

GIRLS
LEADERSHIP

Girls Leadership Institute, Inc.

Financial Statements

**For the Years Ended
August 31, 2023 *and* 2022**

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 through programs grounded in social emotional learning. We provide programs for girls, workshops for families, and professional development training for teachers, guidance counselors, coaches, and nonprofit staff.

Girls Leadership centers gender and racial equity in our work to address the internal and external barriers to leadership development. There are 25 million K–12th grade girls in the U.S. If you combine the efforts of all national girl-serving organizations, they collectively are only reaching about three million, or 12% of the country’s girls, leaving a staggering 22 million girls in the U.S. without support. Girls Leadership’s bold goal is to close that gap.

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

Diversity, Equity, & Inclusion: Girls Leadership exists to help create a world where all girls are included, embraced, and belong. In our work, diversity and equity are at the heart of every decision we make, every program we design, every partner we connect with, and all research we conduct so that we can create a more inclusive world where every girl’s leadership is valued.

*Girl: Includes anyone who identifies as a girl, as well as non-binary and gender-expansive youth.

Locations: Our headquarters office is located in Oakland, California and we run in-person and online programs across the country.

Board of Directors

Name	Position
Aditi Goel	Strategy Chair
Amira Day Dallafior	Governance Co-Chair
Callan Blout Fleming	Development Co-Chair
Coni Frezzo	Governance Co-Chair
Emily Pillars	Co-Chair
Crystal Sampson	Director
David Shleifer-Lee	Director
Devon McAllister	Director
Julie Keshmiry	CA Board Chair/Strategy Co-Chair
Karina Cabrera	Director
Krystal Folk	Director
Maria Kiskis	Director
Marina Bolsterli Smith	Director
Michael Glassman	Director
Pinar Ilgar	Finance Chair
Pratima Sethi	Director
Renae Griffin	Director
Resa Caivano	Director
Sarah Wendt	Development Co-Chair
Wendi Williams	Co-Chair
Wendy Lee Haines	Director
Simone Marean	Co-CEO
Takai Tyler	Co-CEO

Information

Girls Leadership Institute, Inc.

(A California Not-for-Profit Corporation)

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Girls Leadership Institute, Inc.

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Oakland, California 94615

Web Site Address: www.girlsleadership.org

INDEPENDENT AUDITORS' REPORT

The Board of Trustees Girls Leadership Institute, Inc.

Opinion

We have audited the accompanying financial statements of Girls Leadership Institute (a California nonprofit organization) which comprise of the statement of financial position as of August 31, 2023 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Girls Leadership Institute as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Girls Leadership Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Leadership Institute's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Girls Leadership Institute's financial statements for the year ended August 31, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danville, California
June 17, 2024

Regalia & Associates

Girls Leadership Institute, Inc.

Statements of Financial Position August 31, 2023 and 2022

ASSETS

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 1,870,619	\$ 2,242,372
Certificates of deposit greater than 90 days	767,376	-
Accounts, grants and pledges receivable	1,054,756	1,826,734
Inventories	2,280	2,801
Prepaid expenses	21,925	13,085
Total current assets	3,716,956	4,084,992
Noncurrent assets:		
Accounts, grants and pledges receivable	486,744	-
Operating right of use asset - premises	109,960	-
Total noncurrent assets	596,704	-
Total Assets	\$ 4,313,660	\$ 4,084,992

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 22,524	\$ 86,142
Accrued payroll liabilities	107,290	70,051
Deferred revenue	2,750	91,585
Operating lease liability - current	68,398	-
Total current liabilities	200,962	247,778
Noncurrent liabilities:		
Operating lease liability - noncurrent	42,171	-
Total liabilities	243,134	247,778
Net assets:		
Without donor restrictions	2,452,503	2,002,594
With donor restrictions	1,618,023	1,834,620
Total net assets	4,070,526	3,837,214
	\$ 4,313,660	\$ 4,084,992

Girls Leadership Institute, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2023
(with Summarized Financial Information for the Year Ended August 31, 2022)

