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year 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 Michigan, Inc as of June 30, 2024, and the changes in 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 Michigan, 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 the Boys Hope Girls Hope of Michigan, 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 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 Hope Girls Hope of Michigan, 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 Michigan, 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.

The Clairmount Group

The Clairmount Group, PLC

Detroit, MI

May 7, 2025

Boys Hope Girls Hope of Michigan, Inc
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 157,619	\$ 270,564
Investments	610,714	652,789
Prepaid expense and deposits	2,083	6,958
Property & equipment, net	<u>140,221</u>	<u>178,695</u>
Total assets	<u>\$ 910,637</u>	<u>\$ 1,109,006</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 18,936	\$ 9,953
Accrued expenses	69,046	60,340
Deferred income	<u>-</u>	<u>23,000</u>
Total liabilities	87,982	93,293
Net Assets		
Without donor restrictions		
Undesignated	682,434	837,018
Investment in property and equipment	<u>140,221</u>	<u>178,695</u>
	822,655	1,015,713
Total Liabilities and Net Assets	<u>\$ 910,637</u>	<u>\$ 1,109,006</u>

See Notes to the Financial Statements

Boys Hope Girls Hope of Michigan, Inc.
Statement of Activities
Year Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains						
Contributions	\$ 191,853	\$ -	\$ 191,853	\$ 179,817	\$ -	\$ 179,817
Employee retention credit	103,302	-	103,302	-	-	-
Special event revenue, gross						
Sponsorships and tickets	505,651	-	505,651	477,469	-	477,469
Less cost of direct benefits to donors	(139,480)	-	(139,480)	(166,809)	-	(166,809)
Net special events revenue	366,171	-	366,171	310,660	-	310,660
Grant revenue	-	-	-	-	141,000	141,000
Realized and unrealized gain/(losses), net expenses	70,093	-	70,093	52,033	-	52,033
Interest and dividend income	20,558	-	20,558	12,615	-	12,615
Affiliate contribution	29,065	-	29,065	53,902	-	53,902
Miscellaneous income	-	-	-	9,905	-	9,905
Net assets released from restrictions	-	-	-	206,000	(206,000)	-
Total revenue, support and gains	781,042	-	781,042	824,932	(65,000)	759,932
Expenses						
Program services expenses						
Children's program services	680,537	-	680,537	692,278	-	692,278
Supporting services expenses						
Management and general	157,957	-	157,957	173,918	-	173,918
Fundraising	135,606	-	135,606	128,114	-	128,114
Total supporting services expenses	293,563	-	293,563	302,032	-	302,032
Total expenses	974,100	-	974,100	994,310	-	994,310
Change in net assets	(193,058)	-	(193,058)	(169,378)	(65,000)	(234,378)
Nets Assets - Beginning of Year	1,015,713	-	1,015,713	1,185,091	65,000	1,250,091
Net Assets - End of Year	\$ 822,655	\$ -	\$ 822,655	\$ 1,015,713	\$ -	\$ 1,015,713

See Notes to the Financial Statements

Boys Hope Girls Hope of Michigan, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	2024				
	Children's Program Services	Fundraising	Management & General	Direct Benefit to Donor Cost	Total
Salaries and related costs					
Salary & wages	\$ 379,337	\$ 105,991	\$ 72,520	\$ -	\$ 557,849
Payroll taxes	26,377	7,370	5,043	-	38,789
Employee benefits	33,576	9,381	6,419	-	49,376
Total salaries and related costs	439,290	122,743	83,982	-	646,014
Assistance to youth in program	16,024	-	-	-	16,024
Assistance to youth in college	81,279	-	-	-	81,279
Occupancy	34,261	-	-	-	34,261
Green fees	-	-	-	63,325	63,325
Meals and entertainment	-	-	-	76,155	76,155
Assessment under cooperative agreement	7,333	-	-	-	7,333
Transportation	19,715	-	-	-	19,715
Domestic supplies	-	-	20,421	-	20,421
Depreciation	38,474	-	-	-	38,474
Professional fees	-	-	3,091	-	3,091
Insurance	43,551	12,169	8,326	-	64,046
Administrative and other	610	695	42,137	-	43,442
Total expenses by function	680,537	135,606	157,957	139,480	1,113,580
Less expenses included with related revenues on the statement of activities	-	-	-	(139,480)	(139,480)
Total expenses included in the expense section on the statement of activities	<u>\$ 680,537</u>	<u>\$ 135,606</u>	<u>\$ 157,957</u>	<u>\$ -</u>	<u>\$ 974,100</u>

