

*Financial Statements  
and Independent Auditors' Report*

**girls  
inc.**

**of Orange County**

*December 31, 2023 and 2022*

*Financial Statements and Independent Auditors' Report*



**of Orange County**

**GIRLS INC. OF ORANGE COUNTY**

*As of and for the Years Ended December 31, 2023 and 2022*

# **GIRLS INC. OF ORANGE COUNTY**

## **Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	
<b>Financial Statements</b>	
Statements of Financial Position	3 - 4
Statements of Activities and Changes in Net Assets	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10-22

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Girls Inc. of Orange County

### ***Opinion***

We have audited the accompanying financial statements of Girls Inc. of Orange County (the "Nonprofit Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nonprofit Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Nonprofit Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Nonprofit Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### *Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Nonprofit Organization'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 the Nonprofit Organization'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.



HASKELL & WHITE LLP

Irvine, California  
April 30, 2024

# GIRLS INC. OF ORANGE COUNTY

## Statement of Financial Position As of December 31, 2023

	ASSETS		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Current assets</b>			
Cash and cash equivalents	\$ 818,532	\$ 441,775	\$ 1,260,307
Investments	2,334,830	-	2,334,830
Pledges and grants receivable	271,732	417,682	689,414
Other assets	4,175	-	4,175
Prepaid expenses	182,148	-	182,148
<b>Total current assets</b>	<b>3,611,417</b>	<b>859,457</b>	<b>4,470,874</b>
<b>Noncurrent assets</b>			
Pledges and grants receivable, net	-	241,282	241,282
Investments (Note 5)	2,384,872	-	2,384,872
Property and equipment, net	56,610	-	56,610
Operating lease right-of-use asset	86,506	-	86,506
Security deposit	2,520	-	2,520
<b>Total noncurrent assets</b>	<b>2,530,508</b>	<b>241,282</b>	<b>2,771,790</b>
<b>Total assets</b>	<b>\$ 6,141,925</b>	<b>\$ 1,100,739</b>	<b>\$ 7,242,664</b>
	LIABILITIES AND NET ASSETS		
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 100,278	\$ -	\$ 100,278
Accrued payroll and payroll taxes	94,095	-	94,095
Accrued vacation	87,846	-	87,846
Deferred revenue	17,000	-	17,000
<b>Total current liabilities</b>	<b>299,219</b>	<b>-</b>	<b>299,219</b>
<b>Noncurrent liabilities</b>			
Operating lease liability, less current portion	30,935	-	30,935
<b>Total liabilities</b>	<b>330,154</b>	<b>-</b>	<b>330,154</b>
<b>Commitments and contingencies (Note 11)</b>			
<b>Net assets</b>	<b>5,811,771</b>	<b>1,100,739</b>	<b>6,912,510</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,141,925</b>	<b>\$ 1,100,739</b>	<b>\$ 7,242,664</b>

See notes to financial statements.

# GIRLS INC. OF ORANGE COUNTY

## Statement of Financial Position As of December 31, 2022

	ASSETS		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,176,788	\$ 736,572	\$ 1,913,360
Investments	1,324,774	-	1,324,774
Pledges and grants receivable	469,544	81,000	550,544
Inventory and other assets	107,353	-	107,353
Prepaid expenses	174,609	-	174,609
<b>Total current assets</b>	<b>3,253,068</b>	<b>817,572</b>	<b>4,070,640</b>
<b>Noncurrent assets</b>			
Pledges and grants receivable, net	-	326,123	326,123
Investments (Note 5)	2,384,872	-	2,384,872
Property and equipment, net	45,668	-	45,668
Operating lease right-of-use asset	138,825	-	138,825
Security deposit	2,520	-	2,520
<b>Total noncurrent assets</b>	<b>2,571,885</b>	<b>326,123</b>	<b>2,898,008</b>
<b>Total assets</b>	<b>\$ 5,824,953</b>	<b>\$ 1,143,695</b>	<b>\$ 6,968,648</b>
	LIABILITIES AND NET ASSETS		
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 118,300	\$ -	\$ 118,300
Accrued payroll and payroll taxes	89,340	-	89,340
Accrued vacation	101,048	-	101,048
Deferred revenue	11,000	-	11,000
<b>Total current liabilities</b>	<b>319,688</b>	<b>-</b>	<b>319,688</b>
<b>Noncurrent liabilities</b>			
Operating lease liability, less current portion	88,430	-	88,430
<b>Total liabilities</b>	<b>408,118</b>	<b>-</b>	<b>408,118</b>
<b>Commitments and contingencies (Note 11)</b>			
<b>Net assets</b>	<b>5,416,835</b>	<b>1,143,695</b>	<b>6,560,530</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,824,953</b>	<b>\$ 1,143,695</b>	<b>\$ 6,968,648</b>

