

OWEN J. FLANAGAN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS
60 EAST 42ND STREET, 40TH FLOOR
NEW YORK, NEW YORK 10165

OWEN J. FLANAGAN, CPA
(1925-1996)

KEVIN C. SUNKEL, CPA
JOHN L. CORCORAN, CPA

(212) 682-2783
FAX (212) 697-5843
WWW.OJFLANAGAN.COM

MEMBERS OF AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

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, which comprise the statement of financial position as of June 30, 2023, 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, 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 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Aaron J. Flanagan & Co.

January 26, 2024

GIRLS INCORPORATED OF NEW YORK CITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 401,172	\$ 834,106
Contributions receivable	658,355	865,421
Investments	413,183	588,445
Property, equipment and software (net of accumulated depreciation and amortization of \$480,062 and \$363,749 in 2023 and 2022)	<u>336,522</u>	<u>217,198</u>
<u>Total Assets</u>	<u>\$ 1,809,232</u>	<u>\$ 2,505,170</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	<u>\$ 211,678</u>	<u>\$ 101,960</u>
<u>Total Liabilities</u>	<u>211,678</u>	<u>101,960</u>
<u>Net Assets</u>		
Without donor restrictions	1,122,554	1,237,310
With donor restrictions	<u>475,000</u>	<u>1,165,900</u>
<u>Total Net Assets</u>	<u>1,597,554</u>	<u>2,403,210</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,809,232</u>	<u>\$ 2,505,170</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, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022
<u>Revenue and Support</u>				
Contributions and grants	\$ 1,818,128	\$ 175,000	\$ 1,993,128	\$ 2,347,010
Governmental agencies	1,872,700	-	1,872,700	2,245,923
Employee retention credit	219,251	-	219,251	-
Program services	219,525	-	219,525	247,190
Spring benefit, net of direct expenses	323,583	-	323,583	286,992
Other events, net of direct expenses	28,932	-	28,932	53,011
Investment income	32,643	-	32,643	(117,281)
Net assets released from restrictions	865,900	(865,900)	-	-
<u>Total Revenue and Support</u>	<u>5,380,662</u>	<u>(690,900)</u>	<u>4,689,762</u>	<u>5,062,845</u>
<u>Expenses</u>				
Program services	4,599,562		4,599,562	3,314,346
Management and general	280,520		280,520	285,984
Fundraising	615,336		615,336	610,476
<u>Total Expenses</u>	<u>5,495,418</u>		<u>5,495,418</u>	<u>4,210,806</u>
Change in Net Assets for Year	(114,756)	(690,900)	(805,656)	852,039
Net Assets, beginning of year	1,237,310	1,165,900	2,403,210	1,551,171
Net Assets, End of Year	<u>\$ 1,122,554</u>	<u>\$ 475,000</u>	<u>\$ 1,597,554</u>	<u>\$ 2,403,210</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, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets for Year	\$ (805,656)	\$ 852,039
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in realized and unrealized losses (gains) on investments	(26,751)	122,629
Depreciation and amortization	116,313	69,459
Stock donations	(12,441)	(23,523)
Change in contribution receivable	207,066	(250,855)
Change in prepaid expenses	-	45,407
Change in accounts payable and accrued expenses	<u>109,718</u>	<u>28,975</u>
<u>Cash (Used in) Provided by Operating Activities</u>	<u>(411,751)</u>	<u>844,131</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	828,388	10,000
Purchases of investments	(613,934)	(615,342)
Purchase of property, equipment and software	<u>(235,637)</u>	<u>(188,722)</u>
<u>Cash Used in Investing Activities</u>	<u>(21,183)</u>	<u>(794,064)</u>
<u>Net (Decrease) Increase in Cash for Year</u>	<u>(432,934)</u>	<u>50,067</u>
Cash and cash equivalents, beginning of year	<u>834,106</u>	<u>784,039</u>
Cash and cash equivalents, End of Year	<u>\$ 401,172</u>	<u>\$ 834,106</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, 2023(With Comparative Totals for the Year Ended June 30, 2022)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2023</u>	<u>2022</u>
Salaries	\$ 3,015,860	\$ 194,017	\$ 373,083	\$ 3,582,960	\$ 2,621,968
Payroll taxes and employee benefits	733,047	47,159	90,683	870,889	672,921
Professional fees and consultants	147,461	4,187	73,210	224,858	195,151
Audit fees	-	17,353	-	17,353	15,275
Office expenses	8,786	439	13,107	22,332	14,824
Occupancy	89,565	4,872	9,368	103,805	58,128
National dues and subscriptions	14,557	165	25,559	40,281	20,061
Meals and meetings	71,537	1,425	10,791	83,753	75,895
Information technology	38,785	2,495	4,798	46,078	32,888
Insurance	21,217	1,365	2,625	25,207	26,093
Program direct expenses	297,706	-	-	297,706	341,260
Scholarships and related costs	63,138	-	-	63,138	59,000
Bank and finance fees	-	745	-	745	7,883
Depreciation and amortization	97,903	6,298	12,112	116,313	69,459
<u>Total</u>	<u>\$ 4,599,562</u>	<u>\$ 280,520</u>	<u>\$ 615,336</u>	<u>\$ 5,495,418</u>	<u>\$ 4,210,806</u>

