

**Girls Incorporated of Metropolitan Dallas and
Girls Inc. Foundation**

Consolidated Financial Statements
and Supplementary Information

June 30, 2020 and 2019



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Dallas, Texas

We have audited the accompanying consolidated financial statements of Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion was not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 20 - 23 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Armanino^{LLP}
Dallas, Texas

August 27, 2020

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidated Statements of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,166,692 | \$ 951,956 |
| Investments, at fair value | 751,459 | 776,229 |
| Contributions and other receivables | 267,680 | 271,355 |
| Prepaid expenses | 18,915 | 37,382 |
| Property and equipment, net | 631,607 | 840,452 |
| Assets held for sale | 162,483 | - |
| Total assets | \$ 2,998,836 | \$ 2,877,374 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 201,664 | \$ 268,090 |
| Notes payable | 234,700 | - |
| Total liabilities | 436,364 | 268,090 |
| Net assets | | |
| Without donor restrictions | 2,129,367 | 2,143,974 |
| With donor restrictions | 433,105 | 465,310 |
| Total net assets | 2,562,472 | 2,609,284 |
| Total liabilities and net assets | \$ 2,998,836 | \$ 2,877,374 |

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

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Revenues and other support | | | |
| Contributions | \$ 1,151,398 | \$ 181,627 | \$ 1,333,025 |
| In-kind contributions | 383,886 | - | 383,886 |
| United Way | 210,432 | - | 210,432 |
| Special events | 450,943 | - | 450,943 |
| Less: cost of direct benefits to donors | (62,734) | - | (62,734) |
| Membership fees | 43,725 | - | 43,725 |
| Investment returns | 22,260 | - | 22,260 |
| Net assets released from restriction | <u>213,832</u> | <u>(213,832)</u> | <u>-</u> |
| Total revenues and other support | <u>2,413,742</u> | <u>(32,205)</u> | <u>2,381,537</u> |
| Functional expenses | | | |
| Program services | | | |
| Afterschool, Summer & Spring Break | 1,144,754 | - | 1,144,754 |
| Eureka! STEM | 217,308 | - | 217,308 |
| Partner-based | <u>334,825</u> | <u>-</u> | <u>334,825</u> |
| Total program services | 1,696,887 | - | 1,696,887 |
| Management and general | 374,752 | - | 374,752 |
| Fundraising | <u>356,710</u> | <u>-</u> | <u>356,710</u> |
| Total functional expenses | <u>2,428,349</u> | <u>-</u> | <u>2,428,349</u> |
| Change in net assets | (14,607) | (32,205) | (46,812) |
| Net assets, beginning of year | <u>2,143,974</u> | <u>465,310</u> | <u>2,609,284</u> |
| Net assets, end of year | <u>\$ 2,129,367</u> | <u>\$ 433,105</u> | <u>\$ 2,562,472</u> |

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

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--------------------------------------|-------------------------------|----------------------------|--------------|
| Revenues and other support | | | |
| Contributions | \$ 1,051,064 | \$ 417,192 | \$ 1,468,256 |
| In-kind contributions | 72,475 | - | 72,475 |
| United Way | 223,234 | - | 223,234 |
| Membership fees | 71,947 | - | 71,947 |
| Investment returns | 68,352 | - | 68,352 |
| Net assets released from restriction | 404,149 | (404,149) | - |
| Total revenues and other support | 1,891,221 | 13,043 | 1,904,264 |
| Functional expenses | | | |
| Program services | | | |
| Afterschool, Summer & Spring Break | 791,893 | - | 791,893 |
| Eureka! STEM | 234,458 | - | 234,458 |
| Partner-based | 312,385 | - | 312,385 |
| Total program services | 1,338,736 | - | 1,338,736 |
| Management and general | 317,547 | - | 317,547 |
| Fundraising | 331,772 | - | 331,772 |
| Total functional expenses | 1,988,055 | - | 1,988,055 |
| Change in net assets | (96,834) | 13,043 | (83,791) |
| Net assets, beginning of year | 2,240,808 | 452,267 | 2,693,075 |
| Net assets, end of year | \$ 2,143,974 | \$ 465,310 | \$ 2,609,284 |