	Net Assets		Total 2023	Total 2022
	Without Donor Restrictions	With Donor Restrictions		
<i>Changes in net assets:</i>				
Revenue and support:				
Program fees	\$ 181,337	\$ -	\$ 181,337	\$ 285,886
Less: scholarships	(24,045)	-	(24,045)	(19,343)
Program fees, net	157,292	-	157,292	266,543
Investment interest	36,130	-	36,130	11,863
Gain on sale of securities	-	-	-	17
Total revenue	193,422	-	193,422	278,423
Contributions	784,791	347,283	1,132,074	3,983,823
Foundation grants	410,397	1,500,000	1,910,397	631,843
Government contributions	-	-	-	409,067
Contributions of nonfinancial assets	1,248	-	1,248	2,425
Contributions of nonfinancial assets - services	66,850	-	66,850	70,000
Net assets released from restriction	2,000,624	(2,000,624)	-	-
Change in value of pledges receivable	-	(63,256)	(63,256)	-
Total support	3,263,910	(216,597)	3,047,313	5,097,158
Total revenue and support	3,457,332	(216,597)	3,240,735	5,375,581
Expenses:				
<i>Programs:</i>				
California	714,996	-	714,996	372,658
New York	769,884	-	769,884	411,027
National and professional development	478,750	-	478,750	284,980
Family	-	-	-	222,992
Adolescent	-	-	-	357,151
Research	395,615	-	395,615	245,793
Total programs	2,359,245	-	2,359,245	1,894,601
<i>Overhead:</i>				
General and administrative	383,687	-	383,687	308,713
Fundraising	264,491	-	264,491	217,913
Total expenses	3,007,423	-	3,007,423	2,421,227
Increase (decrease) in net assets	449,909	(216,597)	233,312	2,954,354
Net assets at beginning of year	2,002,594	1,834,620	3,837,214	882,860
Net assets at end of year	\$ 2,452,503	\$ 1,618,023	\$ 4,070,526	\$ 3,837,214

Girls Leadership Institute, Inc.

Statements of Cash Flows For the Years Ended August 31, 2023 and 2022

	2023	2022
<i>Operating activities:</i>		
Increase in net assets	\$ 233,312	\$ 2,954,354
Adjustments to reconcile to cash provided by (used for) operating activities:		
Amortization of right of use asset and operating lease liability	610	-
Change in present value of pledges receivable	63,256	-
Changes in:		
Accounts, grants and pledges receivable	221,978	(1,735,068)
Inventories	521	3,574
Prepaid expenses	(8,840)	(5,394)
Accounts payable and accrued liabilities	(63,618)	19,574
Accrued payroll liabilities	37,239	21,340
Deferred revenue	(88,835)	56,637
Cash provided by operating activities	395,623	1,315,017
Increase in cash and cash equivalents	395,623	1,315,017
Cash and cash equivalents at beginning of year	2,242,372	927,355
Cash and cash equivalents at end of year	\$ 2,637,995	\$ 2,242,372
<i>Additional cash flow information:</i>		
State registration fees and taxes paid	\$ 495	\$ 495
Interest paid	\$ -	\$ -

Girls Leadership Institute, Inc.

Statement of Functional Expenses For the Year Ended August 31, 2023

(with Summarized Financial Information for the Year Ended August 31, 2022)

