

**GIRLS
LEADERSHIP**

Girls Leadership Institute, Inc.

Financial Statements

**For the years ended
August 31, 2019 and 2018**

With Independent Auditors' Report Thereon

Girls Leadership Institute, Inc.

(A California Not-for-Profit Corporation)

Our Mission

Girls Leadership equips girls with the skills to exercise the power of their voice.

Vision. A society where girls embrace the power of their voice to shape the world.

Values. We structure our work around four central values: Play, Authentic Communication, Equity, and Courageous Growth.

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 Mills College in Oakland, California, 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

Name	Position
Joyce Delucca	Board Chair
Coni Frezzo	Acting Co-Chair
Amie Thuener O'Toole	Acting Co-Chair
Jason Baeten	Director
Resa Caivano	Director
Julie Keshmiry	Director
Maria Kiskis	Director
Regina Manzana-Sawhney	Director
Danielle Merida	Director
Emily Pillars	Director
Mala Singh-Force	Director
Simone Marean	CEO

Information

Girls Leadership Institute, Inc.

(A California Not-for-Profit Corporation)

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Girls Leadership Institute, Inc.

We have audited the accompanying financial statements of Girls Leadership Institute, Inc. (a California nonprofit organization) which comprise the statement of financial position as of August 31, 2019 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Institute, Inc. as of August 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Girls Leadership's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited financial information from which it has been derived.

Danville, California
February 25, 2020

Regalia & Associates

Girls Leadership Institute, Inc.

Statements of Financial Position August 31, 2019 and 2018

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	\$ 325,885	\$ 289,141
Accounts, grants and pledges receivable, net of allowance	233,587	257,581
Inventories	3,147	3,251
Prepaid expenses	13,046	15,823
Deposits and other assets	3,234	3,234
Property and equipment, net	40,078	84,431
Total current assets	618,977	653,461
Noncurrent assets		
Operating lease - right of use asset	73,873	-
	\$ 692,850	\$ 653,461

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,826	\$ 8,257
Accrued payroll liabilities	56,981	49,220
Operating lease liability - current	54,630	-
Deferred revenue	65,157	109,343
Total current liabilities	193,594	166,820
Noncurrent liabilities:		
Operating lease liability - noncurrent	19,243	-
Total liabilities	212,837	166,820
Net assets:		
Without donor restrictions	335,013	302,974
With donor restrictions	145,000	183,667
Total net assets	480,013	486,641
	\$ 692,850	\$ 653,461

Girls Leadership Institute, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2019
(with Summarized Financial Information for the Year Ended August 31, 2018)

	Net Assets		Total 2019	Total 2018
	Without Donor Restrictions	With Donor Restrictions		
<i>Changes in net assets:</i>				
Revenue and support:				
Program fees	\$ 1,251,560	\$ -	\$ 1,251,560	\$ 1,421,427
Less: scholarships	(97,121)	-	(97,121)	(63,254)
Program fees, net	1,154,439	-	1,154,439	1,358,173
Merchandise sales	3,042	-	3,042	2,174
Investment interest	587	-	587	222
Loss on sale of securities	(89)	-	(89)	-
Total revenue	1,157,979	-	1,157,979	1,360,569
Contributions	863,362	187,134	1,050,496	691,449
Foundation grants	-	177,800	177,800	18,000
In-kind contributions	1,150	-	1,150	37,393
Net assets released from restriction	403,601	(403,601)	-	-
Total support	1,268,113	(38,667)	1,229,446	746,842
Total revenue and support	2,426,092	(38,667)	2,387,425	2,107,411
Expenses:				
<i>Programs:</i>				
California	552,186	-	552,186	497,265
Colorado	210,088	-	210,088	211,035
New York	304,017	-	304,017	313,551
New Jersey	173,799	-	173,799	205,180
National	622,288	-	622,288	823,441
Merchandise	4,351	-	4,351	4,106
Total programs	1,866,729	-	1,866,729	2,054,578
<i>Overhead:</i>				
General and administrative	249,905	-	249,905	215,526
Fundraising	277,419	-	277,419	365,267
Total expenses	2,394,053	-	2,394,053	2,635,371
Increase (decrease) in net assets	32,039	(38,667)	(6,628)	(527,960)
Net assets at beginning of year	302,974	183,667	486,641	1,014,601
Net assets-end of year	\$ 335,013	\$ 145,000	\$ 480,013	\$ 486,641

Girls Leadership Institute, Inc.