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

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

| | Afterschool, Summer & Spring Break | Eureka! STEM | Partner-based | Total Program Services | Management and General | Fundraising | Cost of Direct Benefits to Donor | Total |
|---|--|-------------------|-------------------|---------------------------|---------------------------|-------------------|--|---------------------|
| Expenses before depreciation | | | | | | | | |
| Salaries and wages | \$ 522,474 | \$ 83,877 | \$ 161,858 | \$ 768,209 | \$ 190,338 | \$ 212,897 | \$ - | \$ 1,171,444 |
| Payroll taxes and benefits | 140,994 | 26,616 | 47,333 | 214,943 | 49,815 | 60,933 | - | 325,691 |
| Professional fees | 180,177 | 60,049 | 60,069 | 300,295 | 99,884 | 34,879 | - | 435,058 |
| Supplies | 41,173 | 9,067 | 7,909 | 58,149 | 2,020 | 642 | - | 60,811 |
| Telephone and internet | 19,412 | 2,073 | 2,883 | 24,368 | 2,111 | 1,618 | - | 28,097 |
| Occupancy | 55,781 | 10,345 | 14,616 | 80,742 | 3,243 | 2,088 | - | 86,073 |
| Repairs and maintenance | 43,137 | 1,757 | 2,389 | 47,283 | 686 | 635 | - | 48,604 |
| Information technology | 37,458 | 4,233 | 5,526 | 47,217 | 4,174 | 11,638 | - | 63,029 |
| Printing | 1,989 | 427 | 626 | 3,042 | 4,509 | 3,503 | - | 11,054 |
| Transportation | 5,729 | 518 | 766 | 7,013 | 1,506 | 855 | - | 9,374 |
| Conferences and meetings | 1,350 | 1,388 | 1,129 | 3,867 | 781 | 432 | - | 5,080 |
| Program events | 14,755 | 4,353 | 12,930 | 32,038 | - | - | - | 32,038 |
| Insurance | 26,753 | 1,966 | 2,784 | 31,503 | 492 | 328 | - | 32,323 |
| Dues to National Girls Inc. | 7,200 | 2,400 | 2,400 | 12,000 | - | - | - | 12,000 |
| Special events | - | - | - | - | - | - | 62,734 | 62,734 |
| Other expenses | 2,279 | 222 | 250 | 2,751 | 13,189 | 24,926 | - | 40,866 |
| Total expenses before depreciation | 1,100,661 | 209,291 | 323,468 | 1,633,420 | 372,748 | 355,374 | 62,734 | 2,424,276 |
| Depreciation | 44,093 | 8,017 | 11,357 | 63,467 | 2,004 | 1,336 | - | 66,807 |
| Less expenses included with revenues and other support on the consolidated statement of activities | | | | | | | | |
| Special events | - | - | - | - | - | - | (62,734) | (62,734) |
| | <u>\$ 1,144,754</u> | <u>\$ 217,308</u> | <u>\$ 334,825</u> | <u>\$ 1,696,887</u> | <u>\$ 374,752</u> | <u>\$ 356,710</u> | <u>\$ -</u> | <u>\$ 2,428,349</u> |