	California	New York	National and Professional Development	Research	Total Programs	General and Admin- istrative	Fund- raising	2023 Total	2022 Total
Salaries and wages	\$ 487,741	\$ 459,169	\$ 323,929	\$ 177,495	\$ 1,448,334	\$ 137,972	\$ 180,829	\$ 1,767,135	\$ 1,378,419
Payroll taxes	36,509	34,665	24,197	13,287	108,658	10,253	13,517	132,428	110,152
Benefits	45,454	42,379	28,889	15,891	132,613	21,942	16,646	171,201	107,661
Total personnel	569,704	536,213	377,015	206,673	1,689,605	170,167	210,992	2,070,764	1,596,232
Advertising and promotion	613	577	405	220	1,815	159	230	2,204	7,099
Cost of merchandise sold	-	-	521	-	521	-	-	521	3,574
Dues, licenses, and service fees	532	319	2,456	86	3,393	1,367	4,035	8,795	19,426
Information technology	7,662	7,217	5,088	4,158	24,125	2,549	2,845	29,519	18,277
Contributions of nonfinancial assets	1,248	-	-	-	1,248	-	-	1,248	2,425
Contributions of nonfinancial assets - services	-	1,850	-	-	1,850	65,000	-	66,850	72,000
Insurance	-	-	-	-	-	12,586	-	12,586	10,676
Legal and accounting	309	332	218	113	972	106,749	113	107,834	74,578
Miscellaneous	10,452	48,774	9,973	48,493	117,692	10,601	246	128,539	33,735
Occupancy	22,324	26,198	8,813	4,891	62,226	5,209	4,970	72,405	51,590
Outside consulting fees	38,824	35,953	59,082	127,151	261,010	3,947	36,356	301,313	354,337
Postage	6	5	4	68	83	6	488	577	4,963
Printing	2,081	3,304	149	-	5,534	-	-	5,534	2,062
Special events	37,466	73,142	229	129	110,966	95	735	111,796	92,615
Supplies and office	8,536	9,637	4,150	1,809	24,132	1,525	1,901	27,558	41,050
Telecommunications	3,915	3,688	2,592	1,426	11,621	1,095	1,453	14,169	11,757
Travel and meals	11,324	22,675	8,055	398	42,452	2,632	127	45,211	26,831
Totals	\$ 714,996	\$ 769,884	\$ 478,750	\$ 395,615	\$ 2,359,245	\$ 383,687	\$ 264,491	\$ 3,007,423	\$ 2,423,227

**Notes to Financial Statements
August 31, 2023 and 2022**

1. Organization

Girls Leadership Institute, Inc. ("Girls Leadership") is a national, educational non-profit with a mission to teach girls to exercise the power of their voice. Founded in 2009, Girls Leadership impacted the lives of over 150,000 girls in FY 23, 73% of them are girls of color, and 72% qualify for free or reduced school lunch. 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 statement of activities reflect 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 Girls Leadership to periodically assess receivables to determine proper carrying value.

Notes to Financial Statements
August 31, 2023 and 2022

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*.

Contributions of Nonfinancial Assets – Donated services and in-kind contributions are reflected at the fair value of the contributions received in accordance with *ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. 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.

Volunteers donate a substantial amount of time to Girls Leadership. While significant in value, these services are not recorded in the financial statements since they are not susceptible to objective measurement or valuation. There were no contributed services that met the criteria for recognition for the years ended August 31, 2023 and 2022.

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.

Reclassifications – Certain reclassifications have been made to the 2022 financial statements in order to conform to the presentation used in 2023.

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires Girls Leadership to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Specifically, expenses have been allocated among the program and supporting services benefited using time spent, as appropriate.

Notes to Financial Statements
August 31, 2023 and 2022

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

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 any purpose, such as a reserve, but it has not opted to do so as of August 31, 2023 and 2022.

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 such 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.

Revenue and Revenue Recognition - Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from contracts with Customers (Topic 606)*. 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 – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income (such as special events), and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with *Topic 606*.

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.

Notes to Financial Statements
August 31, 2023 and 2022

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

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:

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 years ended August 31, 2023 and 2022.

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.

Notes to Financial Statements
August 31, 2023 and 2022

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

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit 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.

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) removes inconsistencies and weaknesses in existing revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

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 June 17, 2024 (the date of the Independent Auditors’ Report), management has made this evaluation and has determined that Girls Leadership has the ability to continue as a going concern.

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. 2018-01, ASU No. 2018-10, and ASU No. 2018-11*. The 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 statement of activities and changes in net assets.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 605) – 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.

