

*Financial Statements  
and Independent Auditors' Report*



*December 31, 2021 and 2020*

*Financial Statements and Independent Auditors' Report*

**girls  
inc.**

**of Orange County**

**GIRLS INC. OF ORANGE COUNTY**

*As of and for the Years Ended December 31, 2021 and 2020*

# GIRLS INC. OF ORANGE COUNTY

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## **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 statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Girls Inc. of Orange County as of December 31, 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.

### **Basis for Opinion**

We conducted our audit 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 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 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.

### December 31, 2020 Financial Statements

The financial statements of Girls Inc. of Orange County as of and for the year ended December 31, 2020 were audited by other auditors whose report dated April 6, 2021, expressed an unmodified opinion on these statements.



HASKELL & WHITE LLP

Irvine, California  
June 2, 2022

**GIRLS INC. OF ORANGE COUNTY**

**Statement of Financial Position  
As of December 31, 2021**

<b>ASSETS</b>			
	Without Donor Restrictions	With Donor Restrictions	<b>Total</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 808,368	\$ 606,336	\$ 1,414,704
Investments	1,328,843	-	1,328,843
Pledges and grants receivable	363,539	51,000	414,539
Inventory and other assets	170,898	-	170,898
Prepaid expenses	300,915	-	300,915
	<u>2,972,563</u>	<u>657,336</u>	<u>3,629,899</u>
<b>Noncurrent assets</b>			
Pledges and grants receivable, net	-	436,780	436,780
Investments (Note 15)	2,384,872	-	2,384,872
Property and equipment, net	57,571	-	57,571
Security deposit	2,520	-	2,520
	<u>2,444,963</u>	<u>436,780</u>	<u>2,881,743</u>
<b>Total assets</b>	<u>\$ 5,417,526</u>	<u>\$ 1,094,116</u>	<u>\$ 6,511,642</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 28,590	\$ -	\$ 28,590
Accrued payroll and payroll taxes	70,124	-	70,124
Accrued vacation	83,626	-	83,626
Deferred revenue	130,958	-	130,958
	<u>313,298</u>	<u>-</u>	<u>313,298</u>
<b>Total current liabilities</b>	<u>313,298</u>	<u>-</u>	<u>313,298</u>
<b>Net assets</b>	<u>5,104,228</u>	<u>1,094,116</u>	<u>6,198,344</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,417,526</u>	<u>\$ 1,094,116</u>	<u>\$ 6,511,642</u>

See independent auditors' report and notes to financial statements.

**GIRLS INC. OF ORANGE COUNTY**

**Statement of Financial Position  
As of December 31, 2020**

<b>ASSETS</b>			
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,269,360	\$ 279,196	\$ <b>1,548,556</b>
Certificates of deposit	81,858	-	<b>81,858</b>
Pledges and grants receivable	218,914	10,000	<b>228,914</b>
Inventory	120,006	-	<b>120,006</b>
Prepaid expenses	141,601	-	<b>141,601</b>
	<u>1,831,739</u>	<u>289,196</u>	<u><b>2,120,935</b></u>
<b>Noncurrent assets</b>			
Pledges and grants receivable	-	2,000	<b>2,000</b>
Investments	2,416,444	-	<b>2,416,444</b>
Property and equipment, net	82,865	-	<b>82,865</b>
Security deposit	2,520	-	<b>2,520</b>
	<u>2,501,829</u>	<u>2,000</u>	<u><b>2,503,829</b></u>
<b>Total assets</b>	<u><u>\$ 4,333,568</u></u>	<u><u>\$ 291,196</u></u>	<u><u>\$ <b>4,624,764</b></u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 44,271	\$ -	\$ <b>44,271</b>
Accrued payroll and payroll taxes	50,877	-	<b>50,877</b>
Accrued vacation	74,425	-	<b>74,425</b>
Deferred revenue	136,500	-	<b>136,500</b>
	<u>306,073</u>	<u>-</u>	<u><b>306,073</b></u>
<b>Net assets</b>	<u>4,027,495</u>	<u>291,196</u>	<u><b>4,318,691</b></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 4,333,568</u></u>	<u><u>\$ 291,196</u></u>	<u><u>\$ <b>4,624,764</b></u></u>

See independent auditors' report and notes to financial statements.

