

**GIRLS
LEADERSHIP**

Girls Leadership Institute, Inc.

Financial Statements

**For the year ended
August 31, 2020**

With Independent Auditors' Report Thereon

Girls Leadership Institute, Inc.

(A California Not-for-Profit Corporation)

Our Mission: Girls Leadership teaches girls 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 design our programs for the most marginalized girls in order to best serve all girls.

Strategy: We teach programs across the US, produce free educational content and conduct original research, such as our Ready to Lead report, which uncovered the supports and barriers for Black and Latinx girls. We center gender and racial equity in our work to address the internal and external barriers to leadership development. Our programs teach girls, educators, and parents the core practices of emotional intelligence, healthy relationships, and assertive self-expression through culturally responsive and healing centered teaching practices.. 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 and online. In response to COVID, all our programs moved online in late spring, and by summer we were reaching more girls and educators than ever before. 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
Jason Baeten	Director
Karina Cabrerra	Director
Resa Caivano	Director
Darolyn Davis	Director
Coni Frezzo	Board Co-Chair
Gina Hubbell	Director
Julie Keshmiry	California Board Chair
Maria Kiskis	Director
Regina Manzana-Sawhney	Director
Danielle Merida	Director
Emily Pillars	Finance Committee Chair
Mala Singh	Director
Amie Thuener	Board Co-Chair
Simone Marean	Co-CEO
Takai Tyler	Co-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 New York nonprofit corporation based in California) which comprise the statement of financial position as of August 31, 2020 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Leadership Institute, Inc. as of August 31, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial information from which it has been derived.

Danville, California
March 15, 2021

Regalia & Associates

Girls Leadership Institute, Inc.

Statements of Financial Position August 31, 2020 and 2019

ASSETS

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 493,872	\$ 325,885
Accounts, grants and pledges receivable, net of allowance	257,594	233,587
Inventories	6,375	3,147
Prepaid expenses	12,115	13,046
Deposits and other assets	-	3,234
Property and equipment, net	12,110	40,078
Total current assets	<u>782,066</u>	<u>618,977</u>
Noncurrent assets:		
Operating lease - right of use asset	-	73,873
	<u>\$ 782,066</u>	<u>\$ 692,850</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,296	\$ 16,826
Accrued payroll liabilities	58,874	56,981
Operating lease liability - current	4,851	54,630
Deferred revenue	89,570	65,157
Total current liabilities	<u>172,591</u>	<u>193,594</u>
Noncurrent liabilities:		
Operating lease liability - noncurrent	-	19,243
Total liabilities	<u>172,591</u>	<u>212,837</u>
Net assets:		
<i>Without</i> donor restrictions	388,174	335,013
<i>With</i> donor restrictions	221,301	145,000
Total net assets	<u>609,475</u>	<u>480,013</u>
	<u>\$ 782,066</u>	<u>\$ 692,850</u>

Girls Leadership Institute, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2020
(with Summarized Financial Information for the Year Ended August 31, 2019)

	Net Assets		Total 2020	Total 2019
	Without Donor Restrictions	With Donor Restrictions		
<i>Changes in net assets:</i>				
Revenue and support:				
Program fees	\$ 808,892	\$ -	\$ 808,892	\$ 1,251,560
Less: scholarships	(120,149)	-	(120,149)	(97,121)
Program fees, net	688,743	-	688,743	1,154,439
Merchandise sales	-	-	-	3,042
Investment interest	207	-	207	587
Gain (loss) on sale of securities	292	-	292	(89)
Total revenue	689,242	-	689,242	1,157,979
Contributions	558,618	293,151	851,769	1,050,496
Foundation grants	435,843	17,000	452,843	177,800
Government contributions	322,049	-	322,049	-
In-kind contributions	9,419	-	9,419	1,150
Net assets released from restriction	233,850	(233,850)	-	-
Total support	1,559,779	76,301	1,636,080	1,229,446
Total revenue and support	2,249,021	76,301	2,325,322	2,387,425
Expenses:				
<i>Programs:</i>				
California	383,840	-	383,840	552,186
Colorado	125,406	-	125,406	210,088
New York	234,746	-	234,746	304,017
New Jersey	108,679	-	108,679	173,799
National and professional development	342,051	-	342,051	622,288
Family	155,960	-	155,960	-
Adolescent	219,873	-	219,873	-
Research	187,788	-	187,788	4,351
Total programs	1,758,343	-	1,758,343	1,866,729
<i>Overhead:</i>				
General and administrative	282,949	-	282,949	249,905
Fundraising	154,568	-	154,568	277,419
Total expenses	2,195,860	-	2,195,860	2,394,053
Increase (decrease) in net assets	53,161	76,301	129,462	(6,628)
Net assets at beginning of year	335,013	145,000	480,013	486,641
Net assets-end of year	\$ 388,174	\$ 221,301	\$ 609,475	\$ 480,013

Girls Leadership Institute, Inc.

