

Girls Incorporated of Greater Houston

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2018 and 2017

Girls Incorporated of Greater Houston

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Girls Incorporated of Greater Houston, which comprise the statements of financial position as of December 31, 2018 and the related statements of activities, of functional expenses, and of 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.

Auditors' Responsibility

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 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 auditors' 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, 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

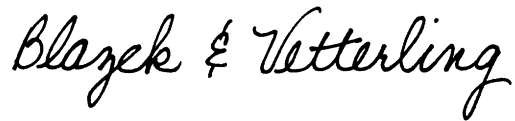
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Greater Houston as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Independent Auditors' Report

The financial statements of Girls Incorporated of Greater Houston as of December 31, 2017 and for the year then ended were audited by other auditors whose report dated July 9, 2018 expressed an unmodified opinion on those statements.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, Girls Incorporated of Greater Houston adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements as of and for the year ended December 31, 2017, except that certain information has been omitted as permitted by the ASU. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Blazek & Vetterling". The signature is written in a cursive, flowing style.

October 3, 2019

Girls Incorporated of Greater Houston

Statements of Financial Position as of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 173,437	\$ 133,147
Prepaid expenses and other assets	20,536	4,587
Contributions receivable	<u>67,673</u>	<u>136,001</u>
TOTAL ASSETS	<u>\$ 261,646</u>	<u>\$ 273,735</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 6,439	\$ 7,504
Accrued expenses	<u>12,213</u>	<u>8,298</u>
Total liabilities	<u>18,652</u>	<u>15,802</u>
Net assets:		
Without donor restrictions	222,789	185,433
With donor restrictions (<i>Note 4</i>)	<u>20,205</u>	<u>72,500</u>
Total net assets	<u>242,994</u>	<u>257,933</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 261,646</u>	<u>\$ 273,735</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Activities for the year ended December 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 212,301	\$ 197,461	\$ 409,762
Special events	168,250		168,250
Cost of direct donor benefits	(7,796)		(7,796)
Program fees	17,907		17,907
Other income	1,195		1,195
Total revenue	391,857	197,461	589,318
Net assets released from restrictions:			
Expenditures for program purposes	180,756	(180,756)	
Expiration of time restrictions	69,000	(69,000)	
Total	641,613	(52,295)	589,318
EXPENSES:			
Program services:			
School programs	225,876		225,876
Camp programs	79,533		79,533
Other programs	40,216		40,216
Total program services	345,625		345,625
Management and general	110,317		110,317
Fundraising	148,315		148,315
Total expenses	604,257		604,257
CHANGES IN NET ASSETS	37,356	(52,295)	(14,939)
Net assets, beginning of year	185,433	72,500	257,933
Net assets, end of year	\$ 222,789	\$ 20,205	\$ 242,994

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Activities for the year ended December 31, 2017

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 271,802	\$ 56,000	\$ 327,802
Special events	211,242		211,242
Cost of direct donor benefits	(30,636)		(30,636)
Program fees	20,208		20,208
Other income	43,822		43,822
Total revenue	516,438	56,000	572,438
Net assets released from restrictions:			
Expenditures for program purposes	55,000	(55,000)	
Expiration of time restrictions	65,000	(65,000)	
Total	636,438	(64,000)	572,438
EXPENSES:			
Program services:			
School programs	256,326		256,326
Camp programs	49,818		49,818
Other programs	26,843		26,843
Total program services	332,987		332,987
Management and general	117,671		117,671
Fundraising	122,550		122,550
Total expenses	573,208		573,208
CHANGES IN NET ASSETS	63,230	(64,000)	(770)
Net assets, beginning of year (<i>Note 2</i>)	122,203	136,500	258,703
Net assets, end of year	\$ 185,433	\$ 72,500	\$ 257,933

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Functional Expenses for the year ended December 31, 2018