**GIRLS INC. OF ORANGE COUNTY**

**Statement of Activities and Changes in Net Assets  
For The Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, support and gains</b>			
Private grants	\$ 995,964	\$ 406,336	\$ <b>1,402,300</b>
Contributions	301,227	686,780	<b>988,007</b>
Program activities	62,105	-	<b>62,105</b>
Paycheck protection program (Note 8)	289,274	-	<b>289,274</b>
Employee retention credits (Note 10)	403,192	-	<b>403,192</b>
Miscellaneous income	13,801	-	<b>13,801</b>
In-kind income	104,907	-	<b>104,907</b>
Investment returns, net	242,750	-	<b>242,750</b>
Fundraising events	608,567	-	
Less: Cost of direct benefit to donors	<u>(107,016)</u>	<u>-</u>	<u><b>501,551</b></u>
Total revenue	<u>2,914,771</u>	<u>1,093,116</u>	<u><b>4,007,887</b></u>
Net assets released from restriction	<u>290,196</u>	<u>(290,196)</u>	<u>-</u>
Total revenue, support and gains	<u>3,204,967</u>	<u>802,920</u>	<u><b>4,007,887</b></u>
<b>Expenses</b>			
Program services	1,543,848	-	<b>1,543,848</b>
Management and general	301,628	-	<b>301,628</b>
Fundraising	<u>282,758</u>	<u>-</u>	<u><b>282,758</b></u>
Total expenses	<u>2,128,234</u>	<u>-</u>	<u><b>2,128,234</b></u>
<b>Change in net assets</b>	1,076,733	802,920	<b>1,879,653</b>
<b>Net assets, beginning of year</b>	<u>4,027,495</u>	<u>291,196</u>	<u><b>4,318,691</b></u>
<b>Net assets, end of year</b>	<u><u>\$ 5,104,228</u></u>	<u><u>\$ 1,094,116</u></u>	<u><u><b>\$ 6,198,344</b></u></u>

See independent auditors' report and notes to financial statements.



**GIRLS INC. OF ORANGE COUNTY**

**Statement of Activities and Changes in Net Assets  
For The Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, support and gains</b>			
Private grants	\$ 1,200,999	\$ 289,000	\$ 1,489,999
Paycheck protection program (Note 8)	326,487	-	326,487
Contributions	257,864	-	257,864
Program activities	61,124	-	61,124
Miscellaneous income	2,035	-	2,035
In-kind income	270,238	-	270,238
Investment returns, net	30,191	-	30,191
Fundraising events	532,480	-	532,480
Less: Cost of direct benefit to donors	(68,418)	-	(68,418)
	<u>2,613,000</u>	<u>289,000</u>	<u>2,902,000</u>
Total revenue			
Net assets released from restriction	<u>192,868</u>	<u>(192,868)</u>	<u>-</u>
	<u>2,805,868</u>	<u>96,132</u>	<u>2,902,000</u>
Total revenue, support and gains			
<b>Expenses</b>			
Program services	1,657,661	-	1,657,661
Management and general	177,072	-	177,072
Fundraising	364,827	-	364,827
	<u>2,199,560</u>	<u>-</u>	<u>2,199,560</u>
Total expenses			
Change in net assets from operations	<u>606,308</u>	<u>96,132</u>	<u>702,440</u>
<b>Other changes</b>			
Infrequently occurring item: gain on sale of office facilities (Note 15)	<u>2,234,902</u>	<u>-</u>	<u>2,234,902</u>
	<u>2,841,210</u>	<u>96,132</u>	<u>2,937,342</u>
Change in net assets			
Net assets, beginning of year	<u>1,186,285</u>	<u>195,064</u>	<u>1,381,349</u>
	<u>\$ 4,027,495</u>	<u>\$ 291,196</u>	<u>\$ 4,318,691</u>
Net assets, end of year			

See independent auditors' report and notes to financial statements.

