

**GIRLS
LEADERSHIP**

Girls Leadership Institute

Financial Statements

For the years ended
August 31, 2016 and 2015
With Independent Auditors' Report Thereon

GIRLS LEADERSHIP

(A California Not-For-Profit Corporation)

August 31, 2016

Our Mission

Girls Leadership teaches the skills to be brave, resilient and connected - equipping girls to make change in their world.

Vision. A society where girls and women engage authentically and assertively at every level of decision making in all areas of their lives.

Values. We structure our work around five central values: Inclusivity, authenticity, integrity, quality, and fun!

What makes us unique? [1] Girls Leadership works not only with girls, but also with their primary influencers - parents, teachers, and caregivers - to create sustainable impact. Studies show parents and teachers to be the most powerful teachers for girls all the way through high school. [2] We put social and emotional learning (SEL) at the foundation of all our leadership development. [3] We see girls' real-life, every-day relationships with friends and family as the primary opportunity we have to teach girls the leadership skills that will serve them over a life-time: self-advocacy, negotiation, compromise, personal responsibility and conflict as an opportunity for change.

Strategy. We teach in-person programs across the US, produce free educational content and conduct original research, such as our upcoming project, "Closing the Gap: Understanding How Girls of Color Become Leaders." Our in-person programs teach girls, educators, and parents the core practices of emotional intelligence, healthy relationships, and assertive self-expression. Taught by professional, salaried instructors, all Girls Leadership programs use interactive lessons and educational theatre-based techniques to help girls connect with their emotions and practice the tools of building healthy, authentic relationships. The courses are age-appropriate and progressive, following girls' developmental needs from grade school through high school.

Locations. Our headquarters office is located in Oakland, California and we run in-person programs across the country. Our renowned residential summer program is held at Mount Holyoke College in South Hadley, Massachusetts, and our workshops and parent education talks take place across California, Colorado, New Jersey and New York. With our growing library of online resources, we hope to expand our work across geographic, class, and racial boundaries to impact as many girls as possible.

Board of Directors as of August 31, 2016

Name	Position
Coni Frezzo	Board Chair
Amie Thuener O'Toole	Treasurer
Joyce DeLucca	Co-Chair of the Board
Bret DiMarco	Trustee
Anna Fieler	Trustee
Mimi Gurbst	Trustee
Nancy Huang	Trustee
Stephanie Joe	Trustee
Tina Knauss	Trustee
Danielle Merida	Trustee
Adene Sacks	Trustee
Rachel Simmons	Trustee
Regan Solmo	Trustee
Simone Marean	Executive Director

GIRLS LEADERSHIP

(A California Not-For-Profit Corporation)

August 31, 2016

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Girls Leadership

111 Myrtle Street, Suite 101

Oakland, California 94607

(866) 744-9102

Web Site Address: www.girlsleadership.org

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Regalia &
Associates

C E R T I F I E D P U B L I C A C C O U N T A N T S
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J A N I C E T A Y L O R , C P A W E N D Y T H O M A S , C P A
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INDEPENDENT AUDITORS' REPORT

The Board of Directors

Girls Leadership Institute, Inc. ("Girls Leadership")

We have audited the accompanying financial statements of Girls Leadership (a California nonprofit organization) which comprise the statements of financial position as of August 31, 2016 and 2015 and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditor's 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 the 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 auditor's 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 Leadership as of August 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Girls Leadership as of June 30, 2015 were audited by us and in our report December 19, 2015, we expressed an unmodified opinion on those financial statements. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Danville, California
December 21, 2016*

GIRLS LEADERSHIP

Statements of Financial Position August 31, 2016 and 2015

ASSETS

	2016	2015
Current assets:		
Cash and cash equivalents	\$ 437,656	\$ 335,624
Accounts receivable, net of allowance	22,543	82,844
Grants and pledges receivable	27,400	160,000
Inventories	3,404	2,398
Prepaid expenses	19,967	20,647
	<hr/>	<hr/>
Total current assets	510,970	601,513
Deposits and other assets	3,234	3,234
Property and equipment, net	58,821	77,414
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	\$ 573,025	\$ 682,161
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LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 150,936	\$ 109,700
Accrued payroll liabilities	43,143	44,025
Deferred revenue	63,450	99,533
	<hr/>	<hr/>
Total current liabilities	257,529	253,258
Net assets:		
Unrestricted	281,088	221,403
Temporarily restricted	34,408	207,500
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Total net assets	315,496	428,903
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	\$ 573,025	\$ 682,161
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GIRLS LEADERSHIP