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

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019

| | Afterschool, Summer & Spring Break | Eureka! STEM | Partner-based | Total Program Services | Management and General | Fundraising | Total |
|------------------------------------|--|-------------------|-------------------|---------------------------|---------------------------|-------------------|---------------------|
| Expenses before depreciation | | | | | | | |
| Salaries and wages | \$ 402,622 | \$ 91,175 | \$ 179,465 | \$ 673,262 | \$ 142,962 | \$ 96,583 | \$ 912,807 |
| Payroll taxes and benefits | 113,425 | 25,685 | 50,560 | 189,670 | 40,269 | 27,209 | 257,148 |
| Professional fees | 4,801 | 761 | 1,268 | 6,830 | 91,806 | 136,623 | 235,259 |
| Supplies | 47,448 | 21,365 | 13,401 | 82,214 | 4,944 | 744 | 87,902 |
| Telephone and internet | 27,784 | 2,383 | 3,143 | 33,310 | 1,702 | 1,829 | 36,841 |
| Occupancy | 29,241 | 19,494 | 16,245 | 64,980 | 2,052 | 1,368 | 68,400 |
| Repairs and maintenance | 19,925 | 13,283 | 11,069 | 44,277 | 1,398 | 932 | 46,607 |
| Information technology | 36,920 | 4,121 | 5,491 | 46,532 | 7,414 | 39,431 | 93,377 |
| Printing | 2,349 | 330 | 444 | 3,123 | 748 | 10,730 | 14,601 |
| Transportation | 10,187 | 2,129 | 2,393 | 14,709 | 1,008 | 624 | 16,341 |
| Conferences and meetings | 1,371 | 713 | 390 | 2,474 | 4,152 | 3,170 | 9,796 |
| Program events | 21,916 | 20,313 | - | 42,229 | - | - | 42,229 |
| Insurance | 26,148 | 4,389 | 4,527 | 35,064 | 3,455 | 1,727 | 40,246 |
| Dues to National Girls Inc. | 7,200 | 2,400 | 2,400 | 12,000 | - | - | 12,000 |
| Other expenses | 1,987 | 204 | 161 | 2,352 | 12,930 | 8,998 | 24,280 |
| Total expenses before depreciation | <u>753,324</u> | <u>208,745</u> | <u>290,957</u> | <u>1,253,026</u> | <u>314,840</u> | <u>329,968</u> | <u>1,897,834</u> |
| Depreciation | <u>38,569</u> | <u>25,713</u> | <u>21,428</u> | <u>85,710</u> | <u>2,707</u> | <u>1,804</u> | <u>90,221</u> |
| | <u>\$ 791,893</u> | <u>\$ 234,458</u> | <u>\$ 312,385</u> | <u>\$ 1,338,736</u> | <u>\$ 317,547</u> | <u>\$ 331,772</u> | <u>\$ 1,988,055</u> |

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

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (46,812) | \$ (83,791) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation | 66,807 | 90,221 |
| Realized and unrealized investment (gains)/losses | 1,643 | (40,726) |
| Acquisition of property and equipment via in-kind contributions | - | (31,958) |
| Changes in operating assets and liabilities | | |
| Contributions and other receivables | 3,675 | (91,310) |
| Prepaid expenses | 18,467 | 9,301 |
| Accounts payable and accrued liabilities | <u>(66,426)</u> | <u>170,513</u> |
| Net cash provided by (used in) operating activities | <u>(22,646)</u> | <u>22,250</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of investments | 272,881 | 180,189 |
| Purchases of investments | (249,754) | - |
| Purchases of property and equipment | <u>(20,445)</u> | <u>(89,997)</u> |
| Net cash provided by investing activities | <u>2,682</u> | <u>90,192</u> |
| Cash flows from financing activities | | |
| Proceeds from notes payable | <u>234,700</u> | <u>-</u> |
| Net cash provided by financing activities | <u>234,700</u> | <u>-</u> |
| Net increase in cash and cash equivalents | 214,736 | 112,442 |
| Cash and cash equivalents, beginning of year | <u>951,956</u> | <u>839,514</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,166,692</u> | <u>\$ 951,956</u> |

Supplemental disclosure of non-cash investing financing activities

| | | | | |
|---|----|---|----|--------|
| Acquisition of property and equipment via in-kind contributions | \$ | - | \$ | 31,958 |
|---|----|---|----|--------|

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

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

1. NATURE OF OPERATIONS

Girls Incorporated of Metropolitan Dallas ("GIMD") is a nonprofit organization chartered by the state of Texas in 1968. The mission of GIMD is to inspire all girls to be strong, smart and bold. Their vision is a world in which every girl values her whole self, discovers her inherent strengths, achieves her goals, and enjoys lasting success. GIMD provides girls from primarily low-income households with life-changing experiences and solutions to the unique social, economic, and gender barriers they face so they can grow into healthy, educated, and independent young women. Service delivery modes of programming include:

- Afterschool, Summer, and Spring Break programs - GIMD's nationally recognized, proven research-based curricula and outcomes-based model, known as The Girls Inc. Experience, that provides girls ages 6-18 with life-changing experiences. In a girls-only and pro-girl environment, intentional and compensatory programming focused on healthy living, academic enrichment and support, and life skills instruction is delivered daily afterschool, summer, and spring break. All programs are delivered by trained professionals designed to prepare girls for postsecondary success and 21st century careers.
- Eureka! STEM programs ("Eureka!") - Eureka! is an intensive, five-year, cohort-based STEM-based program that builds girls' confidence and skills through hands-on opportunities in science, technology, engineering and math. Utilizing a "whole girl" approach, the program also includes sports and physical fitness, personal development, and college and career readiness. In addition to the four-week summer component, during the school year there are monthly events, activities and field trips.
- Partner-based programs - In addition to programming delivery onsite at GIMD locations, partner-based programming offers interesting and relevant programs through partner-based locations, such as at schools and community centers that help girls with the challenges they face while growing up. Age appropriate programs can take place both during school and after-school. All GIMD programming is delivered by trained GIMD staff.