**GIRLS INC. OF ORANGE COUNTY**

**Statement of Functional Expenses  
For The Year Ended December 31, 2021**

	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and wages	\$ 1,004,211	\$ 187,252	\$ 156,515	\$ -	\$ 1,347,978
Program	140,578	-	-	-	140,578
Employee benefits	53,522	19,183	2,027	-	74,732
Pension	11,177	4,726	452	-	16,355
Payroll taxes	64,809	12,085	10,101	-	86,995
Occupancy	37,213	3,544	7,088	-	47,845
Office	9,043	6,226	2,009	-	17,278
Equipment	3,716	1,032	826	-	5,574
Postage	1,858	516	413	-	2,787
Printing	1,038	288	231	-	1,557
Events	7,280	-	24,069	107,016	138,365
Insurance	6,406	7,508	1,424	-	15,338
Professional services	40,387	31,805	36,730	-	108,922
Depreciation	17,105	4,751	3,801	-	25,657
Communication and marketing	71,200	12,355	9,884	-	93,439
Utilities and telephone	7,416	5,549	1,648	-	14,613
Dues and subscriptions	-	2,195	-	-	2,195
Other taxes	-	1,692	-	-	1,692
Travel and meetings	-	921	-	-	921
Bank and credit card charges	5,890	-	2,524	-	8,414
In-kind	60,999	-	23,016	-	84,015
	1,543,848	301,628	282,758	107,016	2,235,250
Less: expenses included with revenue, support and gain on the statement of activities and changes in net assets:					
Cost of direct benefits to donors	-	-	-	(107,016)	(107,016)
Total expenses	\$ 1,543,848	\$ 301,628	\$ 282,758	\$ -	\$ 2,128,234
	73%	14%	13%		100%

See independent auditors' report and notes to financial statements.

**GIRLS INC. OF ORANGE COUNTY**

**Statement of Functional Expenses  
For The Year Ended December 31, 2020**

	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and wages	\$ 1,051,087	\$ 97,515	\$ 196,617	\$ -	\$ 1,345,219
Program	110,140	-	-	-	110,140
Employee benefits	106,994	5,984	733	-	113,711
Pension	22,369	3,714	6,299	-	32,382
Payroll taxes	62,860	5,191	11,730	-	79,781
Occupancy	40,287	5,036	5,036	-	50,359
Office	2,955	4,480	-	-	7,435
Equipment	4,498	562	562	-	5,622
Postage	1,872	312	936	-	3,120
Printing	1,029	172	514	-	1,715
Events	2,523	-	37,992	68,418	108,933
Insurance	11,554	6,913	4,642	-	23,109
Professional services	1,522	19,258	68,253	-	89,033
Repair and maintenance	4,942	618	617	-	6,177
Depreciation	17,527	1,964	2,464	-	21,955
Communication and marketing	83,768	7,239	12,410	-	103,417
Vehicle	1,524	-	-	-	1,524
Utilities and telephone	19,740	3,037	2,531	-	25,308
Dues and subscriptions	-	676	-	-	676
Other taxes	-	238	-	-	238
Travel and meetings	-	3,013	-	-	3,013
Bank and credit card charges	7,990	-	1,998	-	9,988
Bad debts	-	7,400	-	-	7,400
In-kind	102,480	3,750	11,493	-	117,723
	1,657,661	177,072	364,827	68,418	2,267,978
Less: expenses included with revenue, support and gain on the statement of activities and changes in net assets:					
Cost of direct benefits to donors	-	-	-	(68,418)	(68,418)
Total expenses	\$ 1,657,661	\$ 177,072	\$ 364,827	\$ -	\$ 2,199,560
	75%	8%	17%		100%

See independent auditors' report and notes to financial statements.

