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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Girls Incorporated of New York City

We have audited the accompanying financial statements of Girls Incorporated of New York City (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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 Incorporated of New York City as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Girls Incorporated of New York City June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Owen J. Flanagan & Co.

December 27, 2021

GIRLS INCORPORATED OF NEW YORK CITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 784,039	\$ 1,026,835
Contributions receivable	614,566	352,578
Investments	82,209	-
Prepaid expenses and other assets	45,407	45,407
Property, equipment and software (net of accumulated depreciation and amortization of \$294,290 and \$223,248 in 2021 and 2020)	<u>97,935</u>	<u>143,303</u>
<u>Total Assets</u>	<u>\$ 1,624,156</u>	<u>\$ 1,568,123</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 72,985	\$ 87,263
PPP Loan payable	<u>-</u>	<u>534,887</u>
<u>Total Liabilities</u>	<u>72,985</u>	<u>622,150</u>
<u>Net Assets</u>		
Without donor restrictions	1,329,291	727,270
With donor restrictions	<u>221,880</u>	<u>218,703</u>
<u>Total Net Assets</u>	<u>1,551,171</u>	<u>945,973</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,624,156</u>	<u>\$ 1,568,123</u>

The accompanying notes are an integral part of these financial statements.

GIRLS INCORPORATED OF NEW YORK CITYSTATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2021(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
<u>Revenue and Support</u>				
Contributions and grants	\$ 1,062,162	\$ 264,550	\$ 1,326,712	\$ 1,153,893
Governmental agencies	1,631,793	-	1,631,793	1,684,310
PPP loan forgiveness	534,887	-	534,887	-
Program services	115,711	-	115,711	79,876
Spring benefit, net of direct expenses	134,277	-	134,277	127,742
Other events, net of direct expenses	40,290	-	40,290	15,943
Investment income	20,519	-	20,519	22
Net assets released from restrictions	261,373	(261,373)	-	-
<u>Total Revenue and Support</u>	<u>3,801,012</u>	<u>3,177</u>	<u>3,804,189</u>	<u>3,061,786</u>
<u>Expenses</u>				
Program services	2,544,055		2,544,055	2,855,391
Management and general	247,814		247,814	278,711
Fundraising	407,122		407,122	384,928
<u>Total Expenses</u>	<u>3,198,991</u>		<u>3,198,991</u>	<u>3,519,030</u>
Change in Net Assets for Year	602,021	3,177	605,198	(457,244)
Net Assets, beginning of year	727,270	218,703	945,973	1,403,217
Net Assets, End of Year	<u>\$ 1,329,291</u>	<u>\$ 221,880</u>	<u>\$ 1,551,171</u>	<u>\$ 945,973</u>

The accompanying notes are an integral part of these financial statements.

GIRLS INCORPORATED OF NEW YORK CITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets for Year	\$ 605,198	\$ (457,244)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in appreciation of investments	(20,507)	-
Depreciation and amortization	71,042	64,007
Change in contribution receivable	(261,988)	402,213
Change in prepaid expenses	-	(40,000)
Change in accounts payable and accrued expenses	<u>(14,278)</u>	<u>(32,699)</u>
<u>Cash Provided by (Used in) Operating Activities</u>	<u>379,467</u>	<u>(63,723)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchases of investments	(61,702)	-
Purchase of property, equipment and software	<u>(25,674)</u>	<u>(25,000)</u>
<u>Cash Used in Investing Activities</u>	<u>(87,376)</u>	<u>(25,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
PPP loan	<u>(534,887)</u>	<u>534,887</u>
<u>Cash (Used) Provided by Financing Activities</u>	<u>(534,887)</u>	<u>534,887</u>
<u>Net (Decrease) Increase in Cash for Year</u>	(242,796)	446,164
Cash and cash equivalents, beginning of year	<u>1,026,835</u>	<u>580,671</u>
Cash and cash equivalents, End of Year	<u>\$ 784,039</u>	<u>\$ 1,026,835</u>

The accompanying notes are an integral part of these financial statements.

