

Girls Incorporated of Greater Houston

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2019 and 2018

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, 2019 and 2018 and the related statements of activities, of functional expenses, and of cash flows for the years 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 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 our audits 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, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blazek & Vetterling

September 4, 2020

Girls Incorporated of Greater Houston

Statements of Financial Position as of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 403,145	\$ 173,437
Prepaid expenses and other assets	9,169	20,536
Contributions receivable	<u>206,285</u>	<u>67,673</u>
TOTAL ASSETS	<u>\$ 618,599</u>	<u>\$ 261,646</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 15,370	\$ 6,439
Accrued expenses	18,978	12,213
Deferred revenue – special events	<u>18,500</u>	<u> </u>
Total liabilities	<u>52,848</u>	<u>18,652</u>
Net assets:		
Without donor restrictions	208,185	222,789
With donor restrictions (<i>Note 3</i>)	<u>357,566</u>	<u>20,205</u>
Total net assets	<u>565,751</u>	<u>242,994</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 618,599</u>	<u>\$ 261,646</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Activities for the year ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 173,200	\$ 579,002	\$ 752,202
Special events	265,520		265,520
Cost of direct donor benefits	(23,789)		(23,789)
Other income	<u>6,631</u>	<u></u>	<u>6,631</u>
Total revenue	421,562	579,002	1,000,564
Net assets released from restrictions:			
Expenditures for program purposes	239,141	(239,141)	
Expiration of time restrictions	<u>2,500</u>	<u>(2,500)</u>	<u></u>
Total	<u>663,203</u>	<u>337,361</u>	<u>1,000,564</u>
EXPENSES:			
Program services:			
School programs	281,734		281,734
Camp programs	54,745		54,745
Other programs	<u>78,903</u>	<u></u>	<u>78,903</u>
Total program services	415,382		415,382
Management and general	158,140		158,140
Fundraising	<u>104,285</u>	<u></u>	<u>104,285</u>
Total expenses	<u>677,807</u>	<u></u>	<u>677,807</u>
CHANGES IN NET ASSETS	(14,604)	337,361	322,757
Net assets, beginning of year	<u>222,789</u>	<u>20,205</u>	<u>242,994</u>
Net assets, end of year	<u>\$ 208,185</u>	<u>\$ 357,566</u>	<u>\$ 565,751</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)
Other income	<u>19,102</u>	<u> </u>	<u>19,102</u>
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	<u>69,000</u>	<u>(69,000)</u>	<u> </u>
Total	<u>641,613</u>	<u>(52,295)</u>	<u>589,318</u>
EXPENSES:			
Program services:			
School programs	225,849		225,849
Camp programs	79,092		79,092
Other programs	<u>40,214</u>	<u> </u>	<u>40,214</u>
Total program services	345,155		345,155
Management and general	114,146		114,146
Fundraising	<u>144,956</u>	<u> </u>	<u>144,956</u>
Total expenses	<u>604,257</u>	<u> </u>	<u>604,257</u>
CHANGES IN NET ASSETS	37,356	(52,295)	(14,939)
Net assets, beginning of year	<u>185,433</u>	<u>72,500</u>	<u>257,933</u>
Net assets, end of year	<u>\$ 222,789</u>	<u>\$ 20,205</u>	<u>\$ 242,994</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Functional Expenses for the year ended December 31, 2019

<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	\$ 203,597	\$ 22,252	\$ 48,933	\$ 274,782	\$ 54,632	\$ 47,150	\$ 376,564
Professional fees and contract services	22,568	10,227	6,915	39,710	70,355	35,391	145,456
Rent	30,470	3,330	7,311	41,111	8,177	7,043	56,331
Travel and transportation	5,767	14,827	4,403	24,997	1,699	4,595	31,291
Technology and communication	9,886	873	1,573	12,332	3,558	1,516	17,406
Dues and subscriptions	165	83	7,130	7,378	58	450	7,886
Meals	1,622	1,354	695	3,671	2,529	661	6,861
Insurance	438	48	105	591	5,515	101	6,207
Office supplies	1,336	1,212	471	3,019	670	2,350	6,039
Professional development	3,051	333	732	4,116	819	930	5,865
Bank and credit card fees					4,605		4,605
Printing and postage	734	206	135	1,075	153	3,210	4,438
Other	<u>2,100</u>	<u></u>	<u>500</u>	<u>2,600</u>	<u>5,370</u>	<u>888</u>	<u>8,858</u>
Total expenses	<u>\$ 281,734</u>	<u>\$ 54,745</u>	<u>\$ 78,903</u>	<u>\$ 415,382</u>	<u>\$ 158,140</u>	<u>\$ 104,285</u>	677,807
Cost of direct donor benefits							<u>23,789</u>
Total							<u>\$ 701,596</u>