See notes to financial statements.

# GIRLS INC. OF ORANGE COUNTY

## Statement of Activities and Changes in Net Assets For The Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support and gains</b>			
Private grants	\$ 979,209	\$ 799,518	\$ 1,778,727
Contributions	384,937	51,845	436,782
Program activities	472,346	-	472,346
In-kind income	59,410	-	59,410
Other income	3,730	-	3,730
Investment returns, net	510,797	-	510,797
Fundraising events	973,529	-	973,529
Less: costs of direct benefits to donors	(386,367)	-	(386,367)
<b>Total revenue, support and gains</b>	<u>2,997,591</u>	<u>851,363</u>	<u>3,848,954</u>
Net assets released from restriction	<u>894,319</u>	<u>(894,319)</u>	<u>-</u>
<b>Total revenue, support and gains</b>	<u>3,891,910</u>	<u>(42,956)</u>	<u>3,848,954</u>
<b>Expenses</b>			
Program services	2,643,656	-	2,643,656
Management and general	451,647	-	451,647
Fundraising	401,671	-	401,671
<b>Total expenses</b>	<u>3,496,974</u>	<u>-</u>	<u>3,496,974</u>
<b>Change in net assets</b>	394,936	(42,956)	351,980
<b>Net assets, beginning of year</b>	<u>5,416,835</u>	<u>1,143,695</u>	<u>6,560,530</u>
<b>Net assets, end of year</b>	<u><u>\$ 5,811,771</u></u>	<u><u>\$ 1,100,739</u></u>	<u><u>\$ 6,912,510</u></u>

See notes to financial statements.



# GIRLS INC. OF ORANGE COUNTY

## Statement of Activities and Changes in Net Assets For The Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support and gains</b>			
Private grants	\$ 957,388	\$ 763,017	\$ 1,720,405
Contributions	1,109,980	41,344	1,151,324
Program activities	277,327	-	277,327
In-kind income	211,503	-	211,503
Investment loss, net	(570,467)	-	(570,467)
Fundraising events	945,387	-	945,387
Less: costs of direct benefits to donors	(323,718)	-	(323,718)
<b>Total revenue, support and gains</b>	<u>2,607,400</u>	<u>804,361</u>	<u>3,411,761</u>
Net assets released from restriction	754,782	(754,782)	-
<b>Total revenue, support and gains</b>	<u>3,362,182</u>	<u>49,579</u>	<u>3,411,761</u>
<b>Expenses</b>			
Program services	2,224,127	-	2,224,127
Management and general	333,070	-	333,070
Fundraising	492,378	-	492,378
<b>Total expenses</b>	<u>3,049,575</u>	<u>-</u>	<u>3,049,575</u>
<b>Change in net assets</b>	312,607	49,579	362,186
<b>Net assets, beginning of year</b>	<u>5,104,228</u>	<u>1,094,116</u>	<u>6,198,344</u>
<b>Net assets, end of year</b>	<u><u>\$ 5,416,835</u></u>	<u><u>\$ 1,143,695</u></u>	<u><u>\$ 6,560,530</u></u>

See notes to financial statements.