See Notes to the Financial Statements

Boys Hope Girls Hope of Michigan, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	2023				
	Children's Program Services	Fundraising	Management & General	Direct Benefit to Donor Cost	Total
Salaries and related costs					
Salary & wages	\$ 355,698	\$ 99,386	\$ 68,001	\$ -	\$ 523,085
Payroll taxes	26,206	7,322	5,010	-	38,538
Employee benefits	34,759	9,712	6,645	-	51,116
Total salaries and related costs	416,663	116,420	79,656	-	612,739
Assistance to youth in program	18,761	-	-	-	18,761
Assistance to youth in college	118,012	-	-	-	118,012
Occupancy	37,242	-	-	-	37,242
Green fees	-	-	-	19,433	19,433
Meals and entertainment	-	-	-	147,376	147,376
Assessment under cooperative agreement	8,517	-	-	-	8,517
Transportation	14,490	-	-	-	14,490
Domestic supplies	-	-	16,038	-	16,038
Depreciation	38,470	-	-	-	38,470
Professional fees	-	-	31,897	-	31,897
Insurance	39,564	11,055	7,564	-	58,182
Administrative and other	559	639	38,763	-	39,962
Total expenses by function	692,278	128,114	173,918	166,809	1,161,119
Less expenses included with related revenues on the statement of activities	-	-	-	(166,809)	(166,809)
Total expenses included in the expense section on the statement of activities	<u>\$ 692,278</u>	<u>\$ 128,114</u>	<u>\$ 173,918</u>	<u>\$ -</u>	<u>\$ 994,310</u>

See Notes to the Financial Statements

Boys Hope Girls Hope of Michigan, Inc
Statements of Cash Flows
Year Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Changes in Net Assets to Net Cash from Operating Activities		
Change in net assets	\$ (193,058)	\$ (234,378)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	38,474	38,470
Realized and unrealized (gain) loss on investments	(90,651)	(61,053)
Changes in operating assets and liabilities		
Accounts receivable	-	3,120
Prepaid expense	4,875	(4,875)
Accounts payable	8,983	1,582
Accrued expenses	8,706	6,416
Deferred revenue	<u>(23,000)</u>	<u>23,000</u>
Net Cash Used in Operating Activities	(245,671)	(227,718)
Cash Flows from Investing Activities		
Proceeds from sales of investments	<u>132,726</u>	-
Net Cash used for Investing Activities	132,726	-
Net Change in Cash and Cash Equivalents	(112,945)	(227,718)
Cash and Cash Equivalents - beginning	<u>270,564</u>	<u>498,282</u>
Cash and Cash Equivalents - ending	<u>\$ 157,619</u>	<u>\$ 270,564</u>

See Notes to the Financial Statements

Boys Hope Girls Hope of Michigan, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

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

Boys Hope Girls Hope of Michigan, Inc. (we, us, our) is a not-for-profit established in 1984, which is committed to helping children who are at-risk, yet academically capable to realize their potential by providing a value-centered, family-like home and quality education to and through college. We are assisted in administration and other activities by The Network Headquarters which is located in St. Louis, MO. We operate one residential program in the Detroit area, known as the Hope House, one after-school academy program known as the Hope Academy, and one Collegian Support program. These programs are operated without charge to the community.

Cash and Cash Equivalents

We consider all short-term highly liquid investments with an original maturity of three months or less at date of purchase to be cash equivalents.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and Equipment

Depreciation is provided over the assets' estimated useful lives on the straight-line method. Donated equipment is stated at cost or approximate fair value at the date of donation. We follow the practice of capitalizing all expenditures for equipment and software over \$2,500.

Property and equipment are stated at cost or fair market value at the date received. Major improvements are capitalized, while ordinary maintenance and repairs are expensed.

We evaluate long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Gifts of land, buildings, equipment, and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in a reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Compensated Absences

Employees are entitled to paid personal time off, depending on the length of service. Accrued PTO hours not utilized will be paid out as compensation upon an employee's termination of employment.

