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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Girls Incorporated of New York City (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows 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 Incorporated of New York City as of June 30, 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls Incorporated of New York City 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 Incorporated of New York City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's 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 Incorporated of New York City'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 Incorporated of New York City'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 Incorporated of New York City's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Aven J. Flanagan & Co.

December 12, 2022

GIRLS INCORPORATED OF NEW YORK CITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 834,106	\$ 784,039
Contributions receivable	865,421	614,566
Investments	588,445	82,209
Prepaid expenses and other assets	-	45,407
Property, equipment and software (net of accumulated depreciation and amortization of \$363,749 and \$294,290 in 2022 and 2021)	<u>217,198</u>	<u>97,935</u>
<u>Total Assets</u>	<u>\$ 2,505,170</u>	<u>\$ 1,624,156</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	<u>\$ 101,960</u>	<u>\$ 72,985</u>
<u>Total Liabilities</u>	<u>101,960</u>	<u>72,985</u>
<u>Net Assets</u>		
Without donor restrictions	1,237,310	1,329,291
With donor restrictions	<u>1,165,900</u>	<u>221,880</u>
<u>Total Net Assets</u>	<u>2,403,210</u>	<u>1,551,171</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 2,505,170</u>	<u>\$ 1,624,156</u>

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

GIRLS INCORPORATED OF NEW YORK CITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<u>Revenue and Support</u>				
Contributions and grants	\$ 1,422,010	\$ 925,000	\$ 2,347,010	\$ 1,326,712
Governmental agencies	2,005,023	240,900	2,245,923	1,631,793
PPP loan forgiveness	-	-	-	534,887
Program services	247,190	-	247,190	115,711
Spring benefit, net of direct expenses	286,992	-	286,992	134,277
Other events, net of direct expenses	53,011	-	53,011	40,290
Investment income	(117,281)	-	(117,281)	20,519
Net assets released from restrictions	221,880	(221,880)	-	-
<u>Total Revenue and Support</u>	<u>4,118,825</u>	<u>944,020</u>	<u>5,062,845</u>	<u>3,804,189</u>
<u>Expenses</u>				
Program services	3,314,346		3,314,346	2,544,055
Management and general	285,984		285,984	247,814
Fundraising	610,476		610,476	407,122
<u>Total Expenses</u>	<u>4,210,806</u>		<u>4,210,806</u>	<u>3,198,991</u>
Change in Net Assets for Year	(91,981)	944,020	852,039	605,198
Net Assets, beginning of year	1,329,291	221,880	1,551,171	945,973
Net Assets, End of Year	<u>\$ 1,237,310</u>	<u>\$ 1,165,900</u>	<u>\$ 2,403,210</u>	<u>\$ 1,551,171</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, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets for Year	\$ 852,039	\$ 605,198
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in realized and unrealized losses (gains) on investments	122,629	(20,507)
Depreciation and amortization	69,459	71,042
Stock donations	(23,523)	(30,169)
Change in contribution receivable	(250,855)	(261,988)
Change in prepaid expenses	45,407	-
Change in accounts payable and accrued expenses	<u>28,975</u>	<u>(14,278)</u>
<u>Cash Provided by Operating Activities</u>	<u>844,131</u>	<u>349,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	10,000	67,162
Purchases of investments	(615,342)	(70,941)
Purchase of property, equipment and software	<u>(188,722)</u>	<u>(25,674)</u>
<u>Cash Used in Investing Activities</u>	<u>(794,064)</u>	<u>(29,453)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
PPP loan	<u>-</u>	<u>(534,887)</u>
<u>Cash (Used) Provided by Financing Activities</u>	<u>-</u>	<u>(534,887)</u>
<u>Net (Decrease) Increase in Cash for Year</u>	50,067	(215,042)
Cash and cash equivalents, beginning of year	<u>784,039</u>	<u>999,081</u>
Cash and cash equivalents, End of Year	<u>\$ 834,106</u>	<u>\$ 784,039</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, 2022(With Comparative Totals for the Year Ended June 30, 2021)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2022</u>	<u>2021</u>
Salaries	\$ 2,054,868	\$ 194,017	\$ 373,083	\$ 2,621,968	\$ 2,142,862
Payroll taxes and employee benefits	527,376	49,794	95,751	672,921	531,425
Professional fees and consultants	96,020	3,810	95,321	195,151	181,453
Audit fees	-	15,275	-	15,275	14,500
Office expenses	9,123	876	4,725	14,724	40,429
Occupancy	45,556	4,301	8,271	58,128	58,997
National dues and subscriptions	13,297	123	6,741	20,161	18,221
Meals and meetings	67,187	400	8,308	75,895	10,550
Information technology	25,774	2,434	4,680	32,888	20,379
Insurance	20,449	1,931	3,713	26,093	27,909
Program direct expenses	341,260	-	-	341,260	58,409
Scholarships	59,000	-	-	59,000	17,500
Bank and finance fees	-	7,883	-	7,883	5,315
Depreciation and amortization	54,436	5,140	9,883	69,459	71,042
<u>Total</u>	<u>\$ 3,314,346</u>	<u>\$ 285,984</u>	<u>\$ 610,476</u>	<u>\$ 4,210,806</u>	<u>\$ 3,198,991</u>