GIMD focuses its efforts on girls who can benefit the most from the comprehensive Girls Inc. Experience: girls in low-income, under resourced communities. In doing so, they equip girls with the knowledge, skills, and confidence to improve their lives and break the cycle of poverty.

Principles of consolidation

All significant inter-organizational transactions have been eliminated in the accompanying consolidated financial statements. The consolidated financial statements include the financial statements of GIMD and the Girls Inc. Foundation (the "Foundation"). The Foundation is a nonprofit organization chartered by the state of Texas in 2004. The Foundation is organized and operated to raise funds to support Girls Inc. The board of directors of GIMD appoints the board of directors of the Foundation.

GIMD and the Foundation are collectively referred to herein as the Organization. The Organization is supported primarily by contributions and grants from individuals, corporations, other nonprofit organizations and government agencies.

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The accompanying consolidated financials include the accounts of the Organization and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor-imposed stipulations.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that are restricted by the donor for specific purposes, time restrictions, or restricted in perpetuity. There are no net assets restricted in perpetuity as of June 30, 2020 or 2019.

Revenues are reported as increases in net asset without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Expirations of net assets with donor restrictions based on the donor-stipulated purpose being fulfilled and/or the stipulated time period elapsing, are reported as a release of restrictions and reclassified between the applicable classes of net assets. Restricted contributions whose restrictions are met in the same reporting period the contribution is made are shown as contributions without donor restrictions.

Cash and cash equivalents

Cash and cash equivalents consists of cash and highly liquid investments with a maturity of three months or less when purchased.

Investments

At June 30, 2020 and 2019, the Organization's investments in marketable securities consist of mutual funds and stocks that are stated at fair value in the accompanying consolidated statement of financial position. Interest, dividends and realized and unrealized gains and losses are reported within investment returns in the accompanying consolidated statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

Fair value measurements

The Organization applies the GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. GAAP describes three levels of inputs that may be used to measure fair value:

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 1* - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2* - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- *Level 3* - Unobservable inputs that are supported by little or no market activity, are significant to the fair value of the assets or liabilities and reflect management's assumptions and best estimates based on available data.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

Property and equipment

Property and equipment purchased by the Organization is recorded at cost or if acquired by gift, fair market value at the date of the gift. The Organization capitalizes all expenditures for property and equipment in excess of \$2,000.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

| | |
|-----------------------------------|--------------|
| Buildings and improvements | 5 - 45 years |
| Furniture, fixtures and equipment | 5 - 20 years |
| Automobiles | 5 - 15 years |

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted cash flows from the assets are less than the carrying value of the assets. There were no impairment changes recorded during the years ended June 30, 2020 or 2019.

Assets to be disposed of are reported at the lower of their carrying amount, or estimated fair value, less costs to sell. At June 30, 2020, the Organization has one building that is currently being held for sale.

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Organization recognizes membership fee income at the time services are rendered. Revenues from special events are recognized when the events are held.

Contributions and contributions receivable

The Organization recognizes contributions when they are received or unconditionally pledged and records these amounts as net assets without donor restrictions or net assets with donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Conditional promises to give are not included in contributions or contributions receivable until such time as the conditions are substantially met. Additionally, as of June 30, 2020 and 2019, the Organization has approximately \$515,000 and \$100,000, respectively, in conditional receivables which are not recorded within the accompanying consolidated financial statements. These contributions were conditioned on meeting defined objectives within a specific time frame.

In-kind contributions

Donated materials and program supplies are reflected as contributions at their estimated fair values at date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected for these types of donated services, as they do not meet the criteria for recognition.