# GIRLS INC. OF ORANGE COUNTY

## Statement of Functional Expenses For The Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total
Salaries and wages	\$ 1,587,820	\$ 281,565	\$ 195,729	\$ -	\$ 2,065,114
Programs	366,227	-	-	-	366,227
Employee benefits	97,891	41,726	443	-	140,060
Pension	20,544	11,686	2,649	-	34,879
Payroll taxes	117,911	21,540	14,973	-	154,424
Occupancy	58,580	8,080	8,080	-	74,740
Office	41,548	28,081	6,418	-	76,047
Equipment	8,291	1,144	1,144	-	10,579
Postage	3,004	414	414	-	3,832
Printing	5,117	706	706	-	6,529
Events	56,215	739	68,627	283,157	408,738
Insurance	12,153	8,529	1,676	-	22,358
Professional services	46,185	18,313	69,664	-	134,162
Depreciation	23,321	3,217	3,217	-	29,755
Communication and marketing	110,762	7,654	7,844	-	126,260
Utilities and telephone	13,477	5,888	4,856	-	24,221
Dues and subscriptions	-	1,617	-	-	1,617
Other taxes	-	761	-	-	761
Travel and meetings	2,738	8,726	1,370	-	12,834
Bank and credit card charges	9,144	1,261	1,261	-	11,666
Uncollectible pledges	-	-	12,600	-	12,600
In-kind	62,728	-	-	103,210	165,938
	<u>2,643,656</u>	<u>451,647</u>	<u>401,671</u>	<u>386,367</u>	<u>3,883,341</u>
Less: expenses included with revenue, support and gains on the statement of activities and changes in net assets:					
Costs of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(386,367)</u>	<u>(386,367)</u>
Total expenses	<u>\$ 2,643,656</u>	<u>\$ 451,647</u>	<u>\$ 401,671</u>	<u>\$ -</u>	<u>\$ 3,496,974</u>
	76%	13%	11%		100%

See notes to financial statements.

# GIRLS INC. OF ORANGE COUNTY

## Statement of Functional Expenses For The Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total
Salaries and wages	\$ 1,337,535	\$ 212,756	\$ 232,123	\$ -	\$ 1,782,414
Programs	308,244	-	-	-	308,244
Employee benefits	82,106	27,496	2,935	-	112,537
Pension	12,289	9,010	3,470	-	24,769
Payroll taxes	98,080	15,601	17,021	-	130,702
Occupancy	45,493	5,870	4,403	-	55,766
Office	30,766	10,678	2,977	-	44,421
Equipment	12,455	1,607	1,205	-	15,267
Postage	2,456	317	238	-	3,011
Printing	3,178	410	308	-	3,896
Events	14,142	-	52,601	294,964	361,707
Insurance	25,740	3,321	2,491	-	31,552
Professional services	40,970	13,016	40,753	-	94,739
Depreciation	23,136	2,985	2,239	-	28,360
Communication and marketing	62,831	8,107	6,808	-	77,746
Utilities and telephone	10,032	4,644	3,762	-	18,438
Dues and subscriptions	-	3,926	-	-	3,926
Other taxes	-	965	-	-	965
Travel and meetings	-	11,361	-	-	11,361
Bank and credit card charges	11,619	-	4,980	-	16,599
Uncollectible pledges	-	1,000	-	-	1,000
In-kind	103,055	-	114,064	28,754	245,873
	<u>2,224,127</u>	<u>333,070</u>	<u>492,378</u>	<u>323,718</u>	<u>3,373,293</u>
Less: expenses included with revenue, support and gains on the statement of activities and changes in net assets:					
Costs of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(323,718)</u>	<u>(323,718)</u>
Total expenses	<u>\$ 2,224,127</u>	<u>\$ 333,070</u>	<u>\$ 492,378</u>	<u>\$ -</u>	<u>\$ 3,049,575</u>
	73%	11%	16%		100%

See notes to financial statements.