Statements of Cash Flows
For the Years Ended August 31, 2019 and 2018

	2019	2018
<i>Operating activities:</i>		
Decrease in net assets	\$ (6,628)	\$ (527,960)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	44,353	32,243
Bad debt expense	-	2,668
Changes in:		
Accounts, grants and pledges receivable	23,994	210,618
Inventories	104	(309)
Prepaid expenses	2,777	6,010
Accounts payable and accrued liabilities	8,569	(157,461)
Accrued payroll liabilities	7,761	8,832
Deferred revenue	(44,186)	22,601
Cash provided by (used for) operating activities	36,744	(402,758)
<i>Investing activities:</i>		
Acquisition of property and equipment	-	(29,550)
Cash used for investing activities	-	(29,550)
Increase (decrease) in cash and cash equivalents	36,744	(432,308)
Cash and cash equivalents at beginning of year	289,141	721,449
Cash and cash equivalents at end of year	\$ 325,885	\$ 289,141
<i>Additional cash flow information:</i>		
State registration fees and taxes paid	\$ 387	\$ 670
Interest paid	\$ -	\$ -

Girls Leadership Institute, Inc.

Statement of Functional Expenses For the Year Ended August 31, 2019 *(with Summarized Financial Information for the Year Ended August 31, 2018)*

	General and										
	Total									2019	2018
	California	Colorado	New York	New Jersey	National	Merchandise	Programs	Administrative	Fund-raising	Total	Total
Salaries and wages	\$ 373,322	\$ 147,142	\$ 151,416	\$ 125,527	\$ 285,721	\$ 2,871	\$ 1,085,999	\$ 147,211	\$ 138,643	\$ 1,371,853	\$ 1,399,978
Payroll taxes	32,681	13,651	13,965	10,183	17,623	219	88,322	11,861	11,393	111,576	119,166
Benefits	26,971	11,059	11,086	8,178	13,369	186	70,849	13,606	7,768	92,223	92,577
Total personnel	432,974	171,852	176,467	143,888	316,713	3,276	1,245,170	172,678	157,804	1,575,652	1,611,721
Advertising and promotion	3,034	1,162	1,844	1,071	1,659	22	8,792	3,399	8,892	21,083	26,478
Bad debts	-	-	-	-	-	-	-	(1,143)	-	(1,143)	2,668
Cost of merchandise sold	24	29	83	36	5,085	608	5,865	-	1,007	6,872	1,723
Depreciation	9,423	3,913	3,937	2,914	17,272	66	37,525	3,468	3,360	44,353	32,243
Dues, licenses, and service fees	15,538	6,746	6,497	5,270	6,502	4	40,557	1,206	15,087	56,850	65,210
Equipment rental and maintenance	1,137	525	474	358	357	8	2,859	395	405	3,659	5,121
Information technology	3,611	1,497	1,513	1,104	2,419	25	10,169	1,693	6,178	18,040	16,603
Insurance	612	178	178	147	(189)	2	928	20,021	1,347	22,296	41,660
Legal and accounting	-	-	-	-	-	-	-	29,542	15	29,557	23,554
Miscellaneous	690	319	245	195	1,453	3	2,905	1,556	10,713	15,174	2,823
Occupancy	31,067	9,772	23,661	8,151	168,031	122	240,804	6,405	6,158	253,367	379,448
Outside consulting fees	18,610	7,741	22,211	5,825	30,452	132	84,971	6,176	40,283	131,430	210,549
Postage	905	381	545	337	310	67	2,545	93	1,272	3,910	6,486
Printing	2,498	839	1,630	754	5,436	1	11,158	134	239	11,531	8,729
Special events	17,697	-	54,566	-	250	-	72,513	-	4,443	76,956	23,537
Supplies and office	6,741	2,698	4,772	2,086	21,414	3	37,714	3,497	1,502	42,713	81,566
Telephone	1,210	503	507	374	645	9	3,248	445	2,229	5,922	6,514
Travel and meals	6,415	1,933	4,887	1,289	44,479	3	59,006	340	16,485	75,831	88,738
Totals	\$ 552,186	\$ 210,088	\$ 304,017	\$ 173,799	\$ 622,288	\$ 4,351	\$ 1,866,729	\$ 249,905	\$ 277,419	\$ 2,394,053	\$ 2,635,371

**Notes to Financial Statements
August 31, 2019**

1. Organization

Girls Leadership is a national, educational non-profit with a mission to equip girls with the skills to exercise the power of their voice. Founded in 2009, Girls Leadership has reached over 65,000 people, over half of whom are parents, teachers, counselors, and coaches — the most powerful influencers in girls' lives. Girls Leadership is generating impact through transformational in-person programs, online content, and original research. Girls Leadership is committed to ensuring that girls across differences of income, race, and culture come to know realize and own their power.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of Girls Leadership have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Girls Leadership's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – Girls Leadership's cash and cash equivalents consists of cash on deposit in checking accounts. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk – Financial instruments that potentially subject Girls Leadership to concentrations of credit risk consist principally of cash and cash equivalents and deposits. Girls Leadership maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Girls Leadership manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, Girls Leadership has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of Girls Leadership's mission.

