

**THE JESUIT PROGRAM FOR LIVING AND
LEARNING OF NORTHEASTERN OHIO, INC.
(dba BOYS HOPE GIRLS HOPE OF
NORTHEASTERN OHIO) AND BOYS HOPE
GIRLS HOPE ACADEMY PROGRAM**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2021 and 2020

THE JESUIT PROGRAM FOR LIVING AND LEARNING OF NORTHEASTERN OHIO, INC.
(dba BOYS HOPE GIRLS HOPE OF NORTHEASTERN OHIO) AND BOYS HOPE
GIRLS HOPE ACADEMY PROGRAM

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Independent Auditors' Report

To the Board of Directors
The Jesuit Program for Living and Learning of Northeastern Ohio, Inc.
(dba Boys Hope Girls Hope of Northeastern Ohio) and Boys Hope
Girls Hope Academy Program
Cleveland, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Jesuit Program for Living and Learning of Northeastern Ohio, Inc. (dba Boys Hope Girls Hope of Northeastern Ohio) and Boys Hope Girls Hope Academy Program, a nonprofit corporation, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Jesuit Program for Living and Learning of Northeastern Ohio, Inc. (dba Boys Hope Girls Hope of Northeastern Ohio) and Boys Hope Girls Hope Academy Program as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Meloney + Novotny LLC

Cleveland, Ohio
September 20, 2021

THE JESUIT PROGRAM FOR LIVING AND LEARNING OF NORTHEASTERN OHIO, INC.
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,471,520	\$ 1,120,063
Investments	6,459,027	4,459,545
Pledges receivable short-term, net	507,434	604,967
Total current assets	<u>8,437,981</u>	<u>6,184,575</u>
PROPERTY AND EQUIPMENT - NET	7,212,156	7,469,944
OTHER ASSETS		
Pledges receivable long-term, net	-	175,000
Note receivable	3,481,200	3,481,200
Other asset	7,077	8,983
	<u>3,488,277</u>	<u>3,665,183</u>
Total assets	<u>\$ 19,138,414</u>	<u>\$ 17,319,702</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 85,741	\$ 21,118
Accrued expenses	99,031	68,987
Deferred income	-	105,722
Other current liabilities	-	10,000
Total current liabilities	<u>184,772</u>	<u>205,827</u>
LONG-TERM DEBT, NET	5,632,500	5,760,730
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions		
Undesignated	5,662,179	6,242,211
Designated by Board of Directors	5,175,327	2,875,845
Total net assets without donor restrictions	<u>10,837,506</u>	<u>9,118,056</u>
With donor restrictions	2,483,636	2,235,089
Total net assets	<u>13,321,142</u>	<u>11,353,145</u>
Total liabilities and net assets	<u>\$ 19,138,414</u>	<u>\$ 17,319,702</u>

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

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CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUES		
Support		
Contributions of cash and financial assets	\$ 776,302	\$ 887,514
Contributions of nonfinancial assets	152,046	88,880
Special events	<u>734,049</u>	<u>138,099</u>
	1,662,397	1,114,493
Revenues		
Investment income	90,478	63,515
Unrealized gain on marketable securities	1,533,872	349,834
Net assets released from restrictions	<u>553,979</u>	<u>564,235</u>
	<u>2,178,329</u>	<u>977,584</u>
Total support and revenues	3,840,726	2,092,077
EXPENSES		
Program services	1,692,980	1,341,422
Supporting services		
Fundraising	528,352	365,750
Administrative and general	<u>276,047</u>	<u>372,133</u>
Total expenses	<u>2,497,379</u>	<u>2,079,305</u>
INCREASE IN NET ASSETS FROM OPERATIONS	1,343,347	12,772
OTHER INCOME (EXPENSES)		
Interest expense	(57,000)	(57,000)
Other expense	-	(11,294)
Other income	<u>433,103</u>	<u>56,987</u>
	376,103	(11,307)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	802,526	896,000
Net assets released from restrictions	<u>(553,979)</u>	<u>(564,235)</u>
	<u>248,547</u>	<u>331,765</u>
INCREASE IN NET ASSETS	1,967,997	333,230
NET ASSETS – BEGINNING OF YEAR	<u>11,353,145</u>	<u>11,019,915</u>
NET ASSETS – END OF YEAR	<u>\$ 13,321,142</u>	<u>\$ 11,353,145</u>