## GIRLS INC. OF ORANGE COUNTY

### Statements of Cash Flows For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,879,653	\$ 2,937,342
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	25,657	21,955
Gain on sale of property and equipment (Note 15)	(10,875)	(2,234,902)
In-kind contributions - jewelry	(57,762)	(120,006)
Unrealized gain on investments	(151,509)	(19,847)
(Increase) decrease in:		
Pledges and grants receivable, net	(620,405)	(175,679)
Inventory and other assets	6,870	-
Prepaid expenses	(159,314)	4,304
Security deposit	-	(2,520)
Increase (decrease) in:		
Accounts payable and accrued expenses	(15,681)	(62)
Accrued payroll and payroll taxes	19,247	(12,235)
Accrued vacation	9,201	24,296
Deferred revenue	(5,542)	60,486
<b>Net cash provided by operating activities</b>	<b>919,540</b>	<b>483,132</b>
<b>Cash flows from investing activities</b>		
Dividend and realized gain reinvestments, net	(91,241)	(9,718)
Purchases of investments	(972,663)	(2,388,588)
Purchase of property and equipment	(9,269)	(65,830)
Proceeds from sale of property and equipment	19,781	2,384,872
<b>Net cash used in investing activities</b>	<b>(1,053,392)</b>	<b>(79,264)</b>
<b>Net change in cash and cash equivalents</b>	<b>(133,852)</b>	<b>403,868</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,548,556</b>	<b>1,144,688</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,414,704</b>	<b>\$ 1,548,556</b>

See independent auditors' report and notes to financial statements.

# **GIRLS INC. OF ORANGE COUNTY**

## **Notes to Financial Statements For the Years Ended December 31, 2021 and 2020**

### **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 years old, the instruction, mentoring and support they need to be successful throughout their lives. Each year, GIOC powerfully and permanently impacts the lives of girls throughout the county, leading them through specially-designed educational programming in the areas of STEM (Science, Technology, Engineering, and Mathematics), financial literacy, positive body image, healthy relationships, workforce development and college/career readiness.

GIOC prioritizes providing services to girls who live in areas where the need is greatest. Seventy-eight percent of the girls served live in households that are low-to-moderately low income. The Organization offers programs virtually and in-person, year round, hosting programs on school campuses (elementary, middle and high school), juvenile detention centers, community centers, and through other educational partners that include community colleges, public and private universities, and others. Through studies at the local and national levels, the programs have been proven to change girls’ lives, resulting in significant increases in self-esteem, grades, preparation for higher education, community activism, interest in STEM subjects, and financial independence. The Organization is committed to helping girls in Orange County grow up to be strong, smart, and bold.

In March of 2020, GIOC shifted to online programming in response to the COVID-19 pandemic. When schools closed, the Organization quickly invested in online learning platforms that would reach girls throughout Orange County. GIOC provided synchronous and asynchronous programs in a variety of topics, serving girls through weekly programming, workshops and weekly summer camps. The Organization also held a variety of key events online through the Zoom platform, giving the opportunity to reach girls, volunteers, donors, foundations, and corporate partners. GIOC also created a YouTube channel that provided content to currently enrolled girls, and a broader community. In 2020, GIOC created more than 100 videos, with 379 subscribers and over 14,000 views.

GIOC began in-person programming during the summer of 2021 and in the fall, was able to return onto schools campuses, serving more school sites and more girls to address the increased needs of girls, specifically in the SEL (social emotional learning) space. GIOC was able to continue to be offered in a virtual space, thus reaching more girls throughout OC. In 2021, GIOC served approximately 4,800 girls.

Girls Inc. national network is comprised of 78 affiliates across the United States and Canada. These affiliates operate in more than 1,500 centers and 300 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, 2021 and 2020, grants and contributions from Girls Inc. National were \$285,337 and \$147,500, respectively.

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

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

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

##### *Financial Statement Presentation*

The accompanying financial statements of GIOC are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets are classified and reported as:

Without Donor Restrictions — Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions — Those resources subject to donor-imposed restrictions that will be satisfied by action of GIOC or by the passage of time.

##### *Accounting Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### *Pledges and Grants*

Pledges and grants are recorded in the financial statements when the donor makes a written promise to give that is in substance unconditional even though these pledges and grants may be paid over subsequent years. Donor-restricted pledges and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor restricted pledges and grants whose restrictions are met in the same reporting period, are reported as net assets without donor restriction. Net assets that are legally without restriction, including any cash internally designated by GIOC’s board of directors, are reported as part of the without restriction class. An allowance for uncollectible pledges and grants receivable is provided based upon management’s judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

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

##### *Pledges and Grants (continued)*

GIOC may be named as a beneficiary in various wills and trusts from time to time or may be negotiating receipt of pledges, but due to the contingent nature of the receipt and amount of such funds, no amounts are recorded until they become unconditional.