# GIRLS INC. OF ORANGE COUNTY

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

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 351,980	\$ 362,186
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	29,755	28,360
Amortization of operating lease right-of-use asset	52,319	38,555
Write-off of uncollectible pledges	12,600	1,000
In-kind contributions - jewelry	-	(107,244)
Unrealized (gain) loss on investments, net	(430,635)	553,087
(Increase) decrease in:		
Pledges and grants receivable, net	(66,629)	(26,348)
Inventory and other assets	103,178	170,789
Prepaid expenses	(7,539)	126,306
Increase (decrease) in:		
Accounts payable and accrued expenses	(23,999)	38,192
Accrued payroll and payroll taxes	4,755	19,216
Accrued vacation	(13,202)	17,422
Deferred revenue	6,000	(119,958)
Operating lease liability	(51,518)	(37,432)
<b>Net cash (used in) provided by operating activities</b>	<u>(32,935)</u>	<u>1,064,131</u>
<b>Cash flows from investing activities</b>		
Dividends and realized gain (loss) reinvestments, net	(80,162)	17,380
Purchases of investments	(499,259)	(566,398)
Purchase of property and equipment	(40,697)	(16,457)
<b>Net cash used in investing activities</b>	<u>(620,118)</u>	<u>(565,475)</u>
<b>Net change in cash and cash equivalents</b>	<b>(653,053)</b>	498,656
<b>Cash and cash equivalents, beginning of year</b>	<u>1,913,360</u>	<u>1,414,704</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 1,260,307</u></u>	<u><u>\$ 1,913,360</u></u>
<i>Supplemental disclosures of non-cash investing and financing activities:</i>		
Operating lease liability arising from obtaining right-of-use asset	<u>\$ -</u>	<u>\$ 42,824</u>
Remeasurement of operating lease liability and right-of-use asset	<u>\$ -</u>	<u>\$ 134,556</u>

See notes to financial statements.

# **GIRLS INC. OF ORANGE COUNTY**

## **Notes to Financial Statements For the Years Ended December 31, 2023 and 2022**

### **1. Organization and Mission**

Established in 1954, Girls Inc. of Orange County (“GIOC” or the “Organization”) is the local affiliate of the Girls Inc. national organization that works alongside families and schools to provide girls, ages 5 to 18 and into college and career, the instruction, mentoring and support they need to be successful throughout their lives. Each year, GIOC impacts the lives of girls throughout the county, leading them through specially designed educational programming in the areas most critical to girls’ needs.

In 2023, Girls Inc. Of Orange County served over 9,000 girls. GIOC prioritizes providing services to girls who live in areas where the need is greatest. Seventy-three percent of the girls served live in households that are low-to-moderately low income. The Organization reaches girls through in-school and after-school programming year-round (in elementary, middle and high schools) and through summer camps. Additional programming sites include juvenile detention centers, community centers, and through other educational partners that include community colleges, public and private universities, and others. Through program evaluation, both at the local and national level, the programs have been proven to change girls’ lives, resulting in significant increases in self-esteem, positive body image, healthy relationships, academic success, preparation for higher education, community activism, interest in STEM (Science, Technology, Engineering & Math) subjects and careers, and financial independence. The Organization is committed to helping girls in Orange County grow up to be strong, smart, and bold.

All programs are designed to meet the girls where they are in their lives and where they need GIOC the most. College and Career, as well as Workforce Development, programming have become two of the most successful and sought after programs in the last few years, as GIOC has expanded to support girls beyond high school and into college and career. This expanded programming is designed to not only get girls into and through college, but also to help them navigate and form a strong network with volunteer mentors and companies. This expansion will provide them an opportunity to be successful after their college graduation and enter the world of work at a faster pace. Summer programs are designed to reach girls through camps with intensive learning around STEM, SEL (social emotional learning), Entrepreneurship, and more.

In 2023, the Board of Directors adopted a new strategic plan for 2024-2027, which aims to increase the number of girls served annually from 9,000 to 13,000 girls. The Strategic Plan includes: expansion of programming in more cities by serving more school districts, specifically those designated as Title I schools; creating additional partnerships with corporations and individuals, colleges, and others; strengthening the visibility of GIOC and by positioning ourselves as experts in our field of youth development; increasing our donor base by continuing to diversify funding streams; and to engage board members to provide strategic insight and practical support where needed.