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

The Organization's operating costs have been summarized on a functional basis in the accompanying consolidated statement of activities. Costs are summarized into program services and supporting services. Supporting services include management and general expenses that are vital to support the Organization's programs and support the greatest overall impact within the community. Examples of vital support to programs includes associated marketing for program enrollment and vital infrastructure required to support operating the program such as IT and outcomes data, human resources, and accounting. Supporting services also include the cost of fundraising and fundraising events that are held for the purpose of supporting the Organization's budget and long-term growth of clients served. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, which is based on an assessment of square-footage conducted by management, as well as salaries and wages and payroll taxes and benefits, which are allocated on the basis of management's estimates of time and effort.

Federal income taxes

Girls Inc. and the Foundation are recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and are not private foundations as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization did not have a material unrelated business income tax liability as of June 30, 2020 or 2019. Therefore, no tax provision or liability has been reported in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, with the stated purpose of providing guidance in evaluating whether the transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. The Organization has adopted the standard as of July 1, 2019; the adoption had no impact on the Organization's consolidated financial statements.

3. CONCENTRATIONS, CREDIT RISKS, AND UNCERTAINTIES

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, contributions receivable and investments in marketable securities.

Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. At times cash and cash equivalents may exceed the Federal Deposit Insurance Corporation limits and other insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

Contributions receivable are unsecured and are due from various donors, government agencies, or granting organizations. The Organization continually evaluates the collectibility of contributions receivable. Approximately 68% and 73% of the above contributions are due from three and four organizations and individuals for the years ended June 30, 2020 and 2019, respectively.

Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which includes significant provisions to provide relief and assistance to affected organizations. In response to the pandemic, the Organization pivoted to an online platform, redesigned and delivered synchronous and asynchronous programming to maintain its education and connection with girls. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders and the ultimate impact of the CARES Act and other governmental initiatives. It is at least reasonably possible that this matter will negatively impact the Organization. However, the financial impact and duration cannot be reasonably estimated at this time.

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

4. LIQUIDITY AND FUNDS AVAILABLE

The Organization monitors its liquidity in order to meet operating needs and other contractual commitments while maintaining sufficient resources to meet donor restrictions placed on contributed financial assets.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following disclosure describes assets that are available or expected to be available within one year of June 30, 2020 to fund general expenditures and obligations as they become due:

| | |
|---|---------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 1,166,692 |
| Investments, at fair value | 751,459 |
| Contributions and other receivables | <u>267,680</u> |
| | <u>2,185,831</u> |
| Less: amounts unavailable for general expenditure within one year due to: | |
| Short-term contribution receivables, with additional donor-imposed purpose restrictions | (95,833) |
| Long-term contributions receivable | (43,334) |
| Purpose restricted net assets | <u>(165,425)</u> |
| | <u>(304,592)</u> |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 1,881,239</u> |

5. INVESTMENTS

Investments consist of the following:

| | 2020 | 2019 |
|-----------------------|-------------------|-------------------|
| Equity - mutual funds | \$ 751,459 | \$ 771,290 |
| Equity - stocks | <u>-</u> | <u>4,939</u> |
| | <u>\$ 751,459</u> | <u>\$ 776,229</u> |

All investments are considered Level 1 within the fair value hierarchy.

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

| | 2020 | 2019 |
|---------------------------------------|------------|------------|
| Receivables due in less than one year | \$ 224,346 | \$ 184,688 |
| Receivables due in one to five years | 43,334 | 86,667 |
| | \$ 267,680 | \$ 271,355 |

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | 2020 | 2019 |
|-----------------------------------|--------------|--------------|
| Buildings and improvements | \$ 1,400,317 | \$ 1,400,317 |
| Furniture, fixtures and equipment | 433,110 | 412,665 |
| Automobiles | 234,297 | 234,297 |
| Land | 126,019 | 126,019 |
| | 2,193,743 | 2,173,298 |
| Accumulated depreciation | (1,399,653) | (1,332,846) |
| Assets held for sale | (162,483) | - |
| | \$ 631,607 | \$ 840,452 |

Depreciation expense was \$66,807 and \$90,221 for the years ended June 30, 2020 and 2019, respectively.