Conditional contributions are not recognized until the related conditions are substantially met.

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

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

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.

##### *Cash and Cash Equivalents*

GIOC considers all highly-liquid investments, which are readily convertible to known amounts of cash and which have an original maturity of three months or less, to be cash equivalents. Certificates of deposit are recorded at fair value. There were no certificates of deposit at December 31, 2021. Certificates of deposit with maturities greater than three months as of December 31, 2020 totaled \$81,858.

##### *Inventory*

Inventory consists of donated jewelry which was recorded at retail value discounted at forty percent of markup. Inventory at December 31, 2021 and 2020 totaled \$140,898 and \$120,006, respectively. During the year ended December 31, 2021, GIOC utilized donated jewelry as gifts to girls and donors and monetized donated jewelry through auctions at events. Donated jewelry received during the year ended December 31, 2020 was neither utilized nor monetized.

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

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

##### *Property and Equipment*

GIOC capitalizes property and equipment over \$1,000 and lesser amounts are expensed. 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. As fully described in Note 15, GIOC sold its office facilities during the year ended December 31, 2020.

##### *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 revenue at December 31, 2021 and 2020 were \$130,958 and \$136,500, 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 expands disclosures about fair value measurements (Note 4).

##### *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.



## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

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

##### *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 be recorded if the tax positions will more than likely than not to be sustained upon examination. As of December 31, 2021, management does not believe GIOC has any uncertain tax positions requiring accrual or disclosure. GIOC is subject to potential income tax audits 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.

##### *Recently Issued Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* to supersede the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. The new standard is effective for fiscal years beginning after December 15, 2021. Given its limited leasing activities to date, management does not expect this guidance to significantly impact the accompanying financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities and changes in net assets as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact ASU 2020-07 will have on the financial statements and related disclosures.

#### 3. Pledges and Grants Receivable

Pledges and grants receivable consist of single year promises from individuals, corporations, and foundations and two multi-year promises from individual donors. Receivables to be received in more than one year are discounted at 1 percent.

**GIRLS INC. OF ORANGE COUNTY**

**Notes to Financial Statements (continued)  
For the Years Ended December 31, 2021 and 2020**

**3. Pledges and Grants Receivable (continued)**

Expected future collections of pledges and grants receivables at December 31, 2021 are as follows:

Years Ending December 31,		
2022	\$	414,539
2023		150,000
2024		150,000
2025		150,000
		864,539
Less: present value discount		(13,220)
Pledges and grants to receive, net		851,319
Less: current portion, net		(414,539)
Noncurrent portion, net	\$	436,780

Expected future collections of pledges and grants receivables at December 31, 2020 are as follows:

Years Ending December 31,		
2021	\$	228,914
2022		2,000
		230,914
Less: present value discount		-
Pledges and grants to receive, net		230,914
Less: current portion, net		(228,914)
Noncurrent portion, net	\$	2,000

There is no allowance for doubtful accounts at December 31, 2021 and 2020, 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, 2021 and 2020

#### 4. Fair Value Measurements

GAAP establishes a framework for measuring fair value, and expands 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 investments measured at fair value on a recurring basis at December 31, 2021:

	Level 1	Total
	<u>                    </u>	<u>                    </u>
Cash and bank sweep accounts	\$ 14,710	\$ 14,710
Fixed Income ETFs & Mutual Funds	1,316,639	1,316,639
Equity ETFs & Mutual Funds	2,165,884	2,165,884
Alternative ETFs	216,482	216,482
	<u>\$ 3,713,715</u>	<u>\$ 3,713,715</u>

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

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

Cash, bank sweep, and money market funds are measured at their net asset value and are classified within Level 1. Exchange traded funds (ETFs) and mutual funds are classified within Level 1 because of their readily determinable fair values based on daily redemption values.

#### 5. Investments

Investments consist of the following at December 31, 2021 and 2020:

	2021	2020
Cash and bank sweep	\$ 14,710	\$ 8,065
Money market funds	-	200,001
Bond mutual funds	111,441	-
Equity mutual funds	112,139	-
Exchange traded funds	3,475,425	2,208,378
	\$ 3,713,715	\$ 2,416,444

As of December 31, 2021 and 2020, board-designated investments totaled \$2,384,872 and \$2,416,444, respectively (Note 15).