Notes to Financial Statements
August 31, 2023 and 2022

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

ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets – The purpose of the *ASU 2020-07* is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by Girls Leadership. *ASU 2020-07* does not change the accounting and recognition of nonfinancial assets but rather expands the presentation and disclosure requirements in the financial statements.

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:

	2023	2022
Checking and clearing accounts (noninterest-bearing)	\$ 1,620,508	\$ 149,857
Certificates of deposit greater than 90 days	767,376	2,072,428
Savings and money market accounts (interest-bearing)	250,111	20,087
Total cash and cash equivalents	\$ 2,637,995	\$ 2,242,372

Funds in savings and money market accounts bear interest at 4.00% and 0.02% per annum at August 31, 2023 and 2022, respectively.

4. Accounts, Grants, and Pledges Receivable

Accounts, Grants, and pledges receivable are expected to be collected as follows at August 31:

	2023	2022
Year ending August 31, 2023	\$ -	\$ 1,826,734
Year ending August 31, 2024	1,054,756	-
Year ending August 31, 2025	300,000	-
Year ending August 31, 2026	250,000	-
Total grants, pledges, and accounts receivable	1,604,756	1,826,734
Less: discount applied to long-term pledges receivable	(63,256)	-
Net grants, pledges, and accounts receivable	1,541,500	1,826,734
Less: accounts, grants, pledges receivable due within one year (current)	(1,054,756)	(1,826,734)
Accounts, grants, and pledges receivable due after one year (noncurrent)	\$ 486,744	\$ -

Accounts, grants, and pledges receivable due in more than one year are reflected at the net present value of estimated future cash flows using a discount rate of 5.58% per annum. The change in the value of the accounts, grants, and pledges receivable for the year ended August 31 2023, amounted to \$63,256 and is reflected as a component of income affecting the value of net assets with donor restrictions on the statement of activities and changes in net assets. There was no change in value of the accounts, grants, and pledges receivable for the year ended August 31, 2022.

**Notes to Financial Statements
August 31, 2023 and 2022**

5. Deferred Revenue

Deferred revenue of \$2,750 and \$91,585 at August 31, 2023 and 2022, 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 recorded as program fees and revenues on the statement of activities and changes in net assets in the subsequent fiscal period.

6. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under *ASC 710.25*, the Girls Leadership is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued expense on the statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued vacation payroll liabilities amounted to \$21,452 at August 31, 2023 and such amounts are included with accrued payroll liabilities on the statements of financial position. There were no accrued vacation payroll liabilities at August 31, 2022, as Girls Leadership did not follow the recommendations *ASC 710.25, Compensated Absences*.

7. Operating Right of Use Asset and Leases

Girls Leadership leases its corporate office space under a multi-year operating lease expiring May 31, 2025. The lease stipulates a payment of \$5,835 per month as of August 31, 2023 and provides for annual increases of approximately 3% each January 1st. 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 the 2-year risk free T-bill rate) as an "Operating Right of Use" asset and a corresponding operating lease liability. The weighted average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease and because Girls Leadership does not have any loans for an incremental borrowing rate, Girls Leadership is permitted to use a risk-free discount rate for the lease, determined using a period comparable with that of the lease term. The estimated effective risk-free discount for the lease was determined to be 4.08%. Girls Leadership had no finance leases in effect during the years ended August 31, 2023 and 2022.

When applicable, Girls Leadership has elected the short-term lease exemption for all leases with a term of 12 months or fewer for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Additionally, certain immaterial multi-year leases were not capitalized as operating right of use assets. Lease payments under these agreements are recognized on a straight-line basis.