During the year, the Organization decided to no longer use one of its locations. The Organization has entered into an intent to sell the building of the location.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

| | 2020 | 2019 |
|-----------------|------------|------------|
| Scholarships | \$ 162,310 | \$ 162,310 |
| Programs | 3,115 | 31,645 |
| Time restricted | 267,680 | 271,355 |
| | \$ 433,105 | \$ 465,310 |

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets released from donor restrictions during the year were as follows:

| | 2020 | 2019 |
|-----------------|------------|------------|
| Scholarships | \$ - | \$ 625 |
| Programs | 76,999 | 374,024 |
| Time restricted | 136,833 | 29,500 |
| | \$ 213,832 | \$ 404,149 |

9. IN-KIND CONTRIBUTIONS

The Organization received donations of various supplies and services during the years ended June 30, 2020 and 2019. Donated services are recognized from professors related to summer camps held at local colleges and universities. The estimated fair value of these donations totaled \$381,536 and \$72,475, respectively, and is reflected in the accompanying consolidated statements of activities as in-kind contributions and included within supplies and professional fees on the accompanying consolidated statements of functional expense.

10. EMPLOYEE BENEFIT PLAN

The Organization established a tax deferred annuity retirement plan 403(b) effective January 1, 1993. Each participant may elect to contribute a percentage of their annual compensation as limited by the IRC. The Organization may, in its sole discretion, make a matching contribution in an amount determined by the board of directors upon approval of the annual budget. Employer contributions to the plan for the years ended June 30, 2020 and 2019 totaled \$13,971 and \$17,329.

11. SCHOLARSHIPS

The Organization provides scholarships to individuals who meet certain defined criteria. Scholarships are awarded in amounts up to a maximum of \$2,500 per year and may cover multiple years. To retain their scholarship, the individual must reapply each year and meet certain established requirements such as maintaining a minimum grade point average. No liability has been recorded for future scholarships as the payment is contingent on meeting the required criteria. The balance of this fund at June 30, 2020 and 2019 was \$162,310 and is included within net assets with donor restrictions as described in Note 8.

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

12. NOTES PAYABLE

On May 6, 2020, the Organization received loan proceeds of \$234,700 from a promissory note issued by Security National Bank under the Paycheck Protection Program (PPP) which was established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the U.S. Small Business Administration. The Organization has elected to record this loan under ASC 470, *Debt* in which any subsequent forgiveness of the debt would result in a gain on extinguishment in the period when the Organization is legally released from the obligations of the debt. The term on the loan is two years and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first six months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. The Organization plans to return any unused funds at the end of the loan period and believes that it will likely qualify for full forgiveness on loan funds used, but there is uncertainty around the standards and operation of the PPP, and no assurance is provided that the Organization will obtain forgiveness in whole or in part.

13. RELATED PARTY TRANSACTIONS

The Organization is an affiliate of Girls Incorporated (National Girls Inc.). As an affiliate, the Organization must abide by an affiliation agreement that outlines how it is expected to carry out certain activities and pays dues to National Girls Inc., National Girls Inc. has no ownership or voting interest in the Organization. The Organization's payments to National Girls Inc. amounted to \$12,000 for each year ended June 30, 2020 and 2019. The Organization also received contributions from National Girls Inc. totaling approximately \$190,000 and \$38,000 for the years ended June 30, 2020 and 2019.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 27, 2020, the date the consolidated financial statements were available to be issued. In August 2020, the Organization sold the building classified as an asset held for sale in the accompanying consolidated financial statements for approximately \$925,000. The Organization is not aware of any other such events which would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidating Statement of Financial Position - 2020
June 30, 2020

ASSETS

| | Foundation | GIMD | | | Eliminations | Total |
|-------------------------------------|-------------------------------|-------------------------------|----------------------------|---------------------|-------------------|---------------------|
| | Without Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | Total GIMD | | |
| Cash and cash equivalents | \$ 231,676 | \$ 769,591 | \$ 165,425 | \$ 935,016 | \$ - | \$ 1,166,692 |
| Investments, at fair value | 751,459 | - | - | - | - | 751,459 |
| Contributions and other receivables | - | - | 267,680 | 267,680 | - | 267,680 |
| Intercompany accounts receivable | - | 4,194 | - | 4,194 | (4,194) | - |
| Prepaid expenses | - | 18,915 | - | 18,915 | - | 18,915 |
| Property and equipment, net | - | 631,607 | - | 631,607 | - | 631,607 |
| Assets held for sale | - | 162,483 | - | 162,483 | - | 162,483 |
| | <u>983,135</u> | <u>1,586,790</u> | <u>433,105</u> | <u>2,019,895</u> | <u>(4,194)</u> | <u>2,998,836</u> |
| Total assets | <u>\$ 983,135</u> | <u>\$ 1,586,790</u> | <u>\$ 433,105</u> | <u>\$ 2,019,895</u> | <u>\$ (4,194)</u> | <u>\$ 2,998,836</u> |

