BOYS HOPE/GIRLS HOPE
OF ST. LOUIS, INC.

FINANCIAL STATEMENTS

June 30, 2012
(With comparative totals for 2011)

INDEX

1600 S. Brentwood Blvd.
Suite 600
St. Louis, MO 63144-1334

314-962-0300
314-962-9474 (fax)

Huber, Ring, Helm & Co., P.C.
CPAs • Advisors

Independent Auditors' Report

Board of Directors
Boys Hope/Girls Hope of St. Louis, Inc.
St. Louis, Missouri

We have audited the accompanying statement of financial position of Boys Hope/Girls Hope of St. Louis, Inc. (the "Organization"), as of June 30, 2012 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Organization's 2011 financial statements, and in our report dated November 7, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys Hope/Girls Hope of St. Louis, Inc. as of June 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Huber, Ring, Helm + Co., P.C.
St. Louis, Missouri
November 8, 2012

BOYS HOPE/GIRLS HOPE OF ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012
(With comparative totals for 2011)

ASSETS

	2012	2011
CURRENT ASSETS		
Cash	$ 14,885	$ 6,134
Pledges receivable	72,395	27,817
Investments, short-term	995,503	999,611
Prepaid expenses	7,154	8,445
Total current assets	1,089,937	1,042,007
PROPERTY AND EQUIPMENT, at cost		
Land	36,292	36,292
Buildings	931,101	918,443
Furniture and equipment	152,110	145,069
Automobiles	59,499	59,499
	1,179,002	1,159,303
Accumulated depreciation and amortization	633,901	582,836
Total property and equipment	545,101	576,467
OTHER ASSETS		
Investments, long-term	49,301	46,150
Total assets	$ 1,684,339	$ 1,664,624

LIABILITIES AND NET ASSETS

	2012	2011
LIABILITIES		
Accounts payable	$ 33,332	$ 12,916
Accrued expenses	59,002	53,283
Deferred bonus plan	10,149	4,980
Deferred income		61,089
Line of credit	75,000	65,000
Total liabilities	177,483	197,268
NET ASSETS		
Unrestricted:		
Undesignated	407,888	337,682
Board designated	250,000	250,000
Total unrestricted	657,888	587,682
Temporarily restricted	548,150	578,856
Permanently restricted	300,818	300,818
Total net assets	1,506,856	1,467,356
Total liabilities and net assets	$ 1,684,339	$ 1,664,624

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

BOYS HOPE/GIRLS HOPE OF ST. LOUIS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2012
(With comparative totals for 2011)

	2012				2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Support					
Contributions	$ 375,840	$ 55,703		$ 431,543	$ 375,460
Gifts in kind	47,348			47,348	48,130
Fundraising events, net	633,756	4,383		638,139	380,846
Total support	1,056,944	60,086		1,117,030	804,436
Investment income					
Interest and dividend income	26,115			26,115	31,383
Realized gain on investments	19,989			19,989	41,238
Unrealized gain (loss) on investments	(10,051)			(10,051)	72,533
Total investment gain	36,053			36,053	145,154
Less investment fees	9,310			9,310	8,054
Net investment gain	26,743			26,743	137,100
Loss on sale of property and equipment					(1,233)
Other income	3,248			3,248	10,219
Total revenue	29,991			29,991	146,086
Net assets released from restrictions	90,792	(90,792)			
TOTAL SUPPORT AND REVENUE	1,177,727	(30,706)		1,147,021	950,522
EXPENSES					
Program services	897,221			897,221	778,631
Supporting services					
Management and general	93,107			93,107	75,504
Fundraising	117,193			117,193	102,527
Total expenses	1,107,521			1,107,521	956,662
INCREASE (DECREASE) IN NET ASSETS	70,206	(30,706)		39,500	(6,140)
NET ASSETS BEGINNING OF YEAR	587,682	578,856	$ 300,818	1,467,356	1,473,496
NET ASSETS END OF YEAR	$ 657,888	$ 548,150	$ 300,818	$ 1,506,856	$ 1,467,356

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

BOYS HOPE/GIRLS HOPE OF ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012
(With comparative totals for 2011)