Statement of Activities and Changes in Net Assets For the Year Ended August 31, 2016

(with Summarized Financial Information for the Year Ended August 31, 2015)

	Unrestricted	Temporarily Restricted	Total 2016	Total 2015
<i>Changes in net assets:</i>				
Revenue and support:				
Program fees	\$ 1,509,386	\$ -	\$ 1,509,386	\$ 1,364,659
Less: scholarships	(86,885)	-	(86,885)	(101,134)
Program fees, net	1,422,501	-	1,422,501	1,263,525
Merchandise sales	10,258	-	10,258	12,039
Investment income (loss)	(190)	-	(190)	737
Total revenue	1,432,569	-	1,432,569	1,276,301
Contributions	248,069	49,776	297,845	226,353
Foundation grants	-	56,911	56,911	88,500
In-kind contributions	34,640	-	34,640	7,118
Net assets released from restriction	279,779	(279,779)	-	-
Total support	562,488	(173,092)	389,396	321,971
Total revenue and support	1,995,057	(173,092)	1,821,965	1,598,272
Expenses:				
<i>Programs:</i>				
California	322,199	-	322,199	274,863
Colorado	152,371	-	152,371	143,736
New York	138,485	-	138,485	134,693
New Jersey	123,771	-	123,771	120,949
National	790,982	-	790,982	688,852
Merchandise	13,105	-	13,105	15,925
Total programs	1,540,913	-	1,540,913	1,379,018
<i>Overhead:</i>				
General and administrative	209,864	-	209,864	226,163
Fundraising	184,595	-	184,595	129,454
Total expenses	1,935,372	-	1,935,372	1,734,635
Increase (decrease) in net assets	59,685	(173,092)	(113,407)	(136,363)
Net assets at beginning of year	221,403	207,500	428,903	565,266
Net assets-end of year	\$ 281,088	\$ 34,408	\$ 315,496	\$ 428,903

GIRLS LEADERSHIP

Statements of Cash Flows For the Years Ended August 31, 2016 and 2015

	2016	2015
<i>Operating activities:</i>		
Decrease in net assets	\$ (113,407)	\$ (136,363)
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	18,593	16,001
Changes in:		
Accounts receivable	60,301	30,455
Grants and pledges receivable	132,600	147,620
Inventories	(1,006)	1,980
Prepaid expenses	680	(2,695)
Deposits and other assets	-	(1,034)
Accounts payable and accrued liabilities	41,236	(2,762)
Accrued payroll liabilities	(882)	29,339
Deferred revenue	(36,083)	27,450
Cash provided by operating activities	102,032	109,991
 <i>Investing activities:</i>		
Acquisition of property and equipment	-	(141,766)
Cash used for investing activities	-	(141,766)
Increase (decrease) in cash and cash equivalents	102,032	(31,775)
Cash and cash equivalents at beginning of year	335,624	318,399
Cash and cash equivalents at end of year	\$ 437,656	\$ 286,624
 <i>Additional cash flow information:</i>		
State registration fees and taxes paid	\$ 355	\$ 1,108
Interest paid	\$ -	\$ -

GIRLS LEADERSHIP

Statement of Functional Expenses For the Year Ended August 31, 2016

(with Summarized Financial Information for the Year Ended August 31, 2015)

