

Girls Incorporated of Greater Houston

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2020 and 2019

Girls Incorporated of Greater Houston

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position as of December 31, 2020 and 2019	2
Statement of Activities for the year ended December 31, 2020	3
Statement of Activities for the year ended December 31, 2019	4
Statement of Functional Expenses for the year ended December 31, 2020	5
Statement of Functional Expenses for the year ended December 31, 2019	6
Statements of Cash Flows for the years ended December 31, 2020 and 2019	7
Notes to Financial Statements for the years ended December 31, 2020 and 2019	8

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, 2020 and 2019 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, 2020 and 2019 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

July 12, 2021

Girls Incorporated of Greater Houston

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 341,923	\$ 403,145
Prepaid expenses and other assets	25,299	9,169
Contributions receivable	<u>23,750</u>	<u>206,285</u>
TOTAL ASSETS	<u>\$ 390,972</u>	<u>\$ 618,599</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 6,776	\$ 15,370
Accrued expenses	28,481	18,978
Deferred revenue – special events	<u> </u>	<u>18,500</u>
Total liabilities	<u>35,257</u>	<u>52,848</u>
Net assets:		
Without donor restrictions	219,161	208,185
With donor restrictions (<i>Note 3</i>)	<u>136,554</u>	<u>357,566</u>
Total net assets	<u>355,715</u>	<u>565,751</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 390,972</u>	<u>\$ 618,599</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Activities for the year ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 217,558	\$ 115,935	\$ 333,493
Paycheck Protection Program grant		70,000	70,000
Special events	325,113		325,113
Cost of direct donor benefits	(3,259)		(3,259)
Other income	3,917		3,917
	<u>543,329</u>	<u>185,935</u>	<u>729,264</u>
Total revenue			729,264
Net assets released from restrictions:			
Expenditures for program purposes	391,947	(391,947)	
Expiration of time restrictions	15,000	(15,000)	
	<u>950,276</u>	<u>(221,012)</u>	<u>729,264</u>
Total			729,264
EXPENSES:			
Program services:			
School programs	329,079		329,079
Camp programs	193,460		193,460
Other programs	150,644		150,644
	<u>673,183</u>		<u>673,183</u>
Total program services			673,183
Management and general	124,329		124,329
Fundraising	141,788		141,788
	<u>939,300</u>		<u>939,300</u>
Total expenses			939,300
CHANGES IN NET ASSETS	10,976	(221,012)	(210,036)
Net assets, beginning of year	<u>208,185</u>	<u>357,566</u>	<u>565,751</u>
Net assets, end of year	<u>\$ 219,161</u>	<u>\$ 136,554</u>	<u>\$ 355,715</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 Functional Expenses for the year ended December 31, 2020

<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	\$ 279,960	\$ 146,861	\$ 110,482	\$ 537,303	\$ 45,982	\$ 94,394	\$ 677,679
Professional fees and contract services	10,951	17,069	16,959	44,979	58,025	27,356	130,360
Rent	18,954	9,943	7,463	36,360	3,114	6,389	45,863
Technology and communication	7,550	3,980	3,030	14,560	2,934	2,678	20,172
Office supplies	4,938	4,952	2,825	12,715	290	1,254	14,259
Travel and transportation	3,896	5,687	721	10,304	294	1,058	11,656
Dues and subscriptions	692	363	7,436	8,491	114	109	8,714
Printing and postage	368	892	618	1,878	442	4,585	6,905
Insurance	314	165	123	602	5,954	106	6,662
Bank and credit card fees					5,951		5,951
Meals	479	3,251	522	4,252	862	161	5,275
Professional development	472	247	185	904	77	159	1,140
Other	505	50	280	835	290	3,539	4,664
Total expenses	<u>\$ 329,079</u>	<u>\$ 193,460</u>	<u>\$ 150,644</u>	<u>\$ 673,183</u>	<u>\$ 124,329</u>	<u>\$ 141,788</u>	939,300
Cost of direct donor benefits							<u>3,259</u>
Total							<u>\$ 942,559</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
Technology and communication	9,886	873	1,573	12,332	3,558	1,516	17,406
Office supplies	1,336	1,212	471	3,019	670	2,350	6,039
Travel and transportation	5,767	14,827	4,403	24,997	1,699	4,595	31,291
Dues and subscriptions	165	83	7,130	7,378	58	450	7,886
Printing and postage	734	206	135	1,075	153	3,210	4,438
Insurance	438	48	105	591	5,515	101	6,207
Bank and credit card fees					4,605		4,605
Meals	1,622	1,354	695	3,671	2,529	661	6,861
Professional development	3,051	333	732	4,116	819	930	5,865
Other	2,100		500	2,600	5,370	888	8,858
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

Statements of Cash Flows for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (210,036)	\$ 322,757
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(16,130)	11,367
Contributions receivable	182,535	(138,612)
Accounts payable and accrued expenses	909	15,696
Deferred revenue – special events	<u>(18,500)</u>	<u>18,500</u>
Net cash provided (used) by operating activities	<u>(61,222)</u>	<u>229,708</u>
NET CHANGE IN CASH	(61,222)	229,708
Cash, beginning of year	<u>403,145</u>	<u>173,437</u>
Cash, end of year	<u>\$ 341,923</u>	<u>\$ 403,145</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Notes to Financial Statements for the years ended December 31, 2020 and 2019

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, 2020 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 events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events 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 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, 2020 and 2019 are \$365,673 and \$609,430, which includes cash and contributions receivable. 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, including amounts restricted for program purposes that are expected to be used in the next fiscal year, 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>2020</u>	<u>2019</u>
School programs	\$ 127,804	\$ 337,166
Camp programs	<u>8,750</u>	<u>20,400</u>
Total net assets with donor restrictions	<u>\$ 136,554</u>	<u>\$ 357,566</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 \$6,753 in 2020 and \$3,600 in 2019.

NOTE 5 – COMMITMENT

Girls Inc. entered into a noncancelable operating lease agreement for office space, which expires September 30, 2025. Future minimum lease payments at December 31, 2020 are as follows:

2021	\$ 45,124
2022	46,165
2023	56,828
2024	58,389
2025	<u>44,734</u>
Total	<u>\$ 251,240</u>

Girls Inc. recognized rent expense of \$45,863 in 2020 and \$56,331 in 2019.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 12, 2021, 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.