Net investment returns consist of the following for the years ended December 31, 2021 and 2020

	2021	2020
Dividends and interest	\$ 66,010	\$ 10,344
Realized gain	41,292	-
Unrealized gain	151,509	19,847
	258,811	30,191
Less: Investment fees	(16,061)	-
	\$ 242,750	\$ 30,191

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.

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

#### 6. Property and Equipment

Property and equipment, net consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 90,479	\$ 81,210
Vehicles	-	44,000
Website upgrade	10,000	10,000
	<u>100,479</u>	<u>135,210</u>
Less: Accumulated depreciation	<u>(42,908)</u>	<u>(52,345)</u>
	<u>\$ 57,571</u>	<u>\$ 82,865</u>

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$25,657 and \$21,955, respectively.

#### 7. Annual Fundraising Events

GIOC conducts an annual fundraising event to assist in funding program operations. All revenue received in excess of expenses from this event is used for current program operations. The costs that are direct benefits to the donors are included in the “Cost of direct benefit to donors” in the accompanying statements of activities and changes in net assets.

The revenues and expenses of annual fundraising events are as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Gross revenue	\$ 608,567	\$ 532,480
Direct donor benefits	<u>(107,016)</u>	<u>(68,418)</u>
	<u>\$ 501,551</u>	<u>\$ 464,062</u>

#### 8. Paycheck Protection Program

In May 2020, GIOC received proceeds in the amount of \$326,487 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

#### 8. Paycheck Protection Program (continued)

The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. GIOC has used all of the proceeds for purposes consistent with the PPP agreement during the year ended December 31, 2020. Because GIOC believes that its use of the loan proceeds meets the conditions for forgiveness of the loan, the total PPP amount of \$326,467 is reported as contributions in the statements of activities and changes in net assets. GIOC applied for loan forgiveness, which was approved by the U.S. Small Business Administration in April 2021.

In February 2021, Union Bank approved GIOC's application for a second Paycheck Protection Program loan ("PPP2) in the amount of \$289,274. GIOC has used all of the proceeds for purposes consistent with the PPP2 agreement during the year ended December 31, 2021. Because GIOC believes that its use of the loan proceeds meets the conditions for forgiveness of the loan, the total PPP2 amount of \$289,274 is reported as contributions in the statements of activities and changes in net assets. GIOC applied for loan forgiveness and the application is currently under review for approval by the U.S. Small Business Administration.

#### 9. In-kind Contributions

GIOC received donated professional services and materials and supplies during the years ended December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Creative services related to marketing materials	\$ -	\$ 75,000
Jewelry	57,762	120,006
Other materials and supplies	47,145	75,232
	<u>\$ 104,907</u>	<u>\$ 270,238</u>

#### 10. Employee Retention Credits

Management believes that GIOC is eligible for Employee Retention Credits ("ERC") under the CARES Act. The Organization received \$247,481 prior to December 31, 2021 from a Form 941 Employer Quarterly Federal Tax Return refund payment for the quarter ended March 31, 2021 and abated employment taxes for the quarters ended June 30, 2021 and September 30, 2021. GIOC believes that that it is probable that it is entitled to recover amounts previously paid in 2020 via the ERC and thus has recognized receivables of \$155,711, which represents refunds due on the 2020 Form 941-X Adjusted Employer's Quarterly Federal Tax Returns for the quarters ended June 30, 2020, September 30, 2020 and December 31, 2020.

