

Girls Incorporated of Greater Houston

Financial Statements
and Independent Auditors' Report
for the year ended December 31, 2009

Independent Auditors' Report

To the Board of Directors of
Girls Incorporated of Greater Houston:

We have audited the accompanying statement of financial position of Girls Incorporated of Greater Houston as of December 31, 2009 and the related statement of activities, of functional expenses, and of cash flows for the year then ended. These financial statements are the responsibility of Girls Incorporated of Greater Houston's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 our 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 Girls Incorporated of Greater Houston as of December 31, 2009 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.

Blazek & Vetterling

July 29, 2010

Girls Incorporated of Greater Houston

Statement of Financial Position as of December 31, 2009

ASSETS

Cash	\$ 101,650
Pledges and other receivable	36,394
Prepaid expenses	7,200
Furniture and equipment, net (<i>Note 2</i>)	<u>1,169</u>
TOTAL ASSETS	<u>\$ 146,413</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	<u>\$ 15,907</u>
Net assets:	
Unrestricted	121,468
Temporarily restricted (<i>Note 3</i>)	<u>9,038</u>
Total net assets	<u>130,506</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 146,413</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Activities for the year ended December 31, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Contributions	\$ 136,294	\$ 20,000	\$ 156,294
Special events	273,853	10,000	283,853
Cost of direct donor benefits	(59,995)		(59,995)
Fees for services	5,402		5,402
Interest income	<u>1,049</u>	<u> </u>	<u>1,049</u>
Total revenue	356,603	30,000	386,603
Net assets released from restrictions:			
Expenditure for program purposes	<u>20,962</u>	<u>(20,962)</u>	<u> </u>
Total	<u>377,565</u>	<u>9,038</u>	<u>386,603</u>
EXPENSES:			
Program services	197,588		197,588
Management and general	84,712		84,712
Fundraising	<u>150,267</u>		<u>150,267</u>
Total expenses	<u>432,567</u>		<u>432,567</u>
CHANGES IN NET ASSETS	(55,002)	9,038	(45,964)
Net assets, beginning of year	<u>176,470</u>	<u> </u>	<u>176,470</u>
Net assets, end of year	<u>\$ 121,468</u>	<u>\$ 9,038</u>	<u>\$ 130,506</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Functional Expenses for the year ended December 31, 2009

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	\$ 117,731	\$ 60,133	\$ 106,993	\$ 284,857
Occupancy	28,387	3,548	3,548	35,483
Supplies	4,689	8,719	4,019	17,427
Advertising and promotional	6,680		9,604	16,284
Professional fees and contract services	2,081	5,224	8,090	15,395
Scholarships and awards	12,876		1,759	14,635
Printing and publishing	930	1,056	6,020	8,006
Rental and maintenance of equipment	3,187	385	3,827	7,399
Travel	5,780	1,396	106	7,282
Licenses and dues	6,557		587	7,144
Insurance	4,662	583	583	5,828
Conferences and meetings	122	2,993	1,287	4,402
Postage and shipping	1,154	346	2,519	4,019
Telephone	2,596	325	325	3,246
Other	<u>156</u>	<u>4</u>	<u>1,000</u>	<u>1,160</u>
Total expenses	<u>\$ 197,588</u>	<u>\$ 84,712</u>	<u>\$ 150,267</u>	<u>\$ 432,567</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Cash Flows for the year ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ (45,964)
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Changes in operating assets and liabilities:	
Pledges and other receivable	(8,601)
Prepaid expenses	(3,484)
Accounts payable and accrued liabilities	<u>(591)</u>
Net cash used by operating activities	<u>(58,640)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of furniture and equipment	<u>(732)</u>
Net cash used by investing activities	<u>(732)</u>

NET CHANGE IN CASH (59,372)

Cash, beginning of year 161,022

Cash, end of year \$ 101,650

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Notes to Financial Statements for the year ended December 31, 2009

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Girls Incorporated of Greater Houston (Girls Inc.) was established in 1996. It is a city-wide youth organization whose mission is to inspire all girls to be strong, smart, and bold and to achieve their maximum potential for confident and responsible adulthood, economic independence, and personal fulfillment. Girls Inc. provides research-based, informal educational programs for girls ages 6-18 that encourage girls to take risks and master physical, intellectual, and emotional challenges. Girls Inc. programs address science, math and technology, pregnancy prevention, economic literacy, media literacy, career building, leadership development and sports participation.

Federal income tax status – Girls Inc. is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. As of December 31, 2009, all pledges receivable are due within one year.

Furniture and equipment are recorded at cost if purchased or at the fair value at the date of gift if donated. Furniture and equipment are depreciated on an accelerated basis over estimated useful lives of 5 years.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or future time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions are recorded as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are recorded as restricted revenue. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Donated materials, use of facilities and services are recorded at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (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 donation.

A substantial number of volunteers have contributed significant amounts of time in connection with the program services and administration of Girls Inc. for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Fees for services are recognized as revenue when the related services are provided.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

Furniture and equipment	\$ 26,415
Accumulated depreciation	<u>(25,246)</u>
Furniture and equipment, net	<u>\$ 1,169</u>

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Future periods	\$ 5,000
Health Smart Initiatives	<u>4,038</u>
Total temporarily restricted net assets	<u>\$ 9,038</u>

NOTE 4 – LEASE COMMITMENTS

Girls Inc. leases office space and certain office equipment under noncancelable operating leases. Future minimum lease payments are due as follows:

2010	\$ 27,472
2011	28,258
2012	28,652
2013	27,190
2014	27,618
2015	<u>22,870</u>
Total	<u>\$ 162,060</u>

Rent expense was approximately \$39,000 in 2009.

NOTE 5 – EMPLOYEE BENEFIT PLAN

Girls Inc. offers a SIMPLE IRA benefit plan to qualified employees. Girls Inc. matches each employee's contribution up to 3% of the employee's compensation. Girls Inc.'s contributions to the plan totaled \$4,932 in 2009.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 29, 2010, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