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

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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2021 and 2020

	2021			
	Program Services	Supporting Services		Total
		Fundraising	Administrative and General	
Salaries and wages	\$ 571,895	\$ 152,883	\$ 42,714	\$ 767,492
Contract labor	191,620	56,033	14,440	262,093
Special events		238,833		238,833
Assistance to youths	223,583	(510)	1,576	224,649
Taxes and benefits	113,686	35,350	15,017	164,053
Building utilities	55,519	16	4,699	60,234
Insurance	52,218		9,097	61,315
Depreciation and amortization	230,561		113,693	344,254
Administrative	69,070	35,437	28,480	132,987
Transportation	48,548	371	39	48,958
Building maintenance	26,124	611	3,668	30,403
National assessment	19,925	6,657	6,642	33,224
Building furnishings	12,583	111	33,091	45,785
Professional fees	9,240	2,560	2,560	14,360
Special programs	57,563			57,563
Domestic supplies	10,845		331	11,176
Total expenses	<u>\$ 1,692,980</u>	<u>\$ 528,352</u>	<u>\$ 276,047</u>	<u>\$ 2,497,379</u>

	2020			
	Program Services	Supporting Services		Total
		Fundraising	Administrative and General	
Salaries and wages	\$ 373,953	\$ 149,786	\$ 52,365	\$ 576,104
Contract labor	192,950	69,804	15,802	278,556
Special events		70,303		70,303
Assistance to youths	182,347	(260)	411	182,498
Taxes and benefits	74,284	33,232	19,093	126,609
Building utilities	56,360	248	4,080	60,688
Insurance	47,426		10,813	58,239
Depreciation and amortization	152,358		199,447	351,805
Administrative	14,718	27,105	38,789	80,612
Transportation	45,425	13	669	46,107
Building maintenance	75,736	8,099	3,997	87,832
National assessment	17,011	5,670	5,670	28,351
Building furnishings	2,579		18,822	21,401
Professional fees	42,889	1,750	1,750	46,389
Special programs	55,004			55,004
Domestic supplies	8,382		425	8,807
Total expenses	<u>\$ 1,341,422</u>	<u>\$ 365,750</u>	<u>\$ 372,133</u>	<u>\$ 2,079,305</u>

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,967,997	\$ 333,230
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Change in bad debt allowance	-	(10,873)
Change in discount on pledges receivable	(3,925)	(64,034)
Donated property, plant and equipment	(45,000)	-
Forgiveness of long-term debt	(285,000)	-
Depreciation	341,755	349,305
Amortization of debt issuance costs	2,500	2,500
Loss on disposal of property and equipment	-	11,294
Realized and unrealized gains on marketable securities	(1,533,872)	(349,834)
Changes in operating assets and liabilities:		
Decrease in pledges receivable	276,458	865,616
Decrease in other assets	1,906	2,475
Increase (decrease) in accounts payable	64,623	(111,922)
Increase in accrued expenses	30,044	14,670
(Decrease) increase in deferred income	(105,722)	105,722
(Decrease) increase in other current liabilities	(10,000)	10,000
Total adjustments	<u>(1,266,233)</u>	<u>824,919</u>
Net cash provided by operating activities	701,764	1,158,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments - marketable securities	(465,610)	(488,515)
Purchases of property and equipment	<u>(38,967)</u>	<u>(1,103,335)</u>
Net cash used in investing activities	(504,577)	(1,591,850)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	<u>154,270</u>	<u>130,730</u>
NET INCREASE (DECREASE) IN CASH	351,457	(302,971)
CASH – BEGINNING OF YEAR	<u>1,120,063</u>	<u>1,423,034</u>
CASH – END OF YEAR	<u>\$ 1,471,520</u>	<u>\$ 1,120,063</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 57,000</u>	<u>\$ 57,000</u>

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

- A. Nature of Activities – The Jesuit Program for Living and Learning of Northeastern Ohio, Inc. (dba Boys Hope Girls Hope of Northeastern Ohio) (the "Organization") (an Ohio nonprofit organization) is located in Garfield Heights, Ohio. The Organization was organized as a not-for-profit corporation on November 7, 1986 and is a separately incorporated affiliate of Boys Hope Girls Hope (the "National Program"). The purpose of the Organization is to help academically capable and motivated children-in-need to meet their full potential and become men and women for others by providing value-centered, family-life home, opportunities, and education from middle school through college. The Organization places these boys and girls in a family environment that allows them to mature and succeed through guidance, education, financial support, and encouragement. Various activities are sponsored to secure support from the public for the needs and overall direction of the Organization.