**GIRLS INC. OF ORANGE COUNTY**

**Notes to Financial Statements (continued)  
For the Years Ended December 31, 2021 and 2020**

**11. Net Assets with Donor Restrictions**

Net assets with donor restrictions activity at December 31, 2021 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	\$ 12,000	\$ 279,196	\$ 291,196
Contributions	40,000	1,053,116	1,093,116
Releases	<u>(11,000)</u>	<u>(279,196)</u>	<u>(290,196)</u>
Ending balance	<u>\$ 41,000</u>	<u>\$ 1,053,116</u>	<u>\$ 1,094,116</u>
Purpose restrictions:			
College Bound		\$ 120,417	
Elementary		169,833	
Project Accelerate		574,949	
Teens		27,917	
Sponsorships		<u>160,000</u>	
		<u>\$ 1,053,116</u>	

Net assets with donor restrictions activity at December 31, 2020 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	\$ 23,702	\$ 171,362	\$ 195,064
Contributions	-	289,000	289,000
Releases	<u>(11,702)</u>	<u>(181,166)</u>	<u>(192,868)</u>
Ending balance	<u>\$ 12,000</u>	<u>\$ 279,196</u>	<u>\$ 291,196</u>
Purpose restrictions:			
SupHervision		\$ 97,000	
Construction and Renovation		64,696	
College Bound		35,000	
STEM		62,500	
G3		15,000	
Chromebooks		<u>5,000</u>	
		<u>\$ 279,196</u>	

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

#### 12. Leases

In July 2020, GIOC entered into a non-cancelable lease agreement for its office building located in Santa Ana, California. The lease required a monthly lease payment of \$2,520 and expired on June 30, 2021. In March 2021, GIOC amended its office building lease agreement extending the expiration date of the lease to June 2023.

Office rent expense related to the lease agreement described above for the year ended December 31, 2021 and 2020 totaled \$29,820 and \$15,120, respectively. In addition, for the year ended December 31, 2020, GIOC incurred an additional three months of rent totaling \$18,000 for occupying the office building that was sold.

In July 2020, GIOC also entered into a non-cancelable equipment lease agreement which expires in 2025. The lease agreement requires a monthly lease payment of approximately \$419. Equipment lease expense for the years ended December 31, 2021 and 2020 totaled \$5,489 and \$2,942, respectively.

The future minimum rental payments under lease agreements as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 34,868
2023	20,168
2024	5,024
2025	<u>2,512</u>
	<u>\$ 62,572</u>

#### 13. Concentration of Credit Risk and Uncertainties

##### *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. Uninsured balances were \$1,164,704 and \$1,259,493 at December 31, 2021 and 2020, respectively.

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



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

### **Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020**

#### **13. Concentration of Credit Risk and Uncertainties (continued)**

##### *Uncertainties*

Toward the end of December 2019, an outbreak of a novel strain of coronavirus (“COVID19”) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The impact of COVID19 to GIOC’s 2020 and 2021 results was minimal due to GIOC pivoting quickly to working remotely, holding virtual events, and delivering programming online. However, the extent to which COVID19 may impact GIOC’s 2022 results will depend on future developments, which are highly uncertain and cannot be predicted at this time.

#### **14. Pension 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. GIOC may match their contribution up to the lesser of 3 percent of their annual salary or \$6,000. Matching contributions for the years ended December 31, 2021 and 2020 were \$16,355 and \$32,382, respectively.

#### **15. Infrequently Occurring Item**

In March 2020, GIOC sold its office facilities to a limited liability company resulting in a gain from sale totaling \$2,234,902, which is reported as an infrequently occurring item in the 2020 statement of activities and changes in net assets. The net proceeds received from the sale totaling \$2,384,872 have been designated by the Board of Directors for investment purposes (Note 5).

## GIRLS INC. OF ORANGE COUNTY

### Notes to Financial Statements (continued) For the Years Ended December 31, 2021 and 2020

#### 16. 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, 2021, comprise the following:

Total financial assets:	
Cash and cash equivalents	\$ 1,414,704
Pledges and grants receivable, current portion	414,539
Investments	3,713,715
	<u>5,542,958</u>
Less:	
Investments - board-designated	(2,384,872)
Deferred revenue	(130,958)
Donor-imposed restrictions	(1,094,116)
	<u>(3,609,946)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,933,012</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 the building sale 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.

In addition to financial assets available to meet general expenditures over the next 12 months, GIOC operates with a balanced budget and anticipates collecting sufficient funds to cover general expenditures not covered by donor-restricted resources.

#### 17. Subsequent Events

GIOC has evaluated events and transactions for potential recognition or disclosure through June 2, 2022, which represents the date the financial statements were available to be issued.