Statements of Cash Flows For the Years Ended August 31, 2020 and 2019

	2020	2019
<i>Operating activities:</i>		
Increase (decrease) in net assets	\$ 129,462	\$ (6,628)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	27,968	44,353
Changes in:		
Accounts, grants and pledges receivable	(24,007)	23,994
Inventories	(3,228)	104
Prepaid expenses	931	2,777
Deposits and other assets	3,234	-
Operating lease - right of use asset	73,873	-
Accounts payable and accrued liabilities	2,470	8,569
Accrued payroll liabilities	1,893	7,761
Deferred revenue	24,413	(44,186)
Cash provided by operating activities	237,009	36,744
 <i>Financing activities:</i>		
Principal payments applied to lease liability	(69,022)	-
Cash used for financing activities	(69,022)	-
 Increase in cash and cash equivalents	 167,987	 36,744
Cash and cash equivalents at beginning of year	325,885	289,141
 Cash and cash equivalents at end of year	\$ 493,872	\$ 325,885
 <i>Additional cash flow information:</i>		
State registration fees and taxes paid	\$ 275	\$ 387
Interest paid	\$ -	\$ -

Girls Leadership Institute, Inc.

Statement of Functional Expenses For the Year Ended August 31, 2020

(with Summarized Financial Information for the Year Ended August 31, 2019)

	California	Colorado	New York	New Jersey	National and Professional Development	Family	Adol- escent	Research	Total Programs	General and Admin- istrative	Fund- raising	2020 Total	2019 Total
Salaries and wages	\$ 275,574	\$ 91,719	\$ 178,555	\$ 86,254	\$ 232,316	\$ 126,525	\$ 157,685	\$ 41,339	\$1,189,967	\$ 186,313	\$ 83,325	\$ 1,459,605	\$ 1,371,853
Payroll taxes	21,604	7,107	14,374	6,257	17,963	10,640	12,846	2,502	93,293	14,912	6,597	114,802	111,576
Benefits	11,822	4,059	7,490	3,282	9,887	5,161	6,752	1,452	49,905	10,405	3,435	63,745	92,223
Total personnel	309,000	102,885	200,419	95,793	260,166	142,326	177,283	45,293	1,333,165	211,630	93,357	1,638,152	1,575,652
Advertising and promotion	597	781	342	421	749	29	240	40	3,199	178	675	4,052	21,083
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	(1,143)
Cost of merchandise sold (returned)	-	-	-	-	-	-	-	-	-	(3,214)	-	(3,214)	6,872
Depreciation	4,280	1,527	2,417	1,174	3,326	985	2,104	8,922	24,735	2,154	1,079	27,968	44,353
Dues, licenses, and service fees	8,830	3,439	4,792	2,713	5,926	2,900	4,739	795	34,134	1,661	8,409	44,204	56,850
Equipment rental and maintenance	516	157	312	135	438	294	314	63	2,229	750	113	3,092	3,659
Information technology	2,447	819	1,571	642	2,625	1,424	1,646	3,935	15,109	2,737	9,283	27,129	18,040
Insurance	-	-	-	-	-	-	-	-	-	27,057	-	27,057	22,296
Legal and accounting	-	-	-	-	-	-	-	-	-	26,946	-	26,946	29,557
Miscellaneous	942	649	1,083	12	3,834	1,241	2,926	96	10,783	461	276	11,520	15,174
Occupancy	19,376	4,997	8,204	3,093	12,946	4,265	6,379	1,288	60,548	6,782	2,970	70,300	253,367
Outside consulting fees	6,353	2,296	5,727	1,639	34,893	994	4,134	126,771	182,807	2,565	15,246	200,618	131,430
Postage	902	1,117	676	633	61	20	190	5	3,604	284	12	3,900	3,910
Printing	1,205	824	709	252	2,388	-	562	53	5,993	252	2,664	8,909	11,531
Special events	19,186	-	998	-	-	-	-	-	20,184	-	9,990	30,174	76,956
Supplies and office	6,300	3,483	3,172	1,498	6,327	512	6,066	268	27,626	971	358	28,955	42,713
Telecommunications	889	233	622	184	1,020	1,217	934	152	5,251	918	384	6,553	5,922
Travel and meals	3,017	2,199	3,702	490	7,352	(247)	12,356	107	28,976	817	9,752	39,545	75,831
Totals	\$ 383,840	\$ 125,406	\$ 234,746	\$ 108,679	\$ 342,051	\$ 155,960	\$ 219,873	\$ 187,788	\$1,758,343	\$ 282,949	\$ 154,568	\$ 2,195,860	\$ 2,394,053