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

GIRLS INCORPORATED OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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. GINYC 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 GINYC. 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, 2023, 74% of all receivables are from a New York City government funder and two other organizations.

As of June 30, 2022, 99% of all receivables were from a New York City government funder and two other organizations.

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 CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

97% of the Organization's investments at June 30, 2023 are held in short-term fixed income securities that are determined to be Level 1 investments. The balance of 3% is in a short-term cash 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 CITYNOTES TO FINANCIAL STATEMENTSJUNE 30, 2023**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, 2023 through January 26, 2024, 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 GINYC. 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. GINYC 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 GINYC. 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 2023 and 2022, 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>2023</u>	<u>2022</u>
Spring Benefit income	\$551,628	\$490,450
Less: direct expenses	<u>(228,045)</u>	<u>(203,458)</u>
	<u>\$323,583</u>	<u>\$286,992</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with time restrictions were \$475,000 at June 30, 2023 and \$1,165,900 at June 30, 2022.

During the fiscal year ended June 30, 2023 \$865,900 of net assets were released from donor restriction. During the fiscal year ended June 30, 2022, \$221,880 of net assets were released from donor restriction.

GIRLS INCORPORATED OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software consist of the following at June 30, 2023 and 2022:

	2023	2022
Computer Equipment	\$ 47,165	\$ 47,165
Software	767,009	531,372
Furniture	2,410	2,410
	816,584	580,947
Less: accumulated depreciation	480,062	363,749
	<u>\$336,522</u>	<u>\$ 217,198</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, 2020.

NOTE 8 LEASE COMMITMENT

Total rent expense for the years ending June 30, 2023 and 2022 was \$103,805 and \$58,128, respectively.

In August 2022, GINYC executed a shared space license agreement for office space at 25 Broadway in New York City. The initial term of the lease was from August 1, 2022 through July 31, 2023 at a rent of \$5,010 per month. After the initial term, the agreement can be cancelled with thirty days' written notice. In March 2023, GINYC added additional space, resulting in an increased rent effective in June 2023 of \$7,680 per month.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Line of Credit

GINYC has a line of credit arrangement with a bank. It permits borrowings up to \$150,000. This line of credit was renewed and increased to \$250,000 in June 2023. No borrowings or payments were made on this line in the current or prior fiscal year

As of June 30, 2023, there was no balance due on the line.

NOTE 10 RETIREMENT PLAN

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. GINYC's Board may elect to make discretionary contributions to the plan. A contribution of \$55,000 has been made to the plan during the fiscal year ended June 30, 2023. A contribution of \$53,931 was made during the previous fiscal year.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects GINYC's financial assets as of June 30, 2023 and June 30, 2022, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 401,172	\$ 834,106
Investments	413,183	588,445
Contributions receivable	<u>658,355</u>	<u>865,421</u>
	1,472,710	2,287,972
Net assets subject to time or purpose restriction	<u>(475,000)</u>	<u>(1,165,900)</u>
Financial assets available for general expenditure within the next 12 months	<u>\$ 997,710</u>	<u>\$ 1,122,072</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 \$250,000 available to meet cash flow needs.

NOTE 12 Net Investment Income

Net investment return as of June 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 5,892	\$ 5,348
Realized gains (losses)	(84,083)	82
Unrealized gains (losses)	<u>110,834</u>	<u>(122,711)</u>
	<u>\$ 32,643</u>	<u>\$ (117,281)</u>

NOTE 13 Employee Retention Credit

In February 2023, the Organization received employee retention credits of \$219,251 covering the second, third and fourth quarters of calendar 2020, and the first two quarters of 2021.