

JONATHAN B TUCKER CPA

GIRLS INCORPORATED OF GREATER HOUSTON

FINANCIAL STATEMENTS

Year Ended December 31, 2017

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JONATHAN B TUCKER CPA

INDEPENDENT AUDITOR'S REPORT

To the BOARD of DIRECTORS of GIRLS INCORPORATED OF GREATER HOUSTON

I have audited the accompanying financial statements of GIRLS INCORPORATED OF GREATER HOUSTON (a nonprofit organization), which comprise the statement of financial position as of DECEMBER 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Jonathan B Tucker CPA

JULY 9, 2018

	DECEMBER 31, 2017
ASSETS	
CASH AND CASH EQUIVALENTS	\$ 133,147
PLEDGES AND OTHER RECEIVABLES	136,001
OTHER ASSETS	<u>4,587</u>
TOTAL ASSETS	<u><u>273,735</u></u>
LIABILITIES	
ACCOUNTS PAYABLE	7,504
ACCRUED EXPENSES	<u>8,298</u>
TOTAL LIABILITIES	15,802
NET ASSETS	
UNRESTRICTED	185,433
TEMPORARILY RESTRICTED	<u>72,500</u>
TOTAL NET ASSETS	257,933
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 273,735</u></u>

YEAR ENDED DECEMBER 31, 2017

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
REVENUE			
CONTRIBUTIONS AND SUPPORT	\$ 271,802	\$ 56,000	\$ 327,802
SPECIAL EVENTS	211,242		211,242
DONOR BENEFIT COSTS OF SPECIAL EVENTS	(30,636)		(30,636)
PROGRAM FEES	20,208		20,208
OTHER INCOME	<u>43,822</u>		<u>43,822</u>
	516,438	56,000	572,438
NET ASSETS RELEASED FROM RESTRICTION			
PROGRAM EXPENDITURES/TIME	<u>120,000</u>	<u>(120,000)</u>	<u>-</u>
TOTAL REVENUE	636,438	(64,000)	572,438
EXPENSES			
PROGRAM EXPENSES			
SCHOOL PROGRAMS	256,326		256,326
CAMP PROGRAMS	49,818		49,818
OTHER PROGRAMS	<u>26,843</u>		<u>26,843</u>
TOTAL PROGRAM EXPENSES	332,987		332,987
MANAGEMENT AND GENERAL	117,671		117,671
FUNDRAISING	<u>122,550</u>		<u>122,550</u>
TOTAL EXPENSES	<u>573,208</u>		<u>573,208</u>
CHANGE IN NET ASSETS	<u>63,230</u>	<u>(64,000)</u>	<u>(770)</u>
BEGINNING NET ASSETS	<u>126,178</u>	<u>86,500</u>	<u>212,678</u>
PRIOR PERIOD ADJUSTMENTS	(3,975)	50,000	46,025
ENDING NET ASSETS	<u>\$ 185,433</u>	<u>\$ 72,500</u>	<u>\$ 257,933</u>

YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

CHANGE IN NET ASSETS	\$	(770)
ADJUSTMENTS TO RECONCILE EXCESS OF REVENUE OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
PLEDGES AND OTHER RECEIVABLES		129,065
OTHER ASSETS		(4,587)
ACCOUNTS PAYABLE		(72,131)
ACCRUED EXPENSES		(3,919)
		<u>47,658</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		<u>47,658</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PRIOR PERIOD ADJUSTMENTS		<u>46,025</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		<u>46,025</u>
NET INCREASE (DECREASE) IN CASH		93,683
CASH, BEGINNING OF YEAR		<u>39,464</u>
CASH, END OF YEAR	\$	<u><u>133,147</u></u>
SUPPLEMENTAL DISCLOSURES		
INCOME TAXES PAID	\$	-
INTEREST PAID	\$	-

NOTE 1: NATURE OF ORGANIZATION

Girls Incorporated of Greater Houston (Girls Inc. or the Organization) is a 501(c)(3) non-profit organization incorporated in Texas in 1996. The mission of Girls Incorporated of Greater Houston is to inspire all girls to be strong, smart and bold. At Girls Inc. we strive to effectively meet the needs of girls in their communities; develop girls' capacity to be self-sufficient, responsible members of the community; help girls overcome the effects of discrimination; and serve as a vigorous advocate for girls, focusing attention on girls' special needs.

