

Girls Incorporated of Greater Houston

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2021 and 2020

Girls Incorporated of Greater Houston

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements Girls Incorporated of Greater Houston, which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Girls Incorporated of Greater Houston as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Girls Incorporated of Greater Houston and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Incorporated of Greater Houston's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Girls Incorporated of Greater Houston's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Incorporated of Greater Houston's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Blazek & Vetterling

May 13, 2022

Girls Incorporated of Greater Houston

Statements of Financial Position as of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 566,324	\$ 341,923
Prepaid expenses and other assets	50,252	25,299
Contributions receivable	187,578	23,750
Government grant receivable	<u>68,818</u>	<u> </u>
TOTAL ASSETS	<u>\$ 872,972</u>	<u>\$ 390,972</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 16,785	\$ 6,776
Accrued expenses	25,241	28,481
Deferred revenue – special events	<u>72,333</u>	<u> </u>
Total liabilities	<u>114,359</u>	<u>35,257</u>
Commitment (<i>Note 6</i>)		
Net assets:		
Without donor restrictions	409,116	219,161
With donor restrictions (<i>Note 3</i>)	<u>349,497</u>	<u>136,554</u>
Total net assets	<u>758,613</u>	<u>355,715</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 872,972</u>	<u>\$ 390,972</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Activities for the year ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants (<i>Note 4</i>)		\$ 307,049	\$ 307,049
United Way		324,390	324,390
Other	\$ 317,141	260,066	577,207
Special events	262,563		262,563
Cost of direct donor benefits	(4,057)		(4,057)
Other income	6,277		6,277
Total revenue	581,924	891,505	1,473,429
Net assets released from restrictions:			
Expenditures for program purposes	678,562	(678,562)	
Total	1,260,486	212,943	1,473,429
EXPENSES:			
Program services:			
School programs	494,276		494,276
Camp programs	112,534		112,534
Other programs	62,604		62,604
Total program services	669,414		669,414
Management and general	237,913		237,913
Fundraising	163,204		163,204
Total expenses	1,070,531		1,070,531
CHANGES IN NET ASSETS	189,955	212,943	402,898
Net assets, beginning of year	219,161	136,554	355,715
Net assets, end of year	\$ 409,116	\$ 349,497	\$ 758,613

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:			
Government grants <i>(Note 4)</i>		\$ 70,000	\$ 70,000
United Way		43,000	43,000
Other	\$ 217,558	72,935	290,493
Special events	325,113		325,113
Cost of direct donor benefits	(3,259)		(3,259)
Other income	3,917		3,917
Total revenue	543,329	185,935	729,264
Net assets released from restrictions:			
Expenditures for program purposes	391,947	(391,947)	
Expiration of time restrictions	15,000	(15,000)	
Total	950,276	(221,012)	729,264
EXPENSES:			
Program services:			
School programs	329,079		329,079
Camp programs	193,460		193,460
Other programs	150,644		150,644
Total program services	673,183		673,183
Management and general	124,329		124,329
Fundraising	141,788		141,788
Total expenses	939,300		939,300
CHANGES IN NET ASSETS	10,976	(221,012)	(210,036)
Net assets, beginning of year	208,185	357,566	565,751
Net assets, end of year	\$ 219,161	\$ 136,554	\$ 355,715

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Statement of Functional Expenses for the year ended December 31, 2021

<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	\$ 427,506	\$ 70,940	\$ 39,826	\$ 538,272	\$ 109,543	\$ 98,942	\$ 746,757
Professional fees and contract services	14,994	11,924	9,896	36,814	96,904	42,573	176,291
Rent	27,171	4,509	2,531	34,211	6,961	6,324	47,496
Technology and communication	13,638	2,263	1,271	17,172	5,280	7,710	30,162
Office supplies	3,560	8,290	194	12,044	1,441	712	14,197
Travel and transportation	2,504	8,753	25	11,282	353	247	11,882
Dues and subscriptions			8,407	8,407	453	1,499	10,359
Insurance					7,156		7,156
Bank and credit card fees					7,008		7,008
Meals	1,016	3,959	269	5,244	865	90	6,199
Printing and postage	265	55		320	417	4,374	5,111
Professional development	252	720	91	1,063	44	35	1,142
Other	<u>3,370</u>	<u>1,121</u>	<u>94</u>	<u>4,585</u>	<u>1,488</u>	<u>698</u>	<u>6,771</u>
Total expenses	<u>\$ 494,276</u>	<u>\$ 112,534</u>	<u>\$ 62,604</u>	<u>\$ 669,414</u>	<u>\$ 237,913</u>	<u>\$ 163,204</u>	1,070,531
Cost of direct donor benefits							<u>4,057</u>
Total							<u>\$ 1,074,588</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
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
Printing and postage	368	892	618	1,878	442	4,585	6,905
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

Statements of Cash Flows for the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 402,898	\$ (210,036)
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	(24,953)	(16,130)
Contributions receivable	(232,646)	182,535
Accounts payable and accrued expenses	6,769	909
Deferred revenue – special events	<u>72,333</u>	<u>(18,500)</u>
Net cash provided (used) by operating activities	<u>224,401</u>	<u>(61,222)</u>
NET CHANGE IN CASH	224,401	(61,222)
Cash, beginning of year	<u>341,923</u>	<u>403,145</u>
Cash, end of year	<u>\$ 566,324</u>	<u>\$ 341,923</u>

See accompanying notes to financial statements.

Girls Incorporated of Greater Houston

Notes to Financial Statements for the years ended December 31, 2021 and 2020

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 STEM (science, technology, engineering, 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 expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows. All contributions receivable at December 31, 2021 are expected to be collected within one year. At December 31, 2021, approximately 88% or \$165,000 of contributions receivable was due from one donor.

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. At December 31, 2021, conditional special events revenue of \$130,500 has not been recognized because the condition on which it depends, the occurrence of the 2022 special event, has not yet been met. Cost of direct donor benefits 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, 2021 and 2020 are \$822,720 and \$365,673, 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.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
School programs	\$ 349,497	\$ 127,804
Camp programs		<u>8,750</u>
Total net assets with donor restrictions	<u>\$ 349,497</u>	<u>\$ 136,554</u>

NOTE 4 – GOVERNMENT GRANTS

Girls Inc. received financial relief of \$100,000 and \$70,000 in fiscal years 2021 and 2020, respectively, from Paycheck Protection Program (PPP) loans through the Small Business Administration. Both PPP loan principal and interest amounts were forgiven in whole in the year of receipt as Girls Inc. met eligibility requirements using the loans to fund qualified payroll and other eligible costs, and were recognized as government grants contributions *with donor restrictions*.

Girls Inc. is eligible for the Employee Retention Credit (ERC) under the CARES Act; \$138,231 was received prior to December 31, 2021 in 2021 Form 941 Employer Quarterly Federal Tax Return refund payments for the quarters ending March 31, 2021 and June 30, 2021. Government grant receivable for the ERC at December 31, 2021 is \$68,818, which represents refunds due on the 2020 Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund for the quarters ended June 30, 2020, September 30, 2020 and December 31, 2020. The credits have been recognized as government grants revenue in 2021.

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 \$15,694 in 2021 and \$6,753 in 2020.

NOTE 6 – 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, 2021 are as follows:

2022	\$ 46,165
2023	56,828
2024	58,389
2025	<u>44,734</u>
Total	<u>\$ 206,116</u>

Girls Inc. recognized rent expense of \$47,496 in 2021 and \$45,863 in 2020.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 13, 2022, 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.