## **GIRLS INC. OF ORANGE COUNTY**

### **Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022**

#### **1. Organization and Mission (continued)**

The Girls Inc. national network is comprised of 75 affiliates across the United States and Canada. These affiliates operate in more than 1,200 centers and 350 cities offering core programs to fulfill the vision of empowered girls in an equitable society. The cost of GIOC's annual membership dues is \$12,000. For the years ended December 31, 2023 and 2022, grants and contributions from Girls Inc. National were \$182,447 and \$164,796, respectively.

GIOC funds its operations through fundraising, events, individuals, foundations, and corporate donors with a small percentage of fee-based program revenue.

#### **2. Summary of Significant Accounting Policies**

##### *Basis of Accounting and Use of Estimates*

The Organization's financial statements have been prepared on the accrual basis of accounting. Accordingly, the Organization recognizes revenues when earned, and contributions, including unconditional promises to give, when received. Expenses are recognized when the obligation is incurred.

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### *Basis of Presentation*

GIOC reflects net assets and revenues, gains, expenses, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets, and changes thereto, are classified and reported as without donor restrictions and with donor restrictions, as follows:

- Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and are available to support general operations. Board-designated amounts are included in net assets without donor restrictions. Any cumulative net investment income from net assets with donor restrictions become unrestricted when appropriated for expenditure by the Board of Directors.
- With Donor Restrictions – Net assets that are subject to donor-imposed restrictions that require either the passage of time, the occurrence of a specific event, or that the principal be maintained in perpetuity and invested for the purpose of producing present and future income for unrestricted (without donor restrictions) use by the Organization.

## **GIRLS INC. OF ORANGE COUNTY**

### **Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022**

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

##### *Contributions and Revenue Recognition*

GIOC performs an analysis of each contribution, grant or award to determine whether to apply the contributions guidance or exchange transaction guidance depending on whether the transaction is reciprocal or nonreciprocal. This process requires significant management judgment.

For amounts deemed to be contributions, management determines whether the contribution is restricted or unrestricted and whether it is unconditional or conditional. Unconditional contributions, including promises to give, are recognized when received and are reported as either without donor restrictions or with donor restrictions.

Conditional contributions, including promises to give, contain a right of return or release and a barrier. Revenue is recognized when the condition or conditions are substantially met. Typically, such arrangements also contain a right of return, or a right of release from obligation, and the recipient has limited discretion over how funds transferred should be spent. As such, GIOC recognizes revenue for conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received, or contract assets received, in advance of the incurrence of qualifying expenditures are deferred.

Revenues derived from exchange transactions follow GAAP established for commercial transactions and are recognized as related distinct performance obligations are completed. Certain GIOC program services are deemed to be exchange transactions that are subject to this guidance. Substantially all revenues are recognized over time, as services are provided to customers.

##### *In-kind Contributed Materials and Services*

Contributed materials are recorded at fair value where an objective basis is available to measure their value. Such items are capitalized or charged to operations based on their nature.

Contributed services are recorded at fair value at the date of donation only if the services (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. A substantial number of business and unpaid volunteers have made significant contributions of time and equipment use to project development, fundraising, and operations.

## **GIRLS INC. OF ORANGE COUNTY**

### **Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022**

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

##### *Cash and Cash Equivalents*

GIOC considers all highly-liquid investments, which are readily convertible to known amounts of cash and which have a maturity of three months or less when required, to be cash equivalents.

##### *Inventory*

Inventory consists of donated jewelry, and as of December 31, 2023 and 2022, totaled \$0 and \$106,528, respectively. During the years ended December 31, 2023 and 2022, \$106,528 and \$142,818, respectively, of donated jewelry was utilized as gifts to donors and monetized through auctions and events.

##### *Property and Equipment*

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, GIOC reports expirations of donor restrictions when the donated or acquired assets are placed in service. GIOC reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging from three to ten years. Leasehold improvements are amortized over the lesser of the asset's useful life or the term of the lease.

##### *Deferred Revenue*

Contract liabilities – or deferred revenues – are recognized when an exchange transaction occurs and the Organization has not fully satisfied its contractual performance obligations as of the financial reporting date. Deferred revenues at December 31, 2023 and 2022 were \$17,000 and \$11,000, respectively.