Receivables and Credit Policies – Girls Leadership determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

(continued)

Notes to Financial Statements
August 31, 2019

2. Summary of Significant Accounting Policies (*continued*)

Contributions and Accounts Receivable – Girls Leadership records receivables that are expected to be collected within one year at net realizable value. When material, receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

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*.

In-Kind Contributions - In-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958.605.30-11*. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Property and Equipment – Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve, but it has opted not to do so as of August 31, 2019.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(*continued*)

Notes to Financial Statements
August 31, 2019

2. **Summary of Significant Accounting Policies** (*continued*)

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and related expenses, rent and occupancy, insurance, and other overhead) have been allocated based on time and effort using Girls Leadership's payroll allocations. Other expenses (such as professional fees and other direct costs) have been allocated in accordance with the specific services received from vendors.

Reclassifications – Certain reclassifications have been made to the 2018 financial statements in order to conform to the presentation used in 2019.

Revenue and Revenue Recognition - Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

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.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Girls Leadership groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

(*continued*)

**Notes to Financial Statements
August 31, 2019**

2. Summary of Significant Accounting Policies (*continued*)

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Income Taxes – Girls Leadership is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. Girls Leadership is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Girls Leadership is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the year ended August 31, 2019.

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.

(*continued*)

Notes to Financial Statements
August 31, 2019

2. Summary of Significant Accounting Policies (*continued*)

Recent and Relevant Accounting Pronouncements – The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2018:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Girls Leadership has adjusted the presentation of these statements accordingly.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by *ASU No. 2019-01, ASU No. 2019-10, and ASU No. 2019-11*. This new pronouncement is effective for fiscal years beginning after December 15, 2019, but Girls Leadership has elected early implementation.

The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of October 28, 2019 (the date of the Independent Auditors' Report), Girls Leadership management has made this evaluation and has determined that Girls Leadership has the ability to continue as a going concern.

In June 2019, the FASB issued *ASU 2019-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, the Organization has incorporated these clarifying standards within the audited financial statements.

Notes to Financial Statements
August 31, 2019

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and money market) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at August 31:

	2019	2018
Checking and clearing accounts (noninterest-bearing)	\$ 305,810	\$ 269,072
Savings and money market accounts (interest-bearing)	20,075	20,069
Total cash and cash equivalents	\$ 325,885	\$ 289,141

Funds in savings accounts bear interest at 0.03% at August 31, 2019.

4. Accounts, Grants, and Pledges Receivable

Accounts, grants, and pledges receivable consist of the following at August 31:

	2019	2018
Accounts, grants, and pledges receivable	\$ 233,587	\$ 258,724
Less: allowance for estimated uncollectible balances	-	(1,143)
Total cash and cash equivalents	\$ 233,587	\$ 257,581

Girls Leadership uses the direct write-off method with regards to receivables deemed uncollectible. During the year ending August 31, 2019, Girls Leadership recovered \$1,143 of accounts previously deemed uncollectible. Bad debt expense (recover) amounted to (\$1,143) and \$2,668 for the years ended August 31, 2019 and 2018, respectively.

5. Property and Equipment

A summary of property and equipment is as follows at August 31:

	2019	2018
Website	\$ 170,245	\$ 170,245
Less accumulated depreciation and amortization	(130,167)	(85,814)
Total property and equipment, net	\$ 40,078	\$ 84,431

Total depreciation expense for the years ended August 31, 2019 and 2018 amounted to \$44,353 and \$32,243, respectively, and is reflected on the statement of functional expenses.

**Notes to Financial Statements
August 31, 2019**

6. Inventories

Inventories of \$3,147 and \$3,251 at August 31, 2019 and 2018, respectively, consist of DVDs, books, and other general merchandise sold at various geographic locations and through the organization's website. Merchandise sales amounted to \$3,042 and \$2,174 for the years ended August 31, 2019 and 2018, respectively. Cost of merchandise sold amounted to \$6,872 and \$1,723 for the years ended August 31, 2019 and 2018, respectively.

7. Right of Use Asset and Leases

Girls Leadership leases its corporate office space under a multi-year operating lease expiring December 31, 2020. The lease stipulates a payment of \$4,389 per month as of August 31, 2019, with annual increases thereafter of 10.53% per annum for the remainder of the lease term. Girls Leadership is responsible for its own property insurance, maintenance, and utilities.