Boys Hope Girls Hope of Michigan, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets 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.

Net Assets With Donor Restrictions – We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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 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. There were no restrictions on net assets at June 30, 2024.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated Services and Goods

Contributed nonfinancial assets include supplies, professional services, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2024 and 2023.

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and benefits, occupancy, and administrative and other costs. These expenses are allocated based on an estimate of where efforts are made.

Income Taxes

We are exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the Code. We have 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. We are not classified as a private foundation.

Our income tax filings are subject to audit by various taxing authorities, and open audit periods are 2021-2024.

Boys Hope Girls Hope of Michigan, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2024 and 2023, our cash balances were within the FDIC limits. To date, we have not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Note 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 157,619	\$ 270,564
Investments	<u>610,714</u>	<u>652,789</u>
Total	<u>\$ 768,333</u>	<u>\$ 923,353</u>

Generally, our goal is to maintain financial assets to meet one year of operating expenses. As part of its liquidity plan, excess cash is invested in investments, including fixed-income securities, mutual funds, and exchange-traded products. If funds to cover the cost of current liabilities are removed, a net amount of \$680,351 and \$853,060 are available for the years ending June 30, 2024 and 2023.

Boys Hope Girls Hope of Michigan, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 3 – Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The fair value of investments for the years ended June 30, 2024, and 2023 is determined by Level 1 inputs, which use quoted prices in active markets for identical assets that we have the ability to access. The fair value at June 30 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Cash for reinvestment	\$ 18,544	\$ 21,477
Fixed income	183,607	141,422
Mutual funds	249,585	220,932
Exchange-traded products	127,576	204,464
Other holdings	31,402	64,494
Total investments	<u>\$ 610,714</u>	<u>\$ 652,789</u>

Boys Hope Girls Hope of Michigan, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 3 – Investments (continued)

Investment return, as shown on the statement of activities, is comprised of dividends, interest and unrealized and realized gains and losses. It is shown net of expenses as follows at June 30:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 20,558	\$ 12,615
Realized gain (loss)	25,204	-
Unrealized gain (loss)	48,143	54,822
Less: investment expenses	<u>(3,254)</u>	<u>(2,789)</u>
Total investments	<u>\$ 90,651</u>	<u>\$ 64,648</u>

Note 4 – Property and Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

	<u>2024</u>	<u>2023</u>
Buildings	\$ 110,040	\$ 110,040
Building improvements	345,903	345,903
Transportation equipment	52,700	52,700
Furniture and fixtures	93,062	93,062
Computer equipment and software	3,000	3,000
Total	<u>604,705</u>	<u>604,705</u>
Less - accumulated depreciation	<u>(464,484)</u>	<u>(426,010)</u>
	<u>\$ 140,221</u>	<u>\$ 178,695</u>

Note 5 – Leases

On November 1, 2023, we entered into a month-to-month office facilities lease agreement. We have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. Total lease for the year ended June 30, 2024 was \$6,235.

Boys Hope Girls Hope of Michigan, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 6 – Net Assets with Donor Restrictions

At June 30, 2024, and 2023, there were not any net assets with donor restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
College access and success program	<u>\$ -</u>	<u>\$ 206,000</u>

Note 7 – Employee Benefits

We sponsor a 401(k) retirement savings plan (the "Plan") qualified under Section 401(k) of the Internal Revenue Code. The Plan covers substantially all full-time employees. Eligible employees may make voluntary contributions to the Plan, subject to limitations imposed by the Internal Revenue Code. At this time, the Organization does not make employer contributions to the Plan.

Note 8 – Related Party Transactions

We operate under an expense sharing agreement with the National Boys Hope Girls Hope Organization (National). This agreement requires, in return for the performance of certain administrative services, an annual fixed payment is assessed on a per-home basis. Payments required under this agreement were \$25,132 and \$28,572 during the years ended June 30, 2024, and 2023, respectively. We also receive National contributions to support various activities. Contributions received were \$29,065 and \$53,902 during the years ended June 30, 2024, and 2023, respectively.

Note 9 – Subsequent Events

Subsequent events have been evaluated through May 7, 2025, when the financial statements were available to be issued.