##### *Fair Value of Financial Instruments*

GAAP defines fair value as the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and requires disclosures about fair value measurements (Note 4).



## **GIRLS INC. OF ORANGE COUNTY**

### **Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022**

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

##### *Functional Allocation of Expenses*

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation which is allocated by department, as well as salaries, payroll taxes, employee benefits, professional services, office expenses, and others which are allocated on the basis of estimates of time and effort as determined by management.

##### *Income Taxes*

GIOC is a qualified nonprofit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue Code. This exemption is for all income taxes except for those assessed on unrelated business income, if any. The Internal Revenue Service has classified GIOC as other than a private foundation.

GIOC evaluates uncertain tax positions whereby the effect of the uncertainty would not be recorded if the tax positions are more likely than not to be sustained upon examination. As of December 31, 2023, management does not believe GIOC has any uncertain tax positions requiring accrual or disclosure. GIOC is subject to potential tax examinations on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

##### *Leases*

The Organization determines if an arrangement is a lease at inception. As a lessee, right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization elected a short-term lease exception policy, to not apply the recognition requirements of this standard to short-term leases (i.e., leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of assets. Operating lease right-of-use assets also include any lease payments made at or before lease commencement and exclude any lease incentives received. The lease terms used to calculate the right-of-use asset and related lease liability include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense.

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022

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

##### *Recently Adopted Accounting Pronouncement*

The Organization adopted Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses* (codified as Accounting Standards Codification 326) on January 1, 2023. ASC 326 adds to GAAP the current expected credit loss (“CECL”) model, a measurement model based on expected credit losses rather than incurred losses that is applicable to trade receivables but not contribution or pledge receivables. Under ASC 326, historical credit loss experience provides the basis for the estimation of expected credit losses, as well as current economic and business conditions, and anticipated future economic events that may impact collectability. The adoption of this ASU did not materially impact the accompanying financial statements.

#### 3. Pledges and Grants Receivable

Pledges and grants receivable consist of single year promises from individuals, corporations, and foundations, as well as multi-year promises from individual donors and foundations. Receivables expected to be collected in a period greater than one year are discounted at the risk-free rate at the time of the unconditional promise. Management assesses the donors’ creditworthiness and history of past collections in selecting an appropriate discount rate on the date of donation.

Expected future collections of pledges and grants receivable at December 31, 2023 are as follows:

<u>Years Ending December 31,</u>	
2024	\$ 689,414
2025	265,000
	<u>954,414</u>
Less: discount	<u>(23,718)</u>
Pledges and grants receivable, net	930,696
Less: current portion	<u>(689,414)</u>
Noncurrent portion, net	<u><u>\$ 241,282</u></u>

There is no allowance for doubtful receivables at December 31, 2023 and 2022, as management deemed all pledges and grants receivable to be collectable.

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022

#### 4. Fair Value Measurements

GAAP establishes a framework for measuring fair value, requires disclosures about fair value measurements and provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. GAAP also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level 1 include listed equities held in the name of GIOC and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

The following table presents total investments by their type measured at fair value on a recurring basis at December 31, 2023:

	Level 1	Total
Cash, bank sweep and money market funds	\$ 735,549	\$ 735,549
Fixed income exchange traded funds	1,391,058	1,391,058
Equity exchange traded funds and mutual funds	2,426,754	2,426,754
Alternative exchange traded funds	166,341	166,341
	<u>\$ 4,719,702</u>	<u>\$ 4,719,702</u>

## **GIRLS INC. OF ORANGE COUNTY**

### **Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022**

#### **4. Fair Value Measurements (continued)**

Cash, bank sweep and money market funds: Cash and bank sweeps are valued using the deposited amount, while money market funds are valued based on the net asset value (NAV) of underlying securities that have observable inputs, including quoted prices for similar assets in active or inactive markets. The Organization uses a practical expedient permitting a reporting entity to measure the fair value of certain investments using the net asset value per share (or its equivalent) of the investment.

Exchange traded funds and mutual funds: These investments are valued at a daily closing price, as reported by the related investment fund manager, and are deemed to be actively traded.

There have been no changes in the valuation methodologies used during the years ended December 31, 2023 and 2022.