In accordance with *ASU 2016-02, Leases*, Girls Leadership is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as a "Right of Use" asset and a corresponding lease liability. Accordingly, Girls Leadership has recorded a total lease liability in the amount of \$73,873 for its office (split between current amount of \$54,630 and noncurrent amount of \$19,243) and a corresponding right of use asset for the premises in the amount of \$73,873. The weighted average discount rate associated with the calculation of the present value of the future lease payments as of August 31, 2019 was 4.0%.

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 \$246,074 and \$373,414 for the years ended August 31, 2018 and 2017, respectively, and is reflected as a component of occupancy expense on the statement of functional expenses. At August 31, 2019, minimum future lease payments for operating leases with terms of one year or more are as follows: [Year ending August 31, 2020: \\$56,364](#); and [Year ending August 31, 2021: \\$19,404](#).

8. Deferred Revenue

Deferred revenue of \$65,157 and \$109,343 at August 31, 2019 and 2018, respectively, represents funds received in advance of specific programs to be held in the following fiscal year. Such amounts have been reflected as a current liability and will be reflected as programs fees and revenues on the statement of activities and changes in net assets in the subsequent fiscal period.

9. Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and amounted to \$21,083 and \$26,478 for the years ended August 31, 2019 and 2018, respectively.

Notes to Financial Statements
August 31, 2019

10. 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 \$56,981 and \$49,220 at August 31, 2019 and 2018, respectively.

11. Liquidity

Girls Leadership regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Girls Leadership has various sources of liquidity at its disposal, including cash and cash equivalents and other sources (including the future collection of receivables).

In addition to financial assets available to meet general expenditures over the next 12 months, Girls Leadership operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following table shows the total financial assets held by Girls Leadership and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 325,885
Accounts, grants, and pledges receivable	233,587
Less: amounts not available to be used within one year:	
Net assets with donor restrictions for programs	(25,000)
Financial assets available to meet general expenditures over the next twelve months	\$ 534,472

Girls Leadership receives a significant amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Girls Leadership must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of Girls Leadership'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. Girls Leadership's goal is generally to maintain financial assets to meet 90 days of operating expenses.

Notes to Financial Statements
August 31, 2019

12. In-Kind Contributions

During the years ended August 31, 2019 and 2018, Girls Leadership was the recipient of in-kind contributions (principally in the form of donated food and photography services). In accordance with *ASC 958.605.30*, Girls Leadership has determined that the estimated values of these goods and services amounted to \$1,150 and \$37,393 for the years ended August 31, 2019 and 2018, respectively. These amounts have been reflected as part of contributed income on the statements of activities and changes in net assets.

13. Scholarships

Girls Leadership awarded scholarships in the form of financial aid to low-income participants in its programs totaling \$97,121 and \$63,254 for the years ended August 31, 2019 and 2018, respectively. Such amounts have been reflected as a reduction of program fees on the statement of activities and changes in net assets.

14. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions (previously unrestricted net assets) of \$335,013 and \$302,974 at August 31, 2019 and 2018, respectively, represents the cumulative retained surpluses of Girls Leadership since its inception.

Net Assets With Donor Restrictions

Net assets with donor restrictions (previously temporarily restricted net assets) at August 31, 2019 are summarized as follows:

	2019	2018
Foundation restricted	\$ 125,000	\$ 168,667
Corporation restricted	20,000	15,000
Total net assets with donor restrictions	\$ 145,000	\$ 183,667

During the years ended August 31, 2019 and 2018, contributions to net assets with donor restrictions amounted to \$364,934 and \$75,313, respectively. Releases of net assets without donor restrictions amounted to \$403,601 and \$489,469 for the years ended August 31, 2019 and 2018, respectively.

15. Related Party Transactions

During the year ended August 31, 2018, a voting member of the Board of Directors received compensation and reimbursed expenses totaling \$7,650. There were no related party payments during the year ended August 31, 2019.

**Notes to Financial Statements
August 31, 2019**

16. 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 funding agreements, 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 and service agreements with key management personnel, including executive officers of the organization, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by the granting agency. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

17. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Girls Leadership has evaluated subsequent events through February 25, 2020, the date the financial statements were available to be issued. Subsequent to August 31, 2019 (the organization's fiscal year), the Corona Virus threat (which became widespread during February and March 2020) has significantly impacted financial markets. These financial statements do not contain any adjustments related to economic losses or potential diminished revenue streams which may or may not be realized by Girls Leadership. In the opinion of management, there are no other subsequent events which are required to be disclosed.