	California	Colorado	New York	New Jersey	National	Merchandise	Total Programs	General and Administrative	Fund-raising	2016 Total	2015 Total
Salaries and wages	\$ 201,229	\$ 105,938	\$ 88,803	\$ 82,576	\$ 290,954	\$ 6,992	\$ 776,492	\$ 138,308	\$ 73,330	\$ 988,130	\$ 916,121
Payroll taxes	17,844	9,387	7,930	7,320	25,551	620	68,652	12,238	6,493	87,383	83,348
Benefits	14,122	5,923	5,577	4,540	17,068	401	47,631	7,850	4,166	59,647	57,989
Total personnel	233,195	121,248	102,310	94,436	333,573	8,013	892,775	158,396	83,989	1,135,160	1,057,458
Advertising and promotion	3,884	1,203	2,097	1,579	7,786	103	16,652	3,945	6,014	26,611	14,509
Bad debts	-	-	-	-	-	-	-	3,236	1,560	4,796	3,098
Cost of merchandise sold	42	-	13	-	2,657	3,350	6,062	-	206	6,268	9,167
Depreciation	1,221	643	604	455	14,263	47	17,233	893	467	18,593	16,001
Dues, licenses, and service fees	12,760	4,076	3,980	3,204	24,732	453	49,205	525	3,965	53,695	46,103
Equipment rental and maintenance	1,131	626	497	528	1,827	42	4,651	922	436	6,009	9,793
Information technology	949	489	433	378	1,484	31	3,764	593	314	4,671	4,454
Insurance	10,346	2,959	3,999	3,328	4,859	55	25,546	4,104	582	30,232	23,919
Legal and accounting	-	-	-	-	-	-	-	20,641	-	20,641	27,708
Miscellaneous	5	4	3	5	18	(41)	(6)	384	9,265	9,643	3,988
Occupancy	22,819	5,510	8,141	5,591	291,741	287	334,089	5,691	3,022	342,802	310,818
Outside consulting fees	14,555	6,386	5,875	5,454	39,499	351	72,120	7,222	34,765	114,107	88,508
Postage	1,493	686	869	899	1,379	351	5,677	291	903	6,871	5,624
Printing	5,463	1,493	789	1,125	2,746	12	11,628	233	816	12,677	11,798
Supplies and office	5,933	3,529	2,801	2,022	14,009	17	28,311	557	34,789	63,657	34,308
Telephone	403	-	124	104	358	9	998	186	98	1,282	2,380
Travel and meals	8,000	3,519	5,950	4,663	50,051	25	72,208	2,045	3,404	77,657	65,001
Totals	\$ 322,199	\$ 152,371	\$ 138,485	\$ 123,771	\$ 790,982	\$ 13,105	\$ 1,540,913	\$ 209,864	\$ 184,595	\$1,935,372	\$1,734,635

See accompanying auditors' report and notes to financial statements.

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Notes to Financial Statements
August 31, 2016

1. Organization

Girls Leadership is based in Oakland, California and is a national educational nonprofit entity organized in 2008 which runs in-person programs across the country. Girls Leadership teaches the skills to be brave, resilient and connected - equipping girls to make change in their world.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Girls Leadership have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, Girls Leadership is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Support and Revenue Recognition

Girls Leadership records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions, donations and grants restricted by the donor for particular purposes are deemed to be earned and are reported as revenue and support when Girls Leadership has incurred expenditures in compliance with the specific restrictions or when time restrictions have lapsed. Program fees are recognized as income upon completion of the activity for which the fees were collected in accordance with ASC 605.20.25, *Recognition*.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash, savings and deposits that have a maturity of less than three months when acquired.

Grants Receivable

Grants receivable are recognized as unrestricted or temporarily restricted contributed revenue when the contractual obligation is received. All receivables are reflected at fair value.

Inventories

Inventories are carried at lower of cost or market using the first-in first-out method and consist of various merchandise items. Girls Leadership maintains its inventory in accordance with ASC 330.10.30 *Inventory*.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment purchased by Girls Leadership is stated at cost. Property and equipment donated to Girls Leadership is recorded at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, Girls Leadership is required to report information regarding its exposure to various tax positions taken by Girls Leadership and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that Girls Leadership has adequately evaluated its current tax positions and has concluded that as of August 31, 2016 and 2015, Girls Leadership does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

Girls Leadership has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that Girls Leadership continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. Girls Leadership may periodically receive unrelated business income requiring Girls Leadership to file separate tax returns under federal and state statutes. Under such conditions, Girls Leadership will calculate, accrue and remit the applicable taxes.

Advertising Expense

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense amounted to \$26,611 and \$14,509 for the years ended August 31, 2016 and 2015, respectively, and is reflected on the statement of functional expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing Girls Leadership's various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GIRLS LEADERSHIP

Notes to Financial Statements

3. Cash and Cash Equivalents

Cash and cash equivalents at August 31, 2016 and 2015 include all funds in checking, savings, and money market accounts maintained at local financial institutions. The composition of cash and cash equivalents is as follows at August 31:

	2016	2015
Checking accounts (noninterest-bearing)	\$ 368,650	\$ 266,674
Savings and money market accounts (interest-bearing)	69,006	68,950
Total cash and cash equivalents	\$ 437,656	\$ 355,624

Funds in savings and money market accounts bear interest at rates ranging from 0.03% per annum to 0.10% per annum.

4. Receivables

Accounts Receivable

Accounts receivable consist of the following at August 31:

	2016	2015
Accounts receivable	\$ 26,201	\$ 85,942
Less: allowance for estimated uncollectible balances	(3,658)	(3,098)
Accounts receivable, net	\$ 22,543	\$ 82,844

Girls Leadership uses the direct write-off method with regards to receivables deemed uncollectible. Bad debt expense amounted to \$4,796 and \$3,098 for the years ended August 31, 2016 and 2015, respectively.