#### **5. Investments**

Investments consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash, bank sweep and money market funds	\$ 735,549	\$ 213,556
Fixed income exchange traded funds	1,391,058	1,316,808
Equity exchange traded funds and mutual funds	2,426,754	2,076,563
Alternative exchange traded funds	<u>166,341</u>	<u>102,719</u>
	<u>\$ 4,719,702</u>	<u>\$ 3,709,646</u>

As of December 31, 2023 and 2022, board-designated investments totaled \$2,384,872 and such amounts are presented as noncurrent assets (Note 12).

Net investment returns consist of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 119,568	\$ 92,026
Realized losses, net	(20,596)	(93,322)
Unrealized gains (losses), net	<u>430,635</u>	<u>(553,087)</u>
	529,607	(554,383)
Less: Investment fees	<u>(18,810)</u>	<u>(16,084)</u>
	<u>\$ 510,797</u>	<u>\$ (570,467)</u>

## **GIRLS INC. OF ORANGE COUNTY**

### **Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022**

#### **5. Investments (continued)**

Investments are exposed to various risks, such as interest rate, market and credit risk. Risk is managed through frequent monitoring of macroeconomic conditions, investment valuations and communication with investment managers. It is at least reasonably possible that changes in the near term could materially affect the amounts reported in the financial statements.

#### **6. Property and Equipment**

Property and equipment, net consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 139,541	\$ 98,845
Website upgrade	10,000	10,000
Leasehold improvements	8,092	8,092
	<u>157,633</u>	<u>116,937</u>
Less: Accumulated depreciation	<u>(101,023)</u>	<u>(71,269)</u>
	<u><u>\$ 56,610</u></u>	<u><u>\$ 45,668</u></u>

Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$29,755 and \$28,360, respectively.

#### **7. Fundraising Events**

GIOC regularly conducts fundraising events to assist in funding program operations. All revenue received in excess of expenses from such events is used for current program operations. The costs that are direct benefits to the donors are included in the “Costs of direct benefits to donors” in the accompanying statements of activities and changes in net assets.

The revenues and expenses of fundraising events are as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Gross revenue	\$ 973,529	\$ 945,387
Direct donor benefits	<u>(386,367)</u>	<u>(323,718)</u>
	<u><u>\$ 587,162</u></u>	<u><u>\$ 621,669</u></u>

# GIRLS INC. OF ORANGE COUNTY

## Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022

### 8. In-kind Contributions

GIOC received donated professional services and materials and supplies during the years ended December 31, 2023 and 2022 as follows:

	2023	2022
Jewelry	\$ -	\$ 107,244
Other materials and supplies	59,410	104,259
	<u>\$ 59,410</u>	<u>\$ 211,503</u>

GIOC follows ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. Jewelry consists of donated goods ready for use and is valued at estimated fair value on the date of donation. If monetized, the contribution is adjusted to reflect the actual monetized amount.

### 9. Net Assets with Donor Restrictions

Net assets with donor restrictions activity at December 31, 2023 consists of the following:

	Net Assets with Donor Imposed Time Restrictions	Net Assets with Donor Imposed Purpose Restrictions	Total Net Assets with Donor Restrictions
Beginning balance	\$ 46,000	\$ 1,097,695	\$ 1,143,695
Contributions	-	851,363	851,363
Releases	(16,000)	(878,319)	(894,319)
Ending balance	<u>\$ 30,000</u>	<u>\$ 1,070,739</u>	<u>\$ 1,100,739</u>
Purpose restrictions:			
College Bound		\$ 25,000	
Girls Meet the Workforce		293,333	
Elementary		151,366	
Project Accelerate		253,841	
Teens		57,500	
Sponsorships		130,000	
STEM- Bold Bots/Eureka!		159,699	
		<u>\$ 1,070,739</u>	

# **GIRLS INC. OF ORANGE COUNTY**

## **Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022**

### **9. Net Assets with Donor Restrictions (continued)**

Certain amounts included above as Net Assets with Donor Imposed Purpose Restrictions are also time restricted as such amounts are due to be collected in future periods.