LIABILITIES AND NET ASSETS

| | | | | | | |
|--|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| Liabilities | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 201,664 | \$ - | \$ 201,664 | \$ - | \$ 201,664 |
| Intercompany accounts payable | 4,194 | - | - | - | (4,194) | - |
| Notes payable | - | 234,700 | - | 234,700 | - | 234,700 |
| Total liabilities | 4,194 | 436,364 | - | 436,364 | (4,194) | 436,364 |
| Net assets | <u>978,941</u> | <u>1,150,426</u> | <u>433,105</u> | <u>1,583,531</u> | <u>-</u> | <u>2,562,472</u> |
| Total liabilities and net assets | <u>\$ 983,135</u> | <u>\$ 1,586,790</u> | <u>\$ 433,105</u> | <u>\$ 2,019,895</u> | <u>\$ (4,194)</u> | <u>\$ 2,998,836</u> |

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidating Statement of Activities - 2020
For The Year Ended June 30, 2020

| | Foundation | GIMD | | Eliminations | Total | |
|--|-------------------------------|-------------------------------|----------------------------|--------------|----------|--------------|
| | Without Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | | | Total GIMD |
| Revenues and other support | | | | | | |
| Contributions | \$ - | \$ 1,151,398 | \$ 181,627 | \$ 1,333,025 | \$ - | \$ 1,333,025 |
| In-kind contributions | 1,024 | 382,862 | - | 382,862 | - | 383,886 |
| United Way | - | 210,432 | - | 210,432 | - | 210,432 |
| Special events | - | 450,943 | - | 450,943 | - | 450,943 |
| Less: cost of direct benefits to donors | - | (62,734) | - | (62,734) | - | (62,734) |
| Membership fees | - | 43,725 | - | 43,725 | - | 43,725 |
| Investment returns | 20,665 | 1,595 | - | 1,595 | - | 22,260 |
| Contributions from Girls Inc. Foundation | - | 68,539 | - | 68,539 | (68,539) | - |
| Net assets released from restriction | - | 213,832 | (213,832) | - | - | - |
| Total revenues and other support | 21,689 | 2,460,592 | (32,205) | 2,428,387 | (68,539) | 2,381,537 |
| Functional expenses | | | | | | |
| Program services | | | | | | |
| Afterschool, Summer & Spring Break | - | 1,144,754 | - | 1,144,754 | - | 1,144,754 |
| Eureka! STEM Program | - | 217,308 | - | 217,308 | - | 217,308 |
| Partner-based | - | 334,825 | - | 334,825 | - | 334,825 |
| Support GIMD | 68,539 | - | - | - | (68,539) | - |
| Total program services | 68,539 | 1,696,887 | - | 1,696,887 | (68,539) | 1,696,887 |
| Management and general | 1,024 | 373,728 | - | 373,728 | - | 374,752 |
| Fundraising | - | 356,710 | - | 356,710 | - | 356,710 |
| Total functional expenses | 69,563 | 2,427,325 | - | 2,427,325 | (68,539) | 2,428,349 |
| Change in net assets | (47,874) | 33,267 | (32,205) | 1,062 | - | (46,812) |
| Net assets, beginning of year | 1,026,815 | 1,117,159 | 465,310 | 1,582,469 | - | 2,609,284 |
| Net assets, end of year | \$ 978,941 | \$ 1,150,426 | \$ 433,105 | \$ 1,583,531 | \$ - | \$ 2,562,472 |

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
 Consolidating Statement of Financial Position - 2019
 June 30, 2019