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
Professional fees and contract services		169	263	432	23,375	500	24,307
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
Technology and communication	5,787	1,558	969	8,314	2,771	3,487	14,572
Dues and subscriptions	238	47	7,508	7,793	75	118	7,986
Meals	512	1,743	361	2,616	2,526	891	6,033
Insurance	1,148	278	162	1,588	441	692	2,721
Office supplies	1,968	1,882	73	3,923	952	1,434	6,309
Professional development	788	187	512	1,487	297	466	2,250
Bank and credit card fees					3,829		3,829
Printing and postage	677	155	107	939	440	12,138	13,517
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>\$ 225,849</u>	<u>\$ 79,092</u>	<u>\$ 40,214</u>	<u>\$ 345,155</u>	<u>\$ 114,146</u>	<u>\$ 144,956</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 322,757	\$ (14,939)
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	11,367	(15,949)
Contributions receivable	(138,612)	68,328
Accounts payable and accrued expenses	15,696	2,850
Deferred revenue – special events	<u>18,500</u>	<u> </u>
Net cash provided by operating activities	<u>229,708</u>	<u>40,290</u>
NET CHANGE IN CASH	229,708	40,290
Cash, beginning of year	<u>173,437</u>	<u>133,147</u>
Cash, end of year	<u>\$ 403,145</u>	<u>\$ 173,437</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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).

Cash includes one deposit account. Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows. Contributions receivable at December 31, 2019 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 the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before Girls Inc. is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Special event revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special event revenue is recognized when the event occurs. Amounts received for future events represent conditional contributions and are reported in

the statement of financial position as deferred revenue until earned. Direct donor benefit costs represent the cost of goods and services provided to attendees of special events.

Functional allocation of expenses – Expenses are reported by their functional classification. 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 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Total financial assets available to meet general expenditures for December 31, 2019 and 2018 are \$609,430 and \$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 become due.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2019</u>	<u>2018</u>
School programs	\$ 337,166	\$ 15,000
Camp programs	20,400	
Time restricted for future periods		2,500
Other		<u>2,705</u>
Total net assets with donor restrictions	<u>\$ 357,566</u>	<u>\$ 20,205</u>

NOTE 4 – 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 \$3,600 in 2019 and \$3,976 in 2018.

NOTE 5 – 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:

2020	\$ 39,533
2021	45,124
2022	46,165
2023	56,828
2024	58,389
Thereafter	<u>44,734</u>
Total	<u>\$ 290,773</u>

Girls Inc. recognized rent expense of \$56,331 in 2019 and \$49,344 in 2018.

NOTE 6 – SUBSEQUENT EVENTS

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. The extent of the impact of COVID-19 on Girls Inc.'s operational and financial performance will depend on developments such as the duration and spread of the outbreak, as well as the impact on donors and employees, all of which are uncertain and cannot be predicted. Therefore, while Girls Inc. expects this matter to negatively impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time.

In May 2020, Girls Inc. received an unsecured bank loan of \$70,000 funded through the Paycheck Protection Program (PPP). The loan bears interest at 1.0% and may be repaid over 2 years. PPP loan principal and interest may be forgiven, in whole or in part, if funds are used for the intended purposes within the prescribed period. Girls Inc. intends to apply for forgiveness and will recognize any forgiveness granted upon approval by the lender.

Management has evaluated subsequent events through September 4, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.