**Notes to Financial Statements
August 31, 2020**

1. Organization

Girls Leadership is a national, educational non-profit with a mission to teach to exercise the power of their voice. Founded in 2009, Girls Leadership has reached over 75,000 people, 68% of whom qualify for free or reduced school lunch, and 69% of whom are girls of color. Girls Leadership is generating impact through transformational programs, online content, and original research. Girls Leadership is committed to ensuring that girls across differences of income, race, and culture come to know and realize 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 consist 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, 2020

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 which range from three years to five years.

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 without donor restrictions represent funds which are 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, 2020.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent funds which are 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, 2020

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 2019 financial statements in order to conform to the presentation used in 2020.

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, 2020**

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, 2020.

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, 2020**

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

Recent and Relevant Accounting Pronouncements – The following pronouncements are applicable to all exempt organizations:

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, 2021, but Girls Leadership has elected early implementation.

This 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 March 15, 2021 (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, 2020

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:

	2020	2019
Checking and clearing accounts (noninterest-bearing)	\$ 473,793	\$ 305,810
Savings and money market accounts (interest-bearing)	20,079	20,075
Total cash and cash equivalents	\$ 493,872	\$ 325,885

Funds in savings and money market accounts bear interest at 0.02% per annum at August 31, 2020.

4. Accounts, Grants, and Pledges Receivable

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

	2020	2019
Accounts receivable	\$ 256,786	\$ 233,008
Other receivables	808	579
Total accounts, grants, and pledges receivable	\$ 257,594	\$ 233,587

During the year ended August 31, 2019, Girls Leadership recovered \$1,143 of accounts previously deemed uncollectible. There were no bad debts or recoveries during the year ended August 31, 2020.

5. Property and Equipment

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

	2020	2019
Website	\$ 170,245	\$ 170,245
Less accumulated depreciation and amortization	(158,135)	(130,167)
Total property and equipment, net	\$ 12,110	\$ 40,078

Total depreciation expense for the years ended August 31, 2020 and 2019 amounted to \$27,968 and \$44,353, respectively, and is reflected on the statement of functional expenses.

6. Inventories

Inventories of \$6,375 and \$3,147 at August 31, 2020 and 2019, respectively, consist of program apparel and other general merchandise sold at various geographic locations. Merchandise sales amounted to \$3,042 for the year ended August 31, 2019. There were no merchandise sales for the year ended August 31, 2020. Cost of merchandise sold amounted \$6,872 for the year ended August 31, 2019. Certain adjustments to inventory resulted in a correction to cost of merchandise sold in the amount of (\$3,214) for the year ended August 31, 2020.

**Notes to Financial Statements
August 31, 2020**

7. Leases and Right of Use Asset

Up until June 25, 2020, Girls Leadership leased its corporate office space under a multi-year operating agreement expiring December 31, 2020. The lease stipulated a payment of \$4,851 per month and Girls Leadership was responsible for its own property insurance, maintenance, and utilities. Effective June 25, 2020, Girls Leadership and the landlord agreed to terminate the lease for an amount totaling \$7,277 (\$4,851 as of June 30, 2020) memorialized with a Promissory Note bearing interest at the fixed rate of 6% per annum with six equal monthly installments of \$1,213.

Previously, in accordance with *ASU 2016-02, Leases*, Girls Leadership was 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, as of August 31, 2019, Girls Leadership 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 \$70,300 and \$246,074 for the years ended August 31, 2020 and 2019, respectively, and is reflected as a component of occupancy expense on the statement of functional expenses.

8. Deferred Revenue

Deferred revenue of \$89,570 and \$65,157 at August 31, 2020 and 2019, 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 program fees and revenues on the statement of activities and changes in net assets in the subsequent fiscal period.