Net assets with donor restrictions activity at December 31, 2022 consists of the following:

	Net Assets with Donor Imposed Time Restrictions	Net Assets with Donor Imposed Purpose Restrictions	Total Net Assets with Donor Restrictions
Beginning balance	\$ 41,000	\$ 1,053,116	\$ 1,094,116
Contributions	15,000	789,361	804,361
Releases	(10,000)	(744,782)	(754,782)
Ending balance	<u>\$ 46,000</u>	<u>\$ 1,097,695</u>	<u>\$ 1,143,695</u>
Purpose restrictions:			
College Bound		\$ 252,500	
Elementary		277,500	
Project Accelerate		227,844	
Teens		62,583	
Elementary/Teens		90,833	
Sponsorships		175,000	
Other		11,435	
		<u>\$ 1,097,695</u>	

Certain amounts included above as Net Assets with Donor Imposed Purpose Restrictions are also time restricted as such amounts are due to be collected in future periods.

### **10. Lease**

In July 2020, GIOC entered into a non-cancelable lease agreement for its office building located in Santa Ana, California with a term through June 2021. In March 2021, GIOC amended its office building lease agreement extending the term of the lease to June 2023. In May 2022, GIOC amended its office building lease agreement to expand the space and extend the term of the lease to June 2025. Operating lease expense for the year ended December 31, 2023 and 2022 totaled \$61,377 and \$45,685, respectively.

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022

#### 10. Lease (continued)

With the May 2022 amendment, the operating lease right-of-use asset and operating lease liability were remeasured in July 2022, which was the commencement date of the amendment, using the incremental borrowing rate effective on the commencement date. The remeasurement increased the operating lease liability and operating lease right-of-use asset by \$134,556. The incremental borrowing rate used to measure the operating lease liability at January 1, 2022 was 6.25% and 7.75% for the remeasurement in July 2022.

The maturities of the operating lease liability as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 62,352
2025	<u>31,638</u>
Total lease payments	93,990
Less: imputed interest	<u>(5,560)</u>
Total lease liability	88,430
Less: current portion of lease liability (included in accounts payable and accrued expenses)	<u>(57,495)</u>
Lease liability, less current portion	<u><u>\$ 30,935</u></u>

#### 11. Commitments and Contingencies

##### *Concentration of Credit Risk*

GIOC maintains cash and cash equivalents in a financial institution which may, at times, exceed FDIC insured maximum deposit insurance amount of \$250,000.

GIOC operates in Southern California and is subject to fluctuations in the local economy which could impact contributions, specifically grants and donations.

##### *Retirement Plan*

GIOC adopted a SIMPLE IRA plan in 1998. Eligible employees who are below age 50 may contribute a percentage of their salary, up to \$12,000 per annum. Employees who are age 50 and over, may contribute up to \$15,500 per annum. GIOG may match their contributions up to the lesser of 3% of their annual salary or \$6,000. Matching contributions for the years ended December 31, 2023 and 2022 were \$34,879 and \$24,769, respectively.



## **GIRLS INC. OF ORANGE COUNTY**

### **Notes to Financial Statements (continued) For the Years Ended December 31, 2023 and 2022**

#### **12. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023, comprise the following:

Total financial assets:	
Cash and cash equivalents	\$ 1,260,307
Pledges and grants receivable, current portion	689,414
Investments	4,719,702
	<u>6,669,423</u>
Less:	
Investments - board-designated	(2,384,872)
Deferred revenue	(17,000)
Donor-imposed restrictions	(1,100,739)
	<u>(3,502,611)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,166,812</u></u>

Given current macroeconomic uncertainties, GIOC has elected to maintain liquidity levels at amounts in excess of historical levels. GIOC also maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. Net proceeds received from sale of its office facilities in March 2020 totaling \$2,384,872 has been designated by the board of directors for investment. However, in the case of need, the board of directors could appropriate such resources for general expenditures.

#### **13. Subsequent Events**

GIOC has evaluated events and transactions for potential recognition or disclosure through April 30, 2024, which represents the date the financial statements were available to be issued.