	Program Services	Supporting Services: Management and General	Supporting Services: Fund-Raising	Total 2012	Total 2011
SALARIES AND RELATED EXPENSES					
Professional salaries	$ 109,751	$ 17,440	$ 49,024	$ 176,215	$ 136,698
Support staff	237,984	42,000	34,020	314,004	260,164
Total salaries	347,735	59,440	83,044	490,219	396,862
Payroll taxes	23,918	4,088	5,712	33,718	28,881
Employee benefits	71,846	12,281	17,158	101,285	79,226
Total related expenses	95,764	16,369	22,870	135,003	108,107
OTHER EXPENSES					
Buildings	27,559			27,559	24,863
Furnishings	5,401			5,401	6,773
Domestic supplies	3,119			3,119	3,118
Assistance to youth	193,556			193,556	180,726
Transportation	31,547			31,547	26,761
Gifts-in-kind	39,856	1,828	2,554	44,238	48,130
Uncollectible pledges			1,500	1,500	
Vision of Hope start up fees		10,715		10,715	30
Miscellaneous			581	581	517
Administration	77,742	3,565	4,981	86,288	88,141
Assistance - National Program	24,083	1,104	1,543	26,730	26,730
Total other expenses	402,863	17,212	11,159	431,234	405,789
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	846,362	93,021	117,073	1,056,456	910,758
DEPRECIATION AND AMORTIZATION	50,859	86	120	51,065	45,904
TOTAL EXPENSES	$ 897,221	$ 93,107	$ 117,193	$ 1,107,521	$ 956,662

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

BOYS HOPE/GIRLS HOPE OF ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2012
(With comparative totals for 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 39,500	$ (6,140)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities		
Depreciation and amortization	51,065	45,904
Loss on sale of property and equipment		1,233
Realized gain on investments	(19,989)	(41,238)
Unrealized gain (loss) on investments	10,051	(72,533)
In-kind donation of investments	(11,892)	(13,309)
(Increase) decrease in assets		
Pledges receivable	(44,578)	(8,392)
Prepaid expenses	1,291	(2,536)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	26,135	(19,402)
Deferred bonus plan	5,169	
Deferred income	(61,089)	61,089
NET CASH USED IN OPERATING ACTIVITIES	(4,337)	(55,324)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	195,922	325,895
Proceeds from sale of property and equipment		2,100
Purchase of investments	(173,135)	(322,174)
Purchase of property and equipment	(19,699)	(44,753)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	3,088	(38,932)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from line of credit	10,000	15,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,000	15,000
NET INCREASE (DECREASE) IN CASH	8,751	(79,256)
CASH BEGINNING OF YEAR	6,134	85,390
CASH END OF YEAR	$ 14,885	$ 6,134
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid on line of credit	$ 3,876	$ 2,166

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

NOTE 1 – NATURE OF ACTIVITIES

Boys Hope/Girls Hope of St. Louis, Inc. (the "Organization") provides housing and educational assistance for abandoned, abused, and neglected boys and girls in the St. Louis metropolitan area. The Organization places these boys and girls in family environments that allow them to mature and succeed through guidance, education, financial support, and encouragement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports its information regarding financial position and activities according to three classes of net assets depending upon the existence or nature of any donor-imposed restrictions. The following is a description of these classes of net assets:

Unrestricted – Those resources over which the Board of Directors has discretionary control. Designated amounts represent those resources that the Board has set aside for a particular purpose.

Temporarily Restricted – Temporarily restricted net assets represent those assets whose use has been limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

Permanently Restricted – Permanently restricted net assets represent those net assets whose use has been limited by donor-imposed stipulations that they must be maintained in perpetuity. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, on the related investments for unrestricted or temporarily restricted purposes.

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts are reported as temporarily or permanently restricted support if they are received with a donor's stipulation that limits the use of the donated assets. When a donor's restriction is satisfied, temporarily restricted net assets are released and reported as an increase in unrestricted net assets.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. As such, the Organization can only be taxed on the income from any activities unrelated to its charitable purposes. There was no unrelated business taxable income for the years ended June 30, 2012 and 2011; therefore, the statements do not include any provision for income taxes.

The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes,* which requires management to evaluate tax positions taken by the Organization. Management believes that tax positions taken by the Organization regarding its tax-exempt status and unrelated business income meet the "more likely than not" criteria of FASB ASC 740-10. Management does not anticipate any significant changes in its tax positions in the near term.

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 affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of public support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received and are shown as pledges receivable in the financial statements. Gifts are reported as temporarily or permanently restricted support if they are received with donors' stipulations that limit the use of the donated assets. When a donor's restriction is satisfied, temporarily restricted net assets are released and reported as an increase in unrestricted net assets.

