

**Girls Incorporated of Greater Houston**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2022 and 2021

# 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, 2022 and 2021, 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, 2022 and 2021, 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 15, 2023

## Girls Incorporated of Greater Houston

Statements of Financial Position as of December 31, 2022 and 2021

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	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 610,270	\$ 566,324
Prepaid expenses and other assets	25,743	50,252
Contributions receivable	98,767	187,578
Government grant receivable <i>(Note 6)</i>		68,818
Lease right-of-use asset, net <i>(Note 4)</i>	<u>151,724</u>	<u>          </u>
TOTAL ASSETS	<u>\$ 886,504</u>	<u>\$ 872,972</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 32,356	\$ 16,785
Accrued expenses	35,318	25,241
Deferred revenue – special events	10,000	72,333
Lease liability <i>(Note 4)</i>	<u>151,724</u>	<u>          </u>
Total liabilities	<u>229,398</u>	<u>114,359</u>
Net assets:		
Without donor restrictions	362,737	409,116
With donor restrictions <i>(Note 5)</i>	<u>294,369</u>	<u>349,497</u>
Total net assets	<u>657,106</u>	<u>758,613</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 886,504</u>	<u>\$ 872,972</u>

*See accompanying notes to financial statements.*

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## Girls Incorporated of Greater Houston

Statement of Activities for the year ended December 31, 2022

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 447,386	\$ 370,982	\$ 818,368
Special events	510,760		510,760
Cost of direct donor benefits	(134,964)		(134,964)
Other income	<u>15,160</u>	<u>                    </u>	<u>15,160</u>
Total revenue	838,342	370,982	1,209,324
Net assets released from restrictions:			
Expenditures for program purposes	<u>426,110</u>	<u>(426,110)</u>	<u>                    </u>
Total	<u>1,264,452</u>	<u>(55,128)</u>	<u>1,209,324</u>
EXPENSES:			
Program services	875,879		875,879
Management and general	290,794		290,794
Fundraising	<u>144,158</u>	<u>                    </u>	<u>144,158</u>
Total expenses	<u>1,310,831</u>	<u>                    </u>	<u>1,310,831</u>
CHANGES IN NET ASSETS	(46,379)	(55,128)	(101,507)
Net assets, beginning of year	<u>409,116</u>	<u>349,497</u>	<u>758,613</u>
Net assets, end of year	<u>\$ 362,737</u>	<u>\$ 294,369</u>	<u>\$ 657,106</u>

*See accompanying notes to financial statements.*

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## Girls Incorporated of Greater Houston

Statement of Activities for the year ended December 31, 2021

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

*See accompanying notes to financial statements.*

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## Girls Incorporated of Greater Houston

### Statement of Functional Expenses for the year ended December 31, 2022

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<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related costs	\$ 743,892	\$ 95,472	\$ 97,322	\$ 936,686
Professional fees and contract services	7,455	131,124	11,725	150,304
Occupancy	48,280	9,324	6,321	63,925
Travel and transportation	16,247	10,594	872	27,713
Technology and communication	19,110	5,846	2,468	27,424
Office supplies	18,471	5,688	873	25,032
Bank and credit card fees		8,018	6,512	14,530
Meals	10,316	1,826	2,290	14,432
Dues and subscriptions	295	11,718	1,499	13,512
Printing and postage	296	313	7,154	7,763
Insurance	6,086	770	797	7,653
Professional development	1,296	5,491	100	6,887
Other	<u>4,135</u>	<u>4,610</u>	<u>6,225</u>	<u>14,970</u>
Total expenses	<u>\$ 875,879</u>	<u>\$ 290,794</u>	<u>\$ 144,158</u>	1,310,831
Cost of direct donor benefits				<u>134,964</u>
Total				<u>\$ 1,445,795</u>

*See accompanying notes to financial statements.*

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## Girls Incorporated of Greater Houston

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

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<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related costs	\$ 538,272	\$ 109,543	\$ 98,942	\$ 746,757
Professional fees and contract services	36,814	96,904	42,573	176,291
Occupancy	34,211	6,961	6,324	47,496
Travel and transportation	11,282	353	247	11,882
Technology and communication	17,172	5,280	7,710	30,162
Office supplies	12,044	1,441	712	14,197
Bank and credit card fees		7,008		7,008
Meals	5,244	865	90	6,199
Dues and subscriptions	8,407	453	1,499	10,359
Printing and postage	320	417	4,374	5,111
Insurance		7,156		7,156
Professional development	1,063	44	35	1,142
Other	<u>4,585</u>	<u>1,488</u>	<u>698</u>	<u>6,771</u>
Total expenses	<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.*