ASSETS

| | Foundation | GIMD | | | Eliminating Entries | Total |
|-------------------------------------|-------------------------------|-------------------------------|----------------------------|-------------------------|------------------------|-------------------------|
| | Without Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | Total GIMD | | |
| Cash and cash equivalents | \$ 254,665 | \$ 457,481 | \$ 239,810 | \$ 697,291 | \$ - | \$ 951,956 |
| Investments, at fair value | 776,229 | - | - | - | - | 776,229 |
| Contributions and other receivables | - | 45,855 | 225,500 | 271,355 | - | 271,355 |
| Intercompany accounts receivable | 17,664 | 21,743 | - | 21,743 | (39,407) | - |
| Prepaid expenses | - | 37,382 | - | 37,382 | - | 37,382 |
| Property and equipment, net | - | 840,452 | - | 840,452 | - | 840,452 |
| Total assets | <u>\$ 1,048,558</u> | <u>\$ 1,402,913</u> | <u>\$ 465,310</u> | <u>\$ 1,868,223</u> | <u>\$ (39,407)</u> | <u>\$ 2,877,374</u> |

LIABILITIES AND NET ASSETS

| | | | | | | |
|--|-------------------------|-------------------------|-----------------------|-------------------------|------------------------|-------------------------|
| Liabilities | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 268,090 | \$ - | \$ 268,090 | \$ - | \$ 268,090 |
| Intercompany accounts payable | 21,743 | 17,664 | - | 17,664 | (39,407) | - |
| Total liabilities | 21,743 | 285,754 | - | 285,754 | (39,407) | 268,090 |
| Net assets | <u>1,026,815</u> | <u>1,117,159</u> | <u>465,310</u> | <u>1,582,469</u> | <u>-</u> | <u>2,609,284</u> |
| Total liabilities and net assets | <u>\$ 1,048,558</u> | <u>\$ 1,402,913</u> | <u>\$ 465,310</u> | <u>\$ 1,868,223</u> | <u>\$ (39,407)</u> | <u>\$ 2,877,374</u> |

Girls Incorporated of Metropolitan Dallas and Girls Inc. Foundation
Consolidating Statement of Activities - 2019
For The Year Ended June 30, 2019

| | Foundation | GIMD | | Eliminating Entries | Total |
|---|-------------------------------|-------------------------------|----------------------------|------------------------|---------------------|
| | Without Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | | |
| Revenues and other support | | | | | |
| Contributions | - | 1,051,064 | 417,192 | - | 1,468,256 |
| In-kind contributions | - | 72,475 | - | - | 72,475 |
| United Way | - | 223,234 | - | - | 223,234 |
| Membership fees | - | 71,947 | - | - | 71,947 |
| Investment returns | 66,403 | 1,949 | - | - | 68,352 |
| Contributions from Girls Inc. Foundation | - | 150,194 | - | (150,194) | - |
| Net assets released from restriction | - | 404,149 | (404,149) | - | - |
| Total revenues and other support | <u>66,403</u> | <u>1,975,012</u> | <u>13,043</u> | <u>(150,194)</u> | <u>1,904,264</u> |
| Functional expenses | | | | | |
| Program services | | | | | |
| Afterschool, Summer & Spring Break | - | 750,312 | - | - | 750,312 |
| Eureka! STEM Program | - | 198,947 | - | - | 198,947 |
| Partner-based | - | 277,713 | - | - | 277,713 |
| Support GIMD | 132,336 | - | - | (132,336) | - |
| Total program services | <u>132,336</u> | <u>1,226,972</u> | <u>-</u> | <u>(132,336)</u> | <u>1,226,972</u> |
| Management and general | 17,858 | 387,121 | - | (17,858) | 387,121 |
| Fundraising | - | 373,962 | - | - | 373,962 |
| Total functional expenses | <u>150,194</u> | <u>1,988,055</u> | <u>-</u> | <u>150,194</u> | <u>1,988,055</u> |
| Changes in net assets | (83,791) | (13,043) | 13,043 | - | (83,791) |
| Net assets, beginning of year | <u>1,110,606</u> | <u>1,130,202</u> | <u>452,267</u> | <u>-</u> | <u>2,693,075</u> |
| Net assets, end of year | <u>\$ 1,026,815</u> | <u>\$ 1,117,159</u> | <u>\$ 465,310</u> | <u>\$ -</u> | <u>\$ 2,609,284</u> |