Boys Hope Girls Hope Academy Program was formed on March 21, 2018 and was created for the purpose of purchasing a building for the sole benefit of Boys Hope Girls Hope of Northeastern Ohio. Boys Hope Girls Hope of Northeastern Ohio entered into a transaction with Boys Hope Girls Hope Academy Program to lease the building to Boys Hope Girls Hope of Northeastern Ohio.

- B. Principles of Consolidation – Accounting principles generally accepted in the United States of America ("GAAP") require a not-for-profit entity to consolidate another not-for-profit entity when the reporting entity has control through a majority voting interest in its Board and has an economic interest in that other entity. The consolidated financial statements include the amounts of The Jesuit Program for Living and Learning of Northeastern Ohio, Inc. (dba Boys Hope Girls Hope of Northeastern Ohio) and its special purpose entity, Boys Hope Girls Hope Academy Program (collectively the "Association"). All significant intercompany transactions have been eliminated.
- C. New Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update addresses accounting and disclosures related to the recognition of revenue considering the unique aspects of an entity's performance obligations under contracts with customers. The Association adopted the new standard effective July 1, 2020 using the modified retrospective approach. The adoption had no cumulative effect on beginning net assets as of July 1, 2020 and did not materially impact revenue for the year ending June 30, 2021.

The Association early adopted the guidance issued in ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The main provisions of ASU 2020-07 require an organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The Association adopted the guidance retrospectively. The adoption of this accounting guidance did not have a material impact on the Association's consolidated financial statements.

- D. Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. 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 Association and changes therein are classified and reported as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation (Continued)

Net assets without donor restrictions – This category includes net assets that are not subject to donor-imposed restrictions. Periodically, the Association's Board voluntarily transfers amounts from operating funds to the endowment fund, which is accounted for as a quasi-endowment. As this amount is a Board-designated endowment and not restricted by a donor, it is included in net assets without donor restrictions. Earnings from this endowment have been designated to be reinvested until such time that the Board determines to do otherwise. Earnings and losses are accounted for as increases and decreases, respectively, in net assets without donor restrictions.

Net assets with donor restrictions – This category includes net assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time. This category also includes net assets subject to restrictions of gift instruments which require that the principal be invested in perpetuity. The income or loss from investment of these assets is to be included in the investment income or loss of net assets with donor restrictions, as appropriate, in the consolidated statements of activities. Annual investment earnings of the endowments are to be used for the charitable objectives of the Association, with no specific donor-imposed restrictions, except the annual investment earnings of the GAR Foundation are to be used for the Hope Prep program. The Board of Directors has designated all income from these endowments, including capital gains, to be reinvested until such time that the Board determines to do otherwise.

- E. Contributions and Pledges Receivable – Contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional pledges receivable are recognized as revenues with donor restrictions or without donor restrictions, dependent on the existence, or lack thereof, of donor-imposed restrictions in the period the promise is received. Conditional pledges receivable are recognized when the conditions on which they depend are met. The pledges are stated at their estimated realizable value.

Pledges receivable are reflected in the consolidated statements of financial position net of an allowance for doubtful accounts of \$-0- at June 30, 2021 and 2020. The Association determines its allowance by considering a number of factors, including the length of time pledges are past due and the donor's current ability to pay its pledges to the Association. The Association writes off pledges receivable when they are determined to be uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Pledges that are to be received over a period of years are discounted to their present value assuming their respective payment terms and a discount rate of 5%. All long-term pledges are to be collected within the next five years. The discount is amortized into contribution revenue over the term of the respective pledge agreement. The discount at June 30, 2021 and 2020 was \$-0- and \$3,925, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Contributions and Pledges Receivable (Continued)

Conditional contributions are recognized as revenue when the conditions on which they depend on have been met. Contributions and grants are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Consequently, at June 30, 2021 and 2020, contributions approximating \$-0- and \$200,000, respectively, of which no amounts have been received in advance, have not been recognized in the accompanying consolidated financial statements because the conditions have not yet been met.

F. Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

G. Concentrations of Credit Risk – The Association has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by the finance committee who is supervised by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Board of Directors believes that the investment policy is prudent for the long-term welfare of the Association. In addition, the Association maintains cash in financial institutions, which may exceed federally insured amounts.