<u>EXPENSES</u>	<u>SCHOOL PROGRAMS</u>	<u>CAMP PROGRAMS</u>	<u>OTHER PROGRAMS</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related costs	\$ 179,437	\$ 43,507	\$ 25,403	\$ 248,347	\$ 69,141	\$ 108,129	\$ 425,617
Rent	20,810	5,042	2,946	28,798	8,006	12,540	49,344
Travel and transportation	12,808	23,296	1,820	37,924	1,788	3,238	42,950
Professional fees and contract services		169	263	432	23,375	500	24,307
Technology and communication	5,787	1,558	969	8,314	2,771	3,487	14,572
Printing and postage	677	155	107	939	440	12,138	13,517
Dues and subscriptions	238	47	7,508	7,793	75	118	7,986
Office supplies	1,968	1,882	73	3,923	952	1,434	6,309
Meals	512	1,743	361	2,616	2,526	891	6,033
Bank and credit card fees	27	441	2	470		3,359	3,829
Insurance	1,148	278	162	1,588	441	692	2,721
Professional development	788	187	512	1,487	297	466	2,250
Other	<u>1,676</u>	<u>1,228</u>	<u>90</u>	<u>2,994</u>	<u>505</u>	<u>1,323</u>	<u>4,822</u>
Total expenses	<u>\$ 225,876</u>	<u>\$ 79,533</u>	<u>\$ 40,216</u>	<u>\$ 345,625</u>	<u>\$ 110,317</u>	<u>\$ 148,315</u>	604,257
Cost of direct donor benefits							<u>7,796</u>
Total							<u>\$ 612,053</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statements of Cash Flows for the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (14,939)	\$ (770)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(15,949)	(4,587)
Contributions receivable	68,328	179,065
Accounts payable and accrued expenses	<u>2,850</u>	<u>(80,025)</u>
Net cash provided by operating activities	<u>40,290</u>	<u>93,683</u>
NET CHANGE IN CASH	40,290	93,683
Cash, beginning of year	<u>133,147</u>	<u>39,464</u>
Cash, end of year	<u>\$ 173,437</u>	<u>\$ 133,147</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Notes to Financial Statements for the years ended December 31, 2018 and 2017

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. Girls Inc. provides research-based programming for girls ages 6-18 covering topics such as anti-bullying, leadership, teamwork, financial literacy, media literacy, and STEAM (science, technology, engineering, arts, and math). Through these programs and education partnerships, Girls Inc. strives 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 vigorous advocates for girls.

Federal income tax status – Girls Inc. is exempt from federal income tax 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).

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts due in more than one year are discounted, if material, to estimate the present value of future cash flows. Contributions receivable at December 31, 2018 are expected to be collected within one year.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

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

Functional allocation of expenses – Expenses are reported by their functional classification as program services or supporting activities. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one program or supporting activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Other allocable costs are distributed proportionately with salaries and related costs.

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 – ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

Girls Inc. adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2017, except that information regarding liquidity and availability of resources and presentation of expenses by both nature and function has been omitted as permitted by the ASU. Adoption of this ASU resulted in reclassification of previously reported activities and net assets to conform to the 2018 presentation but had no impact on total net assets or total changes in net assets for 2017.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Total financial assets available to meet general expenditures over the next 12 months are \$241,110, which includes cash and contributions receivable, including amounts restricted for program purposes that are expected to be used in the next fiscal year. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Girls Inc. considers all expenditures related to its ongoing activities of inspiring girls to be strong, smart and bold, as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of Girls Inc.’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.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2018</u>	<u>2017</u>
School programs	\$ 15,000	
Time restricted for future periods	2,500	\$ 71,500
Other	<u>2,705</u>	<u>1,000</u>
Total net assets with donor restrictions	<u>\$ 20,205</u>	<u>\$ 72,500</u>

NOTE 5 – EMPLOYEE BENEFIT PLAN

Girls Inc. has a §401(k) plan for the benefit of all employees. Employees become eligible for participation after ninety days of employment. Girls Inc. matches employee contributions up to 4% of compensation. Employer matching contributions were \$3,976 in 2018 and \$12,384 in 2017.

NOTE 6 – COMMITMENTS

Girls Inc. entered into a noncancelable operating lease agreement for office space, which expires September 30, 2025. Future minimum lease payments are as follows:

2019	\$ 46,729
2020	39,533
2021	45,124
2022	46,165
2023	56,828
Thereafter	<u>103,123</u>
Total	<u>\$ 337,502</u>

Girls Inc. recognized rent expense of \$49,343 in 2018 and \$46,921 in 2017.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 3, 2019, 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.