Investments

Investments are carried at fair value. The Organization records donated investments at their fair value at the date of donation. See Note 6 for a discussion of fair value measurements. Realized and unrealized investment gains and losses are determined by comparison of specific costs of acquisition to proceeds at the time of disposal or fair value at the date of the Statement of Financial Position. These gains and losses and other investment income are reflected in the statement of activities and changes in net assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition Grants

Several of the schools attended by the boys and girls have provided tuition assistance. For the years ended June 30, 2012 and 2011, the Organization received tuition grants of $50,570 and $44,952, respectively. These amounts have been recorded in contributions, with offsetting expenses included in assistance to youth.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair value at the time of the donation. Major renewals and betterments are charged to the property accounts while replacements, maintenance, and repairs, which do not improve or extend the lives of the respective assets, are charged to expense as incurred. Acquisitions of property and equipment of $2,500 or more are capitalized. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Various statistical bases are used to allocate other expenses that are common to several functions.

Reclassifications

Certain reclassifications have been made to the prior year's amounts to make them consistent with the June 30, 2012 presentation.

NOTE 3 – AFFILIATED AND RELATED ORGANIZATIONS

Women of Hope

The Organization is supported by the Women of Hope. The purpose of Women of Hope is to aid the management and staff of the Organization in providing housing and educational assistance. The Women of Hope raise funds from members' dues and special events. The revenue and expenses of the Women of Hope are reflected in the Organization's Statement of Activities and Changes in Net Assets under Fundraising events, net.

NOTE 3 – AFFILIATED AND RELATED ORGANIZATIONS (CONTINUED)

National Organization

The Organization is affiliated with Boys Hope Girls Hope (the "National Program"). The Organization is required, under mutual agreement with the National Program, to pay an assessment to the National Program for administrative and promotional services rendered on behalf of the Organization. The National Program determines the amounts due for each year of operation. The assessments totaled $26,730 for each of the years ended June 30, 2012 and 2011.

The National Program also administers certain group life and medical insurance plans for the Organization. The Organization is charged its allocated premiums by the National Program. The allocations for the years ended June 30, 2012 and 2011 were $75,567 and $65,841, respectively and are included in employee benefits on the statement of functional expenses. In addition, the Organization carries certain other types of insurance under group policies administered by the National Program. The Organization pays premiums for these coverages directly to the underwriters.

Maryville University - St. Louis

The Organization is affiliated with Maryville University - St. Louis (the "University"). In November 1996, the Organization entered into a long-term lease agreement with the University for land for the purpose of building a new home for program housing. The lease term is 25 years, with five renewal options of five years each. The Organization has the option to terminate the lease at any time after the residence is completed and occupied (October 1998). Upon termination, all improvements on the site become the property of the University.

After ten years, the University had the option to terminate the lease and purchase the home at the Organization's depreciated cost. The University must notify the Organization of its intent to exercise this option at least two years in advance. As of June 30, 2012, the Organization had not received any such notification.

The property has a yearly lease payment of $1 that was waived by the University in fiscal years ended June 30, 2012 and 2011. The fair rental value of the above is not reflected in the accompanying financial statements.

Associate Board

The Organization is supported by the Associate Board, which was established in fiscal year 2001. The Associate Board's purpose is to generate funds for the operation of the program. The Associate Board raises funds from special events. The revenue and expenses of the Associate Board are reflected in the Organization's Statement of Activities and Changes in Net Assets under Fundraising events, net. For the years ended June 30, 2012 and 2011, revenues from these events were $28,554 and $42,180, respectively. Associated expenses at June 30, 2012 and 2011 were $3,576 and $8,483, respectively.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give totaling $72,395 and $27,817 at June 30, 2012 and 2011, respectively. All pledges receivable are expected to be collectible within one year and management does not consider an allowance for uncollectible pledges necessary.