9. Compensated Absences (Accrued Payroll and Related Benefits)

Girls Leadership does not follow the recommendations of *ASC 710.25, Compensated Absences*. A liability for the estimated amounts of compensation for vacation and sick leave is not reflected in the financial statements. Accrued payroll liabilities amounted to \$58,874 and \$56,981 at August 31, 2020 and 2019, respectively.

Notes to Financial Statements
August 31, 2020

10. Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and amounted to \$4,052 and \$21,083 for the years ended August 31, 2020 and 2019, 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:

	2020	2019
Cash and cash equivalents	\$ 493,872	\$ 325,885
Accounts, grants, and pledges receivable	257,594	233,587
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	(171,301)	(25,000)
Financial assets available to meet general expenditures over the next twelve months	\$ 580,165	\$ 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.

12. Scholarships

Girls Leadership awarded scholarships in the form of financial aid to qualifying participants in its programs totaling \$120,149 and \$97,121 for the years ended August 31, 2020 and 2019, respectively. Such amounts have been reflected as a reduction of program fees on the statement of activities and changes in net assets.

**Notes to Financial Statements
August 31, 2020**

13. In-Kind Contributions

During the years ended August 31, 2020 and 2019, 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 \$9,419 and \$1,150 for the years ended August 31, 2020 and 2019, respectively. These amounts have been reflected as part of contributed income on the statements of activities and changes in net assets.

14. Loan Payable to SBA Under Paycheck Protection Program

During April 2020, Girls Leadership received \$322,049 in a forgivable loan under the Small Business Administration Paycheck Protection Program (“PPP”). Congress established the PPP to provide relief to small businesses during the coronavirus pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. This legislation authorized the United States Treasury Department to use the SBA’s 7(a) small business lending program to fund loans of up to \$10 million per borrower that qualifying entities can spend to cover payroll, interest, rent, and utilities.

In March 2021, Girls Leadership applied to the SBA for forgiveness of the \$322,049 PPP loan. Girls Leadership expended the funds and utilized the proceeds for payroll, operating overhead, and other eligible costs in accordance with its agreement with the SBA. As a result, the conditions for satisfying the terms of forgiveness were present at the end of the fiscal year. Accordingly, because the terms of the forgivable loan had been fully satisfied as of August 31, 2020, the loan balance of \$322,049 has been reflected as a government contribution on the statement of activities and changes in net assets in accordance with [ASU 2018-08](#).

During January 2021, Girls Leadership received additional PPP loan funding in the amount of \$297,178. The forgivable loan bears interest at the fixed rate of 1.0% per annum and is due January 27, 2026. However, if Girls Leadership satisfies the provisions of loan forgiveness (either in whole or in part), the forgiven balance will be recorded as government contributed income.

15. 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.

Notes to Financial Statements
August 31, 2020

16. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions of \$388,174 and \$335,013 at August 31, 2020 and 2019, respectively, represents the cumulative retained surpluses of Girls Leadership since its inception.

Net Assets With Donor Restrictions

Net assets with donor restrictions at August 31 are summarized as follows:

	2020	2019
Foundation restricted	\$ 50,000	\$ 125,000
Corporation restricted	140,500	20,000
Individual restricted	30,801	-
Total net assets with donor restrictions	\$ 221,301	\$ 145,000

During the years ended August 31, 2020 and 2019, contributions to net assets with donor restrictions amounted to \$310,151 and \$364,934, respectively. Releases of net assets with donor restrictions amounted to \$233,850 and \$403,601 for the years ended August 31, 2020 and 2019, respectively.

17. COVID-19

In late 2019, an outbreak of a novel strain of coronavirus (COVID-19) began spreading around the world. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The novel coronavirus threat has (a) significantly impacted financial markets, (b) potentially diminished revenue streams, and (c) impacted private enterprises with which Girls Leadership conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. These financial statements do not contain any adjustments related to economic losses which may or may not be realized by Girls Leadership as a result of these events.

18. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Girls Leadership has evaluated subsequent events through March 15, 2021, the date the financial statements were available to be issued. As disclosed in Note 14: (a) Girls Leadership applied to the SBA for forgiveness of the PPP loan in March 2021; and (b) Girls Leadership received additional PPP loan funding in the amount of \$297,178 in January 2021. In the opinion of management, there are no other subsequent events which are required to be disclosed.