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

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 NATURE OF ORGANIZATION

Girls Incorporated of New York City ("GINYC") 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 6-21+, in low-income communities and schools, through partnerships and direct service programs. Girls Inc. NYC advocates for gender equity on behalf of all girls.

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

GINYC 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, 2022, 99% of all receivables are from a New York City government funder and two other organizations.

As of June 30, 2021, 92% of all receivables were from a New York City government funder.

GINYC 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, GINYC 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 CITYNOTES TO FINANCIAL STATEMENTSJUNE 30, 2022**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.

98% of the Organization's investments at June 30, 2022 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 GINYC 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

GINYC 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 CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

In connection with the preparation of the financial statements, GINYC evaluated subsequent events after the statement of financial position date of June 30, 2022 through December 12, 2022, 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 GINYC 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 2022 and 2021, GINYC 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>2022</u>	<u>2021</u>
Spring Benefit income	\$490,450	\$203,558
Less: direct expenses	<u>(203,458)</u>	<u>(69,281)</u>
	<u>\$286,992</u>	<u>\$134,277</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor purpose or time restrictions were \$1,165,900 at June 30, 2022 and \$221,880 at June 30, 2021.

During the fiscal year ended June 30, 2022 \$221,880 of net assets were released from donor restriction. During the fiscal year ended June 30, 2021, \$261,373 of net assets were released from donor restriction.

GIRLS INCORPORATED OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Computer Equipment	\$ 47,165	\$ 40,453
Software	531,372	349,362
Furniture	<u>2,410</u>	<u>2,410</u>
	580,947	392,225
Less: accumulated depreciation	<u>363,749</u>	<u>294,290</u>
	<u>\$217,198</u>	<u>\$ 97,935</u>

NOTE 7 UNCERTAIN TAX POSITIONS

GINYC 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, 2019.

NOTE 8 LEASE COMMITMENT

On December 31, 2017, GINYC renewed an agreement with Girls Incorporated® for office space. The future minimum commitment as of June 30, 2022 was \$29,302.

The lease was ended by mutual agreement as of July 31, 2022, and there were no future financial commitments under this lease after that date.

Total rent expense under this lease for the years ending June 30, 2022 and 2021 was \$58,128 and \$56,986, respectively.

In August 2022, the Organization executed a lease for new office space at 25 Broadway in New York City. The initial term of the lease is from August 1, 2022 through July 31, 2023 at a rent of \$5,010 per month.

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, 2022, there was no remaining balance due on the line.

GIRLS INCORPORATED OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 COMMITMENTS AND CONTINGENCIES (Continued)

Retirement Plan

On September 15, 2016, GINYC 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. A contribution of \$53,931 has been made to the plan during the fiscal year ended June 30, 2022. No contribution was made during the previous fiscal year.

NOTE 10 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects Girls Inc. NYC's financial assets as of June 30, 2022 and June 30, 2021, 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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 834,106	\$ 784,039
Investments	588,445	82,209
Contributions receivable	<u>865,421</u>	<u>614,566</u>
	2,287,972	1,480,814
Net assets subject to time or purpose restriction	<u>(1,165,900)</u>	<u>(221,880)</u>
Financial assets available for general expenditure within the next 12 months	<u>\$ 1,122,072</u>	<u>\$ 1,258,934</u>

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, GINYC has a line of credit of \$150,000 available to meet cash flow needs.

NOTE 11 LOAN PAYABLE

In April 2020, GINYC 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. GINYC 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 STATEMENTSJUNE 30, 2022**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 GINYC programs were moved online. In fiscal year 2021, events and programming were also primarily conducted virtually. In fiscal year 2022, events and programming returned primarily to being conducted in-person. However, due to 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.

NOTE 13 Net Investment Income

Net investment return as of June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 5,348	\$ 12
Realized gains	82	-
Unrealized gains (losses)	<u>(122,711)</u>	<u>20,507</u>
	<u>\$ (117,281)</u>	<u>\$ 20,519</u>