NOTE 5 – INVESTMENTS

Investments consist of the following:

	June 30, 2012		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Money market accounts	$ 31,335		$ 31,335
Corporate bonds	214,544	$ 20,739	235,283
Common stock	500,683	65,296	565,979
Mutual funds	50,066	(2,200)	47,866
U.S. Government securities	155,267	9,074	164,341
Total investments	$ 951,895	$ 92,909	$ 1,044,804

	June 30, 2011		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Money market accounts	$ 29,477		$ 29,477
Corporate bonds	186,387	$ 10,937	197,324
Common stock	487,842	94,075	581,917
Mutual funds	50,055	(421)	49,634
U.S. Government securities	189,040	(1,631)	187,409
Total investments	$ 942,801	$ 102,960	$ 1,045,761

These amounts are classified on the statement of financial position as follows:

	June 30,	
	2012	2011
Investments - short-term	$ 995,503	$ 999,611
Investments - long-term	49,301	46,150
	$ 1,044,804	$ 1,045,761

NOTE 6 – FAIR VALUE MEASUREMENTS

The Organization reports its assets and liabilities in accordance with FASB ASC 820, *Fair Value Measurements,* which defines fair values, establishes a framework for measuring fair value in accordance with generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

Level 1 Valuations based on unadjusted quoted prices available for identical assets in active markets that the Organization has the ability to access.

Level 2 Valuations based on quoted prices in markets which are not active, or for which all significant inputs are observable, either directly or indirectly, or derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The assets' fair value measurement levels within the fair value hierarchy are based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2012 and 2011.

Mutual funds: Valued at quoted market prices of shares held by the Organization at fiscal year-end.

Government securities, common stocks, corporate bonds and money market accounts: Valued based upon the quoted market value as of the last business day of the fiscal year as determined by the Organization's independent investment custodians.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets that are measured at fair value as of June 30, 2012 and 2011:

	June 30,	
	2012	2011
Level 1		
Money market accounts	$ 31,335	$ 29,477
Corporate bonds	235,283	197,324
Common stock	565,979	581,917
Mutual funds	47,866	49,634
U.S. Government securities	164,341	187,409
	$ 1,044,804	$ 1,045,761

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

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

The carrying amounts of cash, pledges receivable, prepaid expenses, accounts payable, accrued liabilities, and deferred income approximate fair value because of the short maturity of these items.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30, 2012 and 2011:

	2012	2011
Hope Prep	$ 4,850	$ 15,000
Construction and maintenance of residential centers for children	543,300	563,856
	$ 548,150	$ 578,856

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2012	2011
Satisfaction of restrictions:		
Construction and maintenance of residential centers for children	$ 19,556	$ 6,928
College assistance	4,100	
Boy's home repairs	10,985	
Girl's home expenses		1,000
Tuition support		8,400
Hope Prep	39,150	
Automobiles and transportation	1,000	41,245
Clothing and supplies	5,303	2,855
Furniture and equipment	5,901	1,500
Food		1,000
Scholar trip	1,087	
Summer activities	1,390	
Senior gift	2,170	
Study room	150	
Buddy fund		1,500
	$ 90,792	$ 64,428

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

The affiliated National Program had established a Challenge Grant Endowment Program (the "Program"). That challenge grant will match dollar for dollar up to $250,000 for every permanently restricted gift collected by the Organization in establishing an endowment fund. The endowment fund is held in perpetuity, and its income is expendable to support the unrestricted fund, per the guidelines of the Program. The Organization had until June 2008 to collect $250,000 to receive the full amount of the matching grant.

The Organization has raised funds that are permanently restricted by the donor and matching gifts as follows:

Donor restricted funds collected	$ 150,409
National Program matching funds collected	150,409
	$ 300,818

NOTE 9 – DEFERRED BONUS PLAN

The Organization maintains a deferred bonus plan for all full-time employees. The plan provides that after three years of service, a full-time employee will receive a lump-sum payment equal to 3% of his or her salary for those three years. This payment will take place at the end of the fiscal year of that year of employment. After the third year, the employee is eligible for annual bonus payments equal to 3% of the previous 12 months' salary. The Organization had one employee that was grandfathered in from the previous plan and will continue to receive 6% of his yearly salary. For the years ended June 30, 2012 and 2011, expenses related to this plan were $13,750 and $7,356, respectively.

NOTE 10 – PENSION PLAN

The Organization sponsors a defined contribution pension plan covering substantially all employees. Participants are allowed to defer a fixed percentage of their salary (not to exceed statutory limits). The plan's provisions do not provide for the Organization to make matching contributions. For the years ended June 30, 2012 and 2011, there were no expenses for this plan.

NOTE 11 – RISKS AND UNCERTAINTIES

Financial instruments that potentially subject the Organization to credit and market risk consist principally of cash, receivables, and investments.