Girls Inc. of Greater Houston offers nationally-developed programs grounded in research conducted by the Girls Incorporated National Resource Center - the largest and most comprehensive research center on girls in the country. Programs are designed to empower girls and young women ages 6 to 18 by enabling them to learn new information, acquire and develop skills, build self-confidence and, in all phases of their involvement, have fun. Girls Inc. programs are hands-on, age-appropriate, and girl-focused.

Locally, we offer year-round outreach programs in partnership with schools and community organizations across the Greater Houston area. Programs are routinely evaluated to ensure that we are effectively meeting the needs of girls in the Houston community.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

Basis of accounting

The financial statements have been prepared using the accrual basis of accounting. Consequently, support and revenues and the related assets are recognized when earned and expenses are recognized when a liability is incurred. Accordingly, the financial statements are intended to present assets, liabilities, revenues, expenses and changes in net assets in conformity with accounting principles generally accepted in the United States of America.

Presentation of financial statements

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At year end, cash and cash equivalents included only deposits at commercial banks and other financial institutions.

Pledges and other receivables

Pledges and other receivables that are expected to be collected within one year are reported at net realizable value. If material, amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using assumed risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts are included in contribution revenue. An allowance for pledges is made when it is believed that pledges receivable may not be collected in full.

Property, equipment, and depreciation

Property and equipment are recorded at cost, or, if donated, at fair market value on the date of donation. The Organization capitalizes individual property items with a cost in excess of \$5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives of assets range from 5 - 7 years. Depreciation expense is allocated to program, management and general, and fundraising expenses.

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 time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations limiting their use are recognized as restricted support.

Donated goods and services

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer effort under FAS ASC 958 have not been satisfied.

Income taxes

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is classified as a publicly charity. There was no unrelated business income tax payable for the year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3: PLEDGES AND OTHER RECEIVABLES

Pledges receivable include an unconditional promise to receive cash. Unconditional promises are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. The promises are reported as either temporarily or permanently restricted support if received with donor stipulations that sufficiently limit the use of the donated assets or if the promises include payments due in future periods. Due to the timing of future payments and the immaterial difference that would result by computing a discount using an assumed risk-free interest rate, future payments are reported at stated amounts. No allowance has been provided due to collection history on pledges.

At December 31, 2017, pledges and other receivables consist of the following:

Pledges receivable, 20 th anniversary	71,500
Reimbursement grant receivable	14,025
Other receivables	<u>50,476</u>
Total pledges and other receivables	\$ <u><u>136,001</u></u>

NOTE 4: NET ASSETS TEMPORARILY RESTRICTED

In 2015, the Organization received multiyear pledges to celebrate the 20th anniversary. The pledges are included in net assets, temporarily restricted, time.

At December 31, 2017, temporarily restricted net assets consist of the following:

Temporarily restricted, purpose (programs)	1,000
Temporarily restricted, time	<u>71,500</u>
Total temporarily restricted net assets	\$ <u><u>72,500</u></u>

NOTE 5: OTHER INCOME

Other income includes an insurance settlement received in the amount of \$100,000. A portion of the proceeds is applied in the current year and a portion is applied to the prior year.

NOTE 6: PRIOR PERIOD ADJUSTMENTS

As a result of the current year audit, the Organization required prior period adjustments for expenses incurred in the prior year totaling \$3,975 and recognition of a multiyear grant payable with the final payment of \$50,000 received in the current year.

NOTE 7: OPERATING LEASES

The Organization rents office space under a written lease which expires in 2019. Total rent expense for the year ended December 31, 2017 is approximately \$46,921.

At December 31, 2017, future minimum operating lease payments are as follows:

Year ending December 31,		
2018	\$	45,589
2019		3,815
2020		-
2021		-
Thereafter		-
		<hr/>
Total	\$	<u>49,404</u>

NOTE 8: RETIREMENT PLAN

The Organization established a 401(k) retirement savings plan for the benefit of all eligible employees through a voluntary salary contribution. The Organization matches employee contributions up to a limit of 4% of annual compensation which are fully vested after 6 years of employment. Employer contributions for the year ended December 31, 2017 are approximately \$12,384.

NOTE 9: CONCENTRATIONS OF CREDIT RISK

The financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalent accounts in financial institutions, which from time to time could exceed the Federal Depository Insurance Coverage ("FDIC") limit.

NOTE 10: DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated subsequent events through the date of the Independent Auditor's Report, the date which the financial statements were available to be issued. No subsequent events requiring disclosure have occurred.