GIRLS INCORPORATED OF NEW YORK CITYSTATEMENT OF FUNCTIONAL EXPENSESFOR THE YEAR ENDED JUNE 30, 2021(With Comparative Totals for the Year Ended June 30, 2020)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2021</u>	<u>2020</u>
Salaries	\$ 1,725,151	\$ 167,566	\$ 250,145	\$ 2,142,862	\$ 2,418,181
Payroll taxes and employee benefits	427,833	41,556	62,036	531,425	544,920
Professional fees and consultants	137,446	3,342	40,665	181,453	112,801
Audit fees	-	14,500	-	14,500	15,401
Office expenses	11,795	1,006	27,628	40,429	35,640
Occupancy	47,497	4,613	6,887	58,997	101,031
National dues and subscriptions	13,472	143	4,606	18,221	19,609
Meals and meetings	8,883	442	1,225	10,550	44,425
Information technology	16,406	1,594	2,379	20,379	23,586
Insurance	22,469	2,182	3,258	27,909	32,840
Program direct expenses	58,409	-	-	58,409	89,387
Event expenses	-	-	-	-	1,376
Scholarships	17,500	-	-	17,500	8,150
Bank and finance fees	-	5,315	-	5,315	7,676
Depreciation and amortization	57,194	5,555	8,293	71,042	64,007
<u>Total</u>	<u>\$ 2,544,055</u>	<u>\$ 247,814</u>	<u>\$ 407,122</u>	<u>\$ 3,198,991</u>	<u>\$ 3,519,030</u>

The accompanying notes are an integral part of these financial statements.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 NATURE OF ORGANIZATION

Girls Incorporated of New York City ("Girls Inc. NYC") is a non-profit organization dedicated to inspiring all New York City girls to be strong, smart and bold. The primary emphasis of Girls Inc. NYC is reaching girls of New York City, ages 6-18, in low-income communities and schools, through partnerships and direct service programs. Girls Inc. NYC advocates for gender equity on behalf of all girls.

Girls Inc. NYC is an independent affiliate of Girls Incorporated®, a national youth organization.

Girls Inc. NYC is primarily supported by contributions and grants from government agencies, foundations, corporations and individuals.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the accrual basis of accounting. Contributions are recorded when unconditional pledges are received. Conditional pledges are recorded upon meeting the conditions set forth by the donor. Expenses are recorded when incurred.

Method of Presentation

Net assets are recorded based on donor restriction or lack thereof.

Net assets without donor restrictions are those assets which have no donor-imposed stipulations. Contributions received with no such stipulations are recorded as net assets without donor restrictions.

Net assets with donor restrictions result from contributions with donor-imposed stipulations that will either expire due to the passage of time or actions of Girls Inc. NYC. When the donor stipulations have been satisfied, they are reclassified from net assets with donor restrictions to net assets without donor restrictions. Contributions received with donor stipulations that are met within the same fiscal year are reported as net assets without donor restriction.

As of June 30, 2021, 92% of all unconditional promises to give are from a New York City government funder.

As of June 30, 2020, 93% of all unconditional promises to give are from the Girls Incorporated national organization, one corporation, and a New York City government funder.

Girls Inc. NYC uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Girls Inc. NYC includes cash in checking accounts and considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Donated Securities

Donated securities are sold nearly immediately and considered part of operating cash. Realized gains and losses recorded on the sales of donated securities are considered operating cash.

Investments are carried at fair value based on quoted market prices. The Organization follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements*, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the higher reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices on active market which may include quoted prices for similar assets or liabilities or other input which can be corroborated by observable market data. Level 3 inputs are unobservable input and are used to the extent that observable inputs do not exist.

All of the Organization's investments at June 30, 2021 are held in a S & P 500 index fund that has been determined to be a Level 1 investment.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Estimated useful lives are based on the following: computer equipment - 3-5 years; software - 5 year; furniture - 3 years.

Concentrations of Credit Risk

Financial instruments that potentially expose Girls Inc. NYC to concentrations of credit and market risk consist primarily of cash. Accounts at financial institutions are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for each bank. This risk is mitigated by maintaining accounts with a large high-quality financial institution.

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 the reported amounts of assets and liabilities as the date of the financial statements, and the reported amount of revenue, support and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

Girls Inc. NYC has been determined to be exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. It is further classified as a publicly supported organization and not a private foundation.

GIRLS INCORPORATED OF NEW YORK CITYNOTES TO FINANCIAL STATEMENTSJUNE 30, 2021**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Subsequent Events

In connection with the preparation of the financial statements, Girls Inc. NYC evaluated subsequent events after the statement of financial position date of June 30, 2021 through December 27, 2021, which was the date the financial statements were available to be issued.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis on the statement of activities and on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Girls Inc. NYC. Certain categories of expenses are attributable to more than one program or supporting service and are allocated on a reasonable basis which is consistently applied. Girls Inc. of NYC allocates these expenses based on estimates of time and effort per employee and other Girls Inc. NYC resources utilized on programmatic activities as compared to management or fundraising activities of Girls Inc. NYC. Expenses that directly benefit a specific program or management activity are charged accordingly.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected in the following fiscal year.

NOTE 4 SPECIAL EVENTS

During fiscal years 2021 and 2020, Girls Inc. NYC held fundraising and cultivation events and to generate contributions and awareness of the programs offered. The income derived from the fundraising events is reported net on the Statement of Activities. The net income from the Spring Benefit is detailed below.