The Organization places substantially all of its cash and investments with major financial institutions. The accounts in those institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Through December 31, 2012, the FDIC has implemented temporary unlimited coverage on all funds in non-interest bearing transaction accounts. As of June 30, 2012 and 2011, these accounts had no uninsured amounts.

The Organization has investments that are subject to market risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable.

Concentrations of credit risk with respect to receivables are limited due to the nature of these receivables.

NOTE 12 – LEASE COMMITMENTS

The Organization leases its administrative offices under the terms of an operating lease. In addition to the minimum lease payments, the lease calls for contingent rent payments equal to the increase in the Organization's proportionate share of operating costs paid by the lessor, including taxes, utilities, insurance, and building maintenance over the initial base-year's costs. This lease was renewed in November 2011 through October 2014. The cost to terminate this lease includes the lessee's unamortized portion of leasing commissions and tenant improvements and one month's rent.

The following is a schedule of future minimum lease payments required under this operating lease:

Year ended June 30,	Amount
2013	$ 23,215
2014	23,215
2015	7,738
	$ 54,168

Total rent expenses for the years ended June 30, 2012 and 2011 were $23,477 and $22,000, respectively.

NOTE 13 – FUNDRAISING EVENTS

During the years ended June 30, 2012 and 2011, the Organization engaged in several fundraising activities. These included the following:

	June 30,	
	2012	2011
GOLF TOURNAMENT/AUCTION		
Gross revenues	$ 305,314	
Gross expenses	85,503	
Net income from golf tournament/auction	219,811	
DINNER/AUCTION		
Gross revenues	273,693	$ 209,510
Gross expenses	29,772	22,715
Net income from dinner/auction	243,921	186,795
MORNING OF HOPE		
Gross revenues	96,258	92,230
Gross expenses	4,561	4,212
Net income from Morning of Hope	91,697	88,018
MISCELLANEOUS		
Gross revenues	134,275	171,210
Gross expenses	51,565	65,177
Net income from miscellaneous	82,710	106,033
Total support from fundraising events, net	$ 638,139	$ 380,846

The golf tournament for the fiscal year ending June 30, 2011 was scheduled to be held in late June 2011. However, due to bad weather, the tournament was postponed to July 2011, and therefore, occurred in the current fiscal year, rather than in the prior fiscal year. During the fiscal year ending June 30, 2012, the Organization held two golf tournaments: one in July 2011 and one in June 2012, when the tournament is normally held. Net income from the golf tournament held in July 2011 totaled approximately $80,000.

NOTE 14 – LINE OF CREDIT

The Organization has available a $150,000 line of credit with UMB Bank. Borrowing under this credit line is at the discretion of the Board. Interest is at the prime rate (3.25% at June 30, 2012) plus 0.25% and the debt is secured by the Girls Hope home. The Organization had borrowings of $75,000 and $65,000 against the line of credit as of June 30, 2012 and 2011, respectively.

NOTE 15 – ENDOWMENT

The Organization previously adopted FASB ASC 858-205-50, *Endowments of Not-for-Profit Organizations*, which requires that the Organization adhere to the State Prudent Management of Institutional Funds Act ("SPMIFA").

The Organization's endowment consists of funds established through the Challenge Grant Endowment Program. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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 purposes of the organization and 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
(7) The investment policies of the Organization.

Endowment net asset composition by type of fund as of June 30, 2012 is as follows:

	Permanently Restricted
Donor-restricted endowment funds	
Challenge grant	$ 300,818

Changes in endowment net assets for the year ended June 30, 2012 are as follows:

	Permanently Restricted
Endowment net assets, beginning of year	$ 300,818
Contributions	
Endowment net assets, end of year	$ 300,818

NOTE 15 – ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2011 is as follows:

	Permanently Restricted
Donor-restricted endowment funds	
Challenge grant	$ 300,818

Changes in endowment net assets for the year ended June 30, 2011 are as follows:

	Permanently Restricted
Endowment net assets, beginning of year	$ 297,818
Contributions	3,000
Endowment net assets, end of year	$ 300,818

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to the Organization while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Each quarter, the investment broker transfers endowment investment earnings to the Organization's main bank account. Per the terms of the Challenge Grant, the Organization is directed to use the earnings on endowment investments for operating purposes.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2012, the date on which the financial statements were available to be issued and has determined that there were no material events required to be included in this report.

As of the date of this report, the balance due on the line of credit is $30,000.