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## Girls Incorporated of Greater Houston

Statements of Cash Flows for the years ended December 31, 2022 and 2021

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	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (101,507)	\$ 402,898
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of lease liability	56,596	
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	24,509	(24,953)
Contributions and government grant receivable	157,629	(232,646)
Accounts payable and accrued expenses	25,645	6,769
Deferred revenue – special events	(62,333)	72,333
Lease liability	<u>(56,593)</u>	<u>                    </u>
Net cash provided by operating activities	<u>43,946</u>	<u>224,401</u>
NET CHANGE IN CASH	43,946	224,401
Cash, beginning of year	<u>566,324</u>	<u>341,923</u>
Cash, end of year	<u>\$ 610,270</u>	<u>\$ 566,324</u>

*See accompanying notes to financial statements.*

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# Girls Incorporated of Greater Houston

Notes to Financial Statements for the years ended December 31, 2022 and 2021

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## 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, 2022 are expected to be collected within one year. At December 31, 2022, approximately 42% or \$41,250 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. 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 – ADOPTION OF NEW ACCOUNTING STANDARD**

Girls Inc. adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. The ASU also requires expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. Girls Inc. adopted the new standard effective January 1, 2022 using the modified retrospective method. Therefore, comparative information for fiscal year 2021 has not been restated and continues to be reported under Accounting Standards Codification (ASC) 840. Adoption of this ASU had no impact on total beginning net assets at January 1, 2022.

## **NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Total financial assets available to meet general expenditures for December 31, 2022 and 2021 are \$709,037 and \$822,720, which includes cash and contributions and grants 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 4 – OPERATING LEASE**

Girls Inc. has long-term leases for office space and equipment from unrelated parties under operating lease agreements. At December 31, 2022, the operating lease right-of-use asset and lease liability include a real estate lease for office space in Houston, a phone lease, and a photocopier lease. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease terms.

The components of lease cost for the year ended December 31, 2022 are as follows:

Operating lease cost	\$ <u>58,875</u>
Total lease cost	\$ <u>58,875</u>

Lease costs recognized during the year ended December 31, 2021, prior to the adoption of the new accounting standard was \$47,165.

Cash paid for amounts included in the measurement of the lease liability during the year ended December 31, 2022:

Operating cash flows for operating leases	\$50,905
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The weighted-average term and discount rates for the operating lease outstanding as of December 31, 2022:

Weighted-average remaining lease term	32 months
Risk-free discount rate	1.63%

Undiscounted cash flows related to the operating lease liability as of December 31, 2022 are as follows:

2023	\$ 60,625
2024	58,839
2025	<u>44,994</u>
Total undiscounted cash flows	164,458
Less present value discount	<u>(12,734)</u>
Total present value of lease liability	<u>\$ 151,724</u>

#### **NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

	<u>2022</u>	<u>2021</u>
Project InSight	\$ 147,666	\$ 105,500
Bold LeadHERS Initiative	70,603	145,000
Equipment and software upgrades	43,100	
Creating the Future	25,000	
School programs		48,901
Imagine Science		30,096
Project Literacy		20,000
Other	<u>8,000</u>	
Total net assets with donor restrictions	<u>\$ 294,369</u>	<u>\$ 349,497</u>

#### **NOTE 6 – GOVERNMENT GRANTS**

Girls Inc. received financial relief of \$100,000 in fiscal year 2021 from a Paycheck Protection Program (PPP) loan through the Small Business Administration. The loan and interest amounts were forgiven in whole in the year of receipt, as Girls Inc. met eligibility requirements, using the loan to fund qualified payroll and other eligible costs, and was recognized as government grants contributions *with donor restrictions*. There was no PPP activity in fiscal year 2022.

Girls Inc. was 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. In addition, \$68,818, representing 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, was recorded as a receivable at December 31, 2021 and was received in 2022. All credits were recognized as government grants revenue in 2021, with the exception of \$3,026 of additional ERC received and recognized in 2022.

#### **NOTE 7 – 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 \$18,478 in 2022 and \$15,694 in 2021.

#### **NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 15, 2023, 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.

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