H. Investments – The Association invests its endowment funds in various marketable securities that are included in the consolidated statements of financial position at quoted market values.

I. Property and Equipment – Property and equipment are stated at cost. The Association capitalizes expenditures for building, furniture, and equipment that exceed \$2,500 and computer equipment costs that exceed \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 50 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

Maintenance and repairs are charged to expense as incurred.

J. Income Tax Status – The Association is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. It believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Association's federal Exempt Organization Business Returns are subject to examination by the IRS, generally for three years after they were filed. Annual informational returns are filed by the National Program.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

- K. **Functional Expenses** – The costs of providing various programs and related supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated to the appropriate program and supporting services. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or support function. The expenses include salaries and wages which are allocated based on department, job classification, time estimates, and management and general tasks. Other costs are classified in each functional category based on the underlying purpose of each transaction.
- L. **Loan Fees** – The capitalized loan fees are related to the acquisition of term debt. These fees are amortized using the straight-line method, which approximates the effective interest method, over the life of the loan. Amortization expense related to the loan fees for the years ended June 30, 2021 and 2020 was \$2,500. Amortization of loan fees is included in interest expense. Future amortization of loan fees for each of the next twenty-nine years will be \$2,500.
- M. **Subsequent Events** – The Association evaluated subsequent events through September 20, 2021, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.
- N. **Reclassifications** – Certain reclassifications have been made to prior balances to conform with current year presentation.

Note 2. Investments

Investments are stated at fair value and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Stock index funds	\$ 3,452,015	\$ 3,053,509
Money market funds	676,765	401,480
Bond index funds	850,278	26,135
International growth funds	1,472,905	973,974
Strategic equity funds	<u>7,064</u>	<u>4,447</u>
	<u>\$ 6,459,027</u>	<u>\$ 4,459,545</u>

Note 3. Fair Value Measurements

GAAP requires disclosure of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories:

Level 1 – Quoted unadjusted prices for identical instruments in active markets to which the Association has access at the date of measurement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Fair Value Measurements (Continued)

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists, or in instances where prices vary substantially over time or among brokered market makers.

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

The asset's 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 used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value measurement of all financial assets at June 30, 2021 and 2020 consisted of Level 1 investments at quoted prices in active markets for identical assets.

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 Association believes its valuation methods are appropriate and consistent with 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.

Note 4. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 were comprised of the following:

	<u>2021</u>	<u>2020</u>
F. J. O'Neill Endowment	\$ 1,185,000	\$ 1,185,000
National Program Match	250,000	250,000
GAR Foundation	100,000	100,000
All others	<u>948,636</u>	<u>700,089</u>
	<u>\$ 2,483,636</u>	<u>\$ 2,235,089</u>

The F. J. O'Neill Endowment, National Program Match, and GAR Foundation are subject to the Association's spending policy and appropriation. The remaining funds are restricted for use, focusing on providing opportunities and education to the students they serve.

Note 5. Financial Assets and Liquidity

The Association receives substantial donor-restricted gifts to establish endowments that will exist in perpetuity and contributions with donor time and purpose restrictions. The income generated from donor-restricted endowments may be donor-restricted or unrestricted as to use. In addition, the Association receives support without donor restrictions, investment income without donor restrictions, and appropriated earnings from gifts with donor restrictions to fund its general expenditures.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Financial Assets and Liquidity (Continued)

The Association manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining a sufficient level of asset liquidity, and
- Monitoring and maintaining reserves to provide reasonable assurance that long-term grant commitments and obligations related to endowments with donor restrictions will continue to be met, ensuring the sustainability of the Association.

As part of the Association'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, the Association has a \$250,000 line of credit available to meet cash flow needs. The Association has Board-designated funds of \$5,175,327 and \$2,875,845 as of June 30, 2021 and 2020, respectively. Although the Association does not intend to spend from its Board-designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its Board-designated endowment could be made available if necessary.