Grants and Pledges Receivable

Grants and pledges receivable of \$27,400 and \$160,000 at August 31, 2016 and 2015, respectively, represent funds due from various organizations and individuals and are reflected at their net realizable value. Management has evaluated the grants receivable as of August 31, 2016 and determined that such amounts are collectible based on the financial strength of the donors involved.

5. Property and Equipment

Property and equipment consist of the following at August 31:

	2016	2015
Website	\$ 92,965	\$ 92,965
Less: accumulated depreciation	(34,144)	(15,551)
Property and equipment, net	\$ 58,821	\$ 77,414

Depreciation expense amounted to \$18,593 and \$16,001 for the years ended August 31, 2016 and 2015, respectively. During the year ended August 31, 2015, Girls Leadership disposed of partially depreciated equipment in the amount of \$4,130 with accumulated depreciation of \$3,931. There were no disposals during the year ended August 31, 2016.

Notes to Financial Statements

6. Inventories

Inventories of \$3,404 and \$2,398 at August 31, 2016 and 2015, respectively, consist of DVDs, books, and other general merchandise sold at various geographic locations and through the organization's website. Merchandise sales amounted to \$10,258 and \$12,039 for the years ended August 31, 2016 and 2015, respectively. Cost of merchandise sold amounted to \$6,268 and \$9,167 for the years ended August 31, 2016 and 2015, respectively.

7. Occupancy

Effective September 22, 2014, Girls Leadership is committed to leasing its corporate office space under a three-year operating lease through December 31, 2017. The lease stipulates a payment amount of \$3,003 per month as of August 31, 2016. The lease provides for an increase in the monthly rent to \$3,234 effective January 1, 2017. Girls Leadership is responsible for its own property insurance, maintenance, and utilities. Girls Leadership rents program venues under specific short-term usage agreements and is obligated to pay rent based upon the terms and conditions for which the facilities are utilized. In addition, Girls Leadership leases certain office equipment under an agreement requiring periodic monthly payments.

Rent expense for all facilities amounted to \$336,103 and \$306,886 for the years ended August 31, 2016 and 2015, respectively. Minimum future lease payments for operating leases with terms of one year or more are as follows at August 31, 2016: **Year ending August 31, 2017: \$39,938;** and **Year ending August 31, 2018: \$13,628.**

8. Deferred Revenue

Deferred revenue of \$63,450 and \$99,533 at August 31, 2016 and 2015, respectively, represent program fees received in advance for activities scheduled for the following fiscal year. Such amounts have been recorded as short-term liabilities and will be reflected as program fee revenue on the statement of activities and changes in net assets in the subsequent fiscal period.

9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, Girls Leadership is required to record a liability for the estimated amounts of compensation for vacation and sick leave. Employees are permitted to accrue a specific number of hours for estimated future absences, and such accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued payroll liabilities amounted to \$43,143 and \$44,025 at August 31, 2016 and 2015, respectively.

10. Related Party Transactions

During the years ended August 31, 2016 and 2015, a voting member of the Board of Directors received compensation and reimbursed expenses totaling \$25,663 and \$26,849, respectively. Additionally, Girls Leadership's curriculum is based on books authored by this Board member, which Girls Leadership purchases and re-sells to program participants.

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Notes to Financial Statements

11. Temporarily Restricted Net Assets

Girls Leadership recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following at August 31:

	2016		2015
Foundation time restricted	\$ 33,055	\$	207,500
Individual time restricted	1,353		-
Total temporarily restricted net assets	<u>\$ 34,408</u>	\$	<u>207,500</u>

During the years ended August 31, 2016 and 2015, contributions of temporarily restricted net assets amounted to \$106,687 and \$113,290, respectively. During the years ended August 31, 2016 and 2015, Girls Leadership released \$279,779 and \$311,145, respectively, from temporarily restricted net assets to unrestricted net assets.

12. Scholarships

Girls Leadership awarded scholarships in the form of financial aid to low-income participants in its programs totaling \$86,885 and \$101,134 for the years ended August 31, 2016 and 2015, respectively. Such amounts have been reflected as a reduction of program fees on the statement of activities and changes in net assets.

13. Other Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future program activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate Girls Leadership to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond Girls Leadership's control, such as generosity of donors and general economic conditions, (c) Employment contracts and service agreements with outside contractors, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting organizations.

14. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, Girls Leadership has evaluated subsequent events through December 21, 2016, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.