Notes to Financial Statements
August 31, 2023 and 2022

7. Operating Right of Use Asset and Leases *(continued)*

Total operating right of use asset and operating lease liabilities on the statements of financial position consist of the following at August 31:

	2023	2022
Gross operating right of use asset – premises	\$ 135,171	\$ -
Accumulated amortization operating right of use asset – premises	(25,211)	-
Total operating right of use asset, net	\$ 109,960	\$ -
	2023	2022
Operating lease liability – short term	\$ 68,398	\$ -
Operating lease liability – long term	42,171	-
Total operating lease liability	\$ 110,569	\$ -

Total operating lease cost recognized within occupancy expense on the statement of functional expenses is summarized as follows at August 31:

	2023	2022
Amortization of operating lease asset	\$ 25,211	\$ -
Interest on lease liability	1,851	-
Variable lease credit (cost)	(1,241)	-
Operating lease cost	\$ 25,821	\$ -

The following summarizes cash flow information related to operating leases as of August 31:

	2023	2022
Principal payments applied to lease liability	\$ 24,601	\$ -
Interest on lease liability	1,851	-
Total cash paid for amounts included in measurement of lease liabilities	\$ 26,452	\$ -

Girls Leadership is also obligated under various short and long-term rental agreements for various programs which include various program and retail activities. Total rent and storage costs (including the amortization of the operating right of use asset) amounted to \$72,405 and \$51,590 for the years ended August 31, 2023 and 2022, respectively. As of August 31, 2023, future minimum payments under lease agreements are as follows:

Year Ending:	Total
August 31, 2024	\$ 71,420
August 31, 2025	42,610
Total Lease Payments	114,030
Less: Interest	(3,461)
Present value of lease liabilities	\$ 110,569

Notes to Financial Statements
August 31, 2023 and 2022

7. Operating Right of Use Asset and Leases *(continued)*

The following table represents the weighted-average remaining lease term and discount rate for the operating lease as of August 31, 2023:

Weighted average remaining lease terms (years)	1.3
Weighted average discount rate	4.08%

8. Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and amounted to \$2,204 and \$7,099 for the years ended August 31, 2023 and 2022, respectively.

9. Contributions of Nonfinancial Assets

During the years ended August 31, 2023 and 2022, Girls Leadership received various contributions of nonfinancial assets which have been valued by management at fair value at the time of the donation. The values of these contributions, as reflected in the financial statements, is summarized as follows:

	2023	2022
Contributions – nonfinancial assets	\$ 1,248	\$ 2,425
Contributions – services	66,850	70,000
Total contributions of nonfinancial assets	\$ 68,098	\$ 72,425

A substantial number of unpaid professionals have made significant contributions of time and services to various departments or programs of Girls Leadership. The value of this contributed time has not been reflected in the financial statements because it was not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under [*ASC 958.605.25-16*](#).

10. 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.

**Notes to Financial Statements
August 31, 2023 and 2022**

10. Liquidity *(continued)*

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 date of the statement of financial position to meet general expenditures:

	2023	2022
Cash, cash equivalents, and CDs greater than 90 days	\$ 2,637,995	\$ 2,242,372
Accounts, grants, and pledges receivable	1,054,756	1,826,734
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	(775,000)	(309,620)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,917,751	\$ 3,759,486

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.

11. Scholarships

Girls Leadership awarded scholarships in the form of financial aid to qualifying participants in its programs totaling \$24,045 and \$19,343 for the years ended August 31, 2023 and 2022, respectively. Such amounts have been reflected as a reduction of program fees on the statement of activities and changes in net assets.

12. 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, 2023 and 2022

13. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions of \$2,452,503 and \$2,002,594 at August 31, 2023 and 2022, respectively, represent the cumulative retained surpluses of Girls Leadership since its inception.

Net Assets With Donor Restrictions

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

	2023	2022
Foundation restricted	\$ 1,025,000	\$ 69,275
Corporation restricted	581,279	1,740,345
Individual restricted	75,000	25,000
Present value discount related to long-term receivables	(63,256)	-
Total net assets with donor restrictions	\$ 1,681,023	\$ 1,834,620

During the years ended August 31, 2023 and 2022, contributions to net assets with donor restrictions amounted to \$1,847,283 and \$3,356,120, respectively. Releases of net assets with donor restrictions amounted to \$2,000,624 and \$1,650,677 for the years ended August 31, 2023 and 2022, respectively.

14. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Girls Leadership has evaluated subsequent events through June 17, 2024 the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which necessitate disclosure.