The following represents the Association's financial assets available for expenditure within one year of June 30:

	<u>2021</u>	<u>2020</u>
Current financial assets at year end:		
Cash	\$ 1,471,520	\$ 1,120,063
Marketable securities	6,459,027	4,459,545
Pledges receivable short-term, net	<u>507,434</u>	<u>604,967</u>
	8,437,981	6,184,575
Less amounts not available to be used within one year:		
Funds with donor restrictions	(2,483,636)	(2,235,089)
Funds with Board designations	<u>(5,175,327)</u>	<u>(2,875,845)</u>
	<u>(7,658,963)</u>	<u>(5,110,934)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 779,018</u>	<u>\$ 1,073,641</u>

Note 6. Property and Equipment

Property and equipment as of June 30 consist of:

	<u>2021</u>	<u>2020</u>
Land	\$ 136,136	\$ 136,136
Buildings and building improvements	8,653,756	8,626,287
Furniture and equipment	627,006	621,614
Vehicles	62,787	17,787
Construction in progress	<u>6,107</u>	<u>-</u>
	9,485,792	9,401,824
Less: accumulated depreciation	<u>(2,273,636)</u>	<u>(1,931,880)</u>
	<u>\$ 7,212,156</u>	<u>\$ 7,469,944</u>

THE JESUIT PROGRAM FOR LIVING AND LEARNING OF NORTHEASTERN OHIO, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Note Receivable

At June 30, 2021, the Association has a note receivable with monthly installments that include interest only payments at 1.64% through September 2025, the date at which amortizing payments begin in the amount of \$55,921, through June 2043. This note receivable was provided to facilitate a New Market Tax Credit ("NMTC") under federal tax law (see Note 9). At June 30, 2021 and 2020, the amount outstanding was \$3,481,200.

Minimum future receipts are as follows:

<u>Year Ending June 30,</u>	
2022	\$ -
2023	-
2024	-
2025	-
2026	223,684
Thereafter	<u>3,257,516</u>
	<u>\$ 3,481,200</u>

Note 8. CARES Act

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security ("CARES") Act. The CARES Act, among other things, created the Paycheck Protection Program ("PPP") to be administered by the U.S. Small Business Administration ("SBA"). On May 4, 2020, the Organization received a \$130,730 loan under the PPP from a qualified lender. On April 13, 2021, the Organization received full forgiveness from the SBA for its first PPP loan of \$130,730. On February 8, 2021, the Organization received a second loan through the PPP for \$154,270. On June 14, 2021, the Organization received full forgiveness from the SBA for its second PPP loan of \$154,270. The total amount of forgiveness on both loans was \$285,000 and is included in other income on the consolidated statement of activities and changes in net assets for the year ended June 30, 2021.

Note 9. Long-Term Debt, Net

Long-term debt consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Note payable, which was used to facilitate an NMTC structure, to a lender in monthly installments of interest only payments, through September 2025, the date at which amortizing payments begin, through June 2048 including interest at a fixed rate of 1.00%; secured by a building with a net book value of \$4,609,099.	\$ 3,481,200	\$ 3,481,200
CARES Act	-	130,730

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 9. Long-Term Debt, Net (Continued)

	<u>2021</u>	<u>2020</u>
Note payable, which was used to facilitate an NMTC structure, to a lender in monthly installments of interest only payments, through September 2025, the date at which amortizing payments begin, through June 2048 including interest at a fixed rate of 1.00%; secured by a building with a net book value of \$4,609,099.	2,218,800	2,218,800
	5,700,000	5,830,730
Less: loan fees	(67,500)	(70,000)
	<u>\$ 5,632,500</u>	<u>\$ 5,760,730</u>

Future maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	
2022	\$ -
2023	-
2024	-
2025	-
2026	331,793
Thereafter	5,368,207
	5,700,000
Less: loan fees	(67,500)
	<u>\$ 5,632,500</u>

Note 10. Endowment Disclosures

Spending Policy

The Association has a policy of appropriating for distribution 5% of its endowment fund's average fair value over the three fiscal years preceding the fiscal year in which the distribution is planned. In establishing this policy, the Association considered the long-term expected return on its endowment. This policy is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for an otherwise specified term, as well as to provide additional real growth through new gifts and investment returns. During the years ended June 30, 2021 and 2020, the Board of Directors approved a distribution of 5% of the year-end balance, rather than a 3-year average, for the duration of the Our Hope for the Future Campaign (see Note 16). During the year ended June 30, 2019, the Association borrowed \$1,050,000 from the endowment fund. The loan will be repaid back at 6% interest and has no stated principal repayment terms. During the year ended June 30, 2021, the Association paid back \$403,850 in principal and \$93,782 in interest. As of June 30, 2021, the balance outstanding is \$-0-.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 10. Endowment Disclosures (Continued)

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity, as well as Board-designated funds. In general, it is desired that the Association's portfolio earns at least competitive nominal returns in comparison with their respective benchmarks.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In recognition of the difficulty in predicting the direction of the markets or the future state of the economy, the Association's assets are diversified among asset classes, managers, funds, and investment styles.