	<u>2021</u>	<u>2020</u>
Spring Benefit income	\$ 203,558	\$ 152,169
Less: direct expenses	<u>(69,281)</u>	<u>(24,427)</u>
	<u>\$ 134,277</u>	<u>\$ 127,742</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor purpose or time restrictions were \$221,880 at June 30, 2021 and \$218,703 at June 30, 2020.

During the fiscal year ended June 30, 2021 \$261,373 of net assets were released from donor restriction. During the fiscal year ended June 30, 2020, \$117,160 of net assets were released from donor restriction.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6 PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software consist of the following at June 30, 2021 and 2020:

	2021	2020
Computer Equipment	\$ 40,453	\$ 39,141
Software	349,362	325,000
Furniture	2,410	2,410
	392,225	366,551
Less: accumulated depreciation	294,290	223,248
	<u>\$ 97,935</u>	<u>\$ 143,303</u>

NOTE 7 UNCERTAIN TAX POSITIONS

Girls Inc. NYC has not entered into any uncertain tax positions that would require financial statement recognition. It is no longer subject to audit for fiscal years ended before June 30, 2018.

NOTE 8 LEASE COMMITMENT

On December 31, 2017, Girls Inc. NYC renewed an agreement with Girls Incorporated® for office space. Future minimum commitments are as follows:

<u>Year ending June 30,</u>	
2022	\$ 58,029
2023	29,302
	<u>\$ 87,331</u>

Total rent expense under this lease for the years ending June 30, 2021 and 2020 was \$56,986 and \$55,868, respectively.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Line of Credit

On September 28, 2017, Girls Inc. of NYC entered into a line of credit arrangement with a bank that permits borrowings up to \$100,000. The line of credit was subject to an annual service charge of \$250 and interest at the U.S. prime rate plus 1.74% on borrowings. In August of 2018, \$100,000 was borrowed against the line and subsequently repaid in December 2018. In February 2020, \$100,000 was borrowed against the line which was subsequently repaid in April 2020. The line of credit was then increased to \$150,000 with the annual service charge also increased to \$500, and the interest rate was amended to U.S. prime rate plus 0.74%. As of June 30, 2021, there was no remaining balance due on the line.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 COMMITMENTS AND CONTINGENCIES (Continued)

Retirement Plan

On September 15, 2016, Girls Inc. NYC established a defined contribution retirement plan, established under Section 403(b) of the Internal Revenue Code. Employees who have completed 90 days of service, may elect to contribute to this plan. Girls Inc. NYC's Board may elect to make discretionary contributions to the plan. No contributions have been made to the plan during fiscal years ended June 30, 2021 and 2020.

NOTE 10 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects Girls Inc. NYC's financial assets as of June 30, 2021 and June 30, 2020, reduced by amounts not available for general expenditures within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include donor-restricted amounts that are available for general expenditure in the following year:

	2021	2020
Cash and cash equivalents	\$ 784,039	\$ 1,026,835
Investments	82,209	-
Contributions receivable	614,566	352,578
	1,480,814	1,379,413
Net assets subject to time or purpose restriction	(221,880)	(218,703)
Financial assets available for general expenditure within the next 12 months	\$ 1,258,934	\$ 1,160,710

Management prepares a budget annually projecting planned and expected income and expenses. The budget to actual numbers are monitored regularly throughout the year as well as cash flow and timing of receivables. Expenses would be adjusted accordingly as needed. In addition, as mentioned above in Note 9, Girls Inc. NYC has a line of credit of \$150,000 available to meet cash flow needs.

NOTE 11 LOAN PAYABLE

In April 2020, Girls Inc. NYC was granted a loan in the amount of \$534,887, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures after two years and bears interest at a rate of 1% per annum, payable monthly after six months. Funds from the loan may be used for payroll costs, health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred after February 15, 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Girls Inc. NYC received notification in February 2021 that the loan had been forgiven in full. The forgiveness was accordingly recognized as revenue in the fiscal year ended June 30, 2021.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 12 COVID-19

In March 2020, the World Health Organization declared the incidence of COVID-19 to be a pandemic and New York City schools were closed through June 2020 for in person classes. As a result, the fiscal year 2020 Spring Benefit became a virtual event, and the Girls Inc. NYC programs were moved on line. In fiscal year 2021 events and programming have also primarily been conducted virtually. During the course of this pandemic, Girls Inc. NYC has been continuing to experience disruption in operations. Due to the ongoing changes in financial and operating conditions, an estimate of the total financial effect due to the outbreak, if any, cannot be determined as this time.