The purpose of this approach is to incorporate diversification within the investment portfolio, enhancing expected returns, and/or reducing risk of the total portfolio. This structure is reviewed by the investment committee on an ongoing basis as part of the overall monitoring process.

These allocations may vary and are designed to reflect the long-term expectations of the Association. The Finance Committee reviews the portfolio on a regular basis (at least quarterly) to consider the portfolio's asset mix relative to its target and the allowable range around the target.

The investment strategy for the Association's portfolio may include domestic and international equities and fixed income investments and alternatives. Strategies of the Association's investment manager(s) may include investing in securities in another asset category and/or in derivatives, futures contracts, and currency hedging. Alternatives include, but are not limited to, domestic and international equities, open-end and closed-end funds, real estate investment trusts, the shorting of securities, hedge funds, private equity, venture capital, and exchange-traded funds. It is expected the alternative investments in the aggregate will not increase the risk of the Association's portfolio beyond the level anticipated in the Association's investment strategy.

Net Asset Classification of Endowment Funds

The Board of Directors of the Association has interpreted the Ohio enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Association classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) additions to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the additions are made to the fund.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 10. Endowment Disclosures (Continued)

Net Asset Classification of Endowment Funds (Continued)

In accordance with UPMIFA, the Association 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 Association and the donor-restricted endowment fund,
- (3) general economic conditions, and
- (4) the investment policies of the Association

Endowment Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions.

Endowment Net Assets Composition by Type of Fund

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,583,700	\$ 1,583,700
Board-designated endowment funds	<u>4,875,327</u>	<u>-</u>	<u>4,875,327</u>
	<u>\$ 4,875,327</u>	<u>\$ 1,583,700</u>	<u>\$ 6,459,027</u>

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,583,700	\$ 1,583,700
Board-designated endowment funds	<u>2,875,845</u>	<u>-</u>	<u>2,875,845</u>
	<u>\$ 2,875,845</u>	<u>\$ 1,583,700</u>	<u>\$ 4,459,545</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 10. Endowment Disclosures (Continued)

Changes in Endowment Net Assets

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets – June 30, 2020	\$ 2,875,845	\$ 1,583,700	\$ 4,459,545
Investment gain:			
Interest and dividends	90,478	-	90,478
Realized and unrealized gains	<u>1,533,872</u>	<u>-</u>	<u>1,533,872</u>
Total investment gain	1,624,350	-	1,624,350
Repayment of endowment loan	497,632	-	497,632
Contributions to endowment	102,500	-	102,500
Distributions under spending policy	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>
Endowment net assets – June 30, 2021	<u>\$ 4,875,327</u>	<u>\$ 1,583,700</u>	<u>\$ 6,459,027</u>

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets – June 30, 2019	\$ 2,037,496	\$ 1,583,700	\$ 3,621,196
Investment gain:			
Interest and dividends	63,515	-	63,515
Realized and unrealized gains	<u>349,834</u>	<u>-</u>	<u>349,834</u>
Total investment gain	413,349	-	413,349
Repayment of endowment loan	650,000	-	650,000
Distributions under spending policy	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>
Endowment net assets – June 30, 2020	<u>\$ 2,875,845</u>	<u>\$ 1,583,700</u>	<u>\$ 4,459,545</u>

THE JESUIT PROGRAM FOR LIVING AND LEARNING OF NORTHEASTERN OHIO, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 11. Line of Credit

The Association has a line of credit agreement which allows for borrowings up to \$250,000 through the year 2032. The line of credit is collateralized by property owned by the Association. The line of credit bears interest at the Prime Rate plus 0.50% (3.75% at June 30, 2021 and 2020). There were no borrowings on the line of credit as of June 30, 2021 and 2020.

Note 12. Employee Benefit Plan

The Association sponsors a 401(k) retirement plan covering all qualified employees. Employees must be employed by the Association for one year before they are eligible to participate. For employee contributions up to 3% of earnings, the Association matches 100% of employee contributions. For employee contributions of greater than 3%, the Association may match 100% of employee contributions up to 6%, at the discretion of the Association. An employee's interest in the Association's matching contributions vest according to the following table:

<u>Years of Service</u>	<u>Percentage Vested</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

All employees are 100% vested in their contributions, including earnings. The Association contributed \$8,474 and \$8,303 to this plan for the years ended June 30, 2021 and 2020, respectively.

Note 13. Related Party Transactions

The Association is required to pay an annual assessment to the National Program for program support, administrative, and promotional services rendered on behalf of the Association. The annual assessment was \$33,224 and \$28,351 for the years ended June 30, 2021 and 2020, respectively, of which \$-0- remained unpaid as of June 30, 2021 and 2020.

Members of the Association's Board of Directors made personal contributions to the Association of \$396,115 and \$394,833 during the years ended June 30, 2021 and 2020, respectively.

Note 14. Commitments and Contingencies

Operating Leases

The Association leases certain automobiles and office equipment under long-term operating lease agreements through July 2023. Lease expense was \$16,204 and \$15,988 for the years ended June 30, 2021 and 2020, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 14. Commitments and Contingencies (Continued)

Operating Leases (Continued)

Minimum future lease payments are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 6,588
2023	6,189
2024	-
2025	-
2026	-
	<u>\$ 12,777</u>

Lien

The Association has a lien against one of its properties. The lien specifies that, upon the first sale or transfer of the property to a grantee which is other than a Roman Catholic organization, the sum of \$180,380, along with simple interest accruing at the rate of 2% per annum beginning on April 4, 2005, is due to the Roman Catholic Diocese of Cleveland. However, the total amount of said obligation may not exceed the assessed value of the property on the date of said first transfer of the property to a grantee which is other than a Roman Catholic organization.

Note 15. Contributed Nonfinancial Assets

The Association recognized contributed nonfinancial assets within revenue, including contributed tuition, computers, services, and vehicles. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Association received \$70,400 and \$67,850 in contributed tuition for scholars at middle school and high school levels during the years ended June 30, 2021 and 2020, respectively. The Association received \$32,884 and \$21,030 in contributed computers and discounts on purchases during the years ended June 30, 2021 and 2020, respectively. The Association received a 19-passenger van with an estimated fair value of \$45,000 during the year ended June 30, 2021.

The Association receives a significant amount of donated services (general assistance, fundraising events, etc.) from unpaid volunteers who assist in fundraising and special projects. The Association recognizes significant contributions of services received when those services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donor. The Association recognized revenue from contributed services of \$3,762 and \$48,843 for the years ended June 30, 2021 and 2020, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 16. Our Hope for the Future Campaign

In 2015, the Association commenced the Our Hope for the Future campaign (the "Campaign"). The goal of the Campaign is to raise \$6 million to ensure sustainability through growth of the endowment/strategic reserve as well as completion of capital improvement efforts. Funds generated by the campaign will be used to grow the endowment fund and to complete a campus master plan, highlighted by construction of a classroom building for use by the Organization's Academy Program.

As of June 30, 2021 and 2020, the Association had recognized Campaign donations and pledges \$7,420,856. As of June 30, 2021, \$170,546 remains outstanding.

Note 17. COVID-19 Global Pandemic

On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease 2019 ("COVID-19") a global health emergency and subsequently declared the COVID-19 outbreak a global pandemic in March 2020. The pandemic has adversely affected domestic and global economic activity and the full impact continues to evolve as of the date of this report.

The Association's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Access to donations and grants may decrease or may not be available depending on appropriations from other organizations.

Independent Auditors' Report on Supplementary Information

To the Board of Directors
The Jesuit Program for Living and Learning of Northeastern Ohio, Inc.
(dba Boys Hope Girls Hope of Northeastern Ohio) and Boys Hope
Girls Hope Academy Program
Cleveland, Ohio

We have audited the consolidated financial statements of The Jesuit Program for Living and Learning of Northeastern Ohio, Inc. (dba Boys Hope Girls Hope of Northeastern Ohio) and Boys Hope Girls Hope Academy Program, a nonprofit corporation, as of and for the years ended June 30, 2021 and 2020, and our report thereon dated September 20, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating statement of financial position at June 30, 2021 and consolidating statement of activities and changes in net assets as of June 30, 2021 are presented for purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Maloney + Novotny LLC

Cleveland, Ohio
September 20, 2021

THE JESUIT PROGRAM FOR LIVING AND LEARNING OF NORTHEASTERN OHIO, INC.
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

	Boys Hope Girls Hope	Boys Hope Girls Hope Academy Program	Eliminations	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash	\$ 1,330,520	\$ 141,000	\$ -	\$ 1,471,520
Investments	6,459,027	-	-	6,459,027
Intercompany receivable	431,180	-	(431,180)	-
Pledges receivable short-term, net	507,434	-	-	507,434
Total current assets	8,728,161	141,000	(431,180)	8,437,981
PROPERTY AND EQUIPMENT - NET	2,013,162	5,198,994		7,212,156
OTHER ASSETS				
Note receivable	3,481,200	-	-	3,481,200
Other asset	7,077	-	-	7,077
	3,488,277	-	-	3,488,277
Total assets	<u>\$ 14,229,600</u>	<u>\$ 5,339,994</u>	<u>\$ (431,180)</u>	<u>\$ 19,138,414</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 85,741	\$ -	\$ -	\$ 85,741
Accrued expenses	99,031	-	-	99,031
Intercompany payable	-	431,180	(431,180)	-
Total current liabilities	184,772	431,180	(431,180)	184,772
LONG-TERM DEBT, NET	-	5,632,500	-	5,632,500
NET ASSETS				
Without donor restrictions				
Undesignated	6,385,865	(723,686)	-	5,662,179
Designated by Board of Directors	5,175,327	-	-	5,175,327
Total net assets without donor restrictions	11,561,192	(723,686)	-	10,837,506
With donor restrictions	2,483,636	-	-	2,483,636
Total net assets	14,044,828	(723,686)	-	13,321,142
Total liabilities and net assets	<u>\$ 14,229,600</u>	<u>\$ 5,339,994</u>	<u>\$ (431,180)</u>	<u>\$ 19,138,414</u>

THE JESUIT PROGRAM FOR LIVING AND LEARNING OF NORTHEASTERN OHIO, INC.
(dba BOYS HOPE GIRLS HOPE OF NORTHEASTERN OHIO) AND BOYS HOPE
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CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

	Boys Hope Girls Hope	Boys Hope Girls Hope Academy Program	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
SUPPORT AND REVENUES				
Support				
Contributions of cash and financial assets	\$ 994,702	\$ -	\$ (218,400)	\$ 776,302
Contributions of nonfinancial assets	152,046	-	-	152,046
Special events	734,049	-	-	734,049
	<u>1,880,797</u>	<u>-</u>	<u>(218,400)</u>	<u>1,662,397</u>
Revenues				
Investment income	90,478	-	-	90,478
Unrealized gain on marketable securities	1,533,872	-	-	1,533,872
Net assets released from restrictions	553,979	-	-	553,979
	<u>2,178,329</u>	<u>-</u>	<u>-</u>	<u>2,178,329</u>
Total support and revenues	4,059,126	-	(218,400)	3,840,726
EXPENSES				
Program services	1,792,805	393,975	(493,800)	1,692,980
Supporting services				
Fundraising	528,352	-	-	528,352
Administrative and general	276,047	-	-	276,047
Total expenses	<u>2,597,204</u>	<u>393,975</u>	<u>(493,800)</u>	<u>2,497,379</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	1,461,922	(393,975)	275,400	1,343,347
OTHER INCOME (EXPENSES)				
Interest expense	-	(57,000)	-	(57,000)
Other income	433,103	-	-	433,103
Rental income	-	275,400	(275,400)	-
	<u>433,103</u>	<u>218,400</u>	<u>(275,400)</u>	<u>376,103</u>
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	802,526	-	-	802,526
Net assets released from restrictions	(553,979)	-	-	(553,979)
	<u>248,547</u>	<u>-</u>	<u>-</u>	<u>248,547</u>
INCREASE (DECREASE) IN NET ASSETS	2,143,572	(175,575)	-	1,967,997
NET ASSETS – BEGINNING OF YEAR	<u>11,901,256</u>	<u>(548,111)</u>	<u>-</u>	<u>11,353,145</u>
NET ASSETS – END OF YEAR	<u>\$ 14,044,828</u>	<u>\$ (723,686)</u>	<u>\$ -</u>	<u>\$ 13,321,142</u>