

**GIRLS INC. OF GREATER LOS ANGELES
(A NON-PROFIT ORGANIZATION)**

Financial Statements

June 30, 2022

GIRLS INC. OF GREATER LOS ANGELES

Financial Statements

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Girls Inc. of Greater Los Angeles
North Hollywood, California

Opinion

We have audited the accompanying financial statements of Girls Inc. of Greater Los Angeles (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 Greater Los Angeles as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls Inc. of Greater Los Angeles and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Inc. of Greater Los Angeles's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Girls Inc. of Greater Los Angeles' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Inc. of Greater Los Angeles' 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.

Kirsch, Kohn + Bridge LLP

Woodland Hills, California
November 1, 2023

GIRLS INC. OF GREATER LOS ANGELES

Statement of Financial Position

June 30, 2022

ASSETS

Cash and cash equivalents	\$ 790,179
Receivables	<u>19,950</u>
TOTAL ASSETS	\$ <u>810,129</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 51,604
Accrued salaries and other related payroll expenses	<u>64,489</u>
TOTAL LIABILITIES	<u>116,093</u>

NET ASSETS

Without donor restrictions	694,036
With donor restrictions	<u>-</u>

TOTAL NET ASSETS **694,036**

TOTAL LIABILITIES AND NET ASSETS **\$ 810,129**

See accompanying independent auditor's report
and notes to financial statements.

GIRLS INC. OF GREATER LOS ANGELES
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 574,905	\$ -	\$ 574,905
Grants	63,280	-	63,280
Special event income, net of cost of direct benefit to donors of \$151,121	377,640	-	377,640
Net assets released from restrictions	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>1,035,825</u>	<u>(20,000)</u>	<u>1,015,825</u>
FUNCTIONAL EXPENSES			
Program services	362,525	-	362,525
Supporting services			
Fundraising	29,061	-	29,061
Management and general	<u>182,809</u>	<u>-</u>	<u>182,809</u>
TOTAL FUNCTIONAL EXPENSES	<u>574,395</u>	<u>-</u>	<u>574,395</u>
OTHER INCOME			
Interest	<u>9</u>	<u>-</u>	<u>9</u>
CHANGE IN NET ASSETS	461,439	(20,000)	441,439
NET ASSETS, BEGINNING OF YEAR	<u>232,597</u>	<u>20,000</u>	<u>252,597</u>
NET ASSETS, END OF YEAR	<u>\$ 694,036</u>	<u>\$ -</u>	<u>\$ 694,036</u>

See accompanying independent auditor's report
and notes to financial statements.

GIRLS INC. OF GREATER LOS ANGELES
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Supporting Services			Direct Benefits to Donors	Total
	Program Services	Fundraising	Management and General		
Bank charges	\$ -	\$ -	\$ 4,979	\$ -	\$ 4,979
Dues and subscriptions	13,032	869	3,475	-	17,376
Employee benefits	13,699	-	4,566	-	18,265
Equipment	98	-	33	-	131
Event costs	-	-	-	151,121	151,121
Insurance	-	-	2,367	-	2,367
Marketing	-	57	511	-	568
Outside services	6,200	6,200	49,600	-	62,000
Payroll processing	-	-	5,081	-	5,081
Payroll taxes	22,804	1,520	6,081	-	30,405
Postage	-	62	247	-	309
Professional fees	3,756	3,756	30,049	-	37,561
Rent	11,821	-	3,940	-	15,761
Salaries and wages	248,092	16,539	66,158	-	330,789
Supplies and materials	38,526	-	4,281	-	42,807
Telephone	869	58	232	-	1,159
Travel	<u>3,628</u>	<u>-</u>	<u>1,209</u>	<u>-</u>	<u>4,837</u>
Total expenses	362,525	29,061	182,809	151,121	725,516
Less expenses included with revenues on the Statement of Activities and Changes in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,121)</u>	<u>(151,121)</u>
TOTAL EXPENSES ON THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	<u>\$ 362,525</u>	<u>\$ 29,061</u>	<u>\$ 182,809</u>	<u>\$ -</u>	<u>\$ 574,395</u>

See accompanying independent auditor's report
and notes to financial statements.

GIRLS INC. OF GREATER LOS ANGELES

Statement of Cash Flows

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 441,439
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Receivables	49,722
Other assets	5,016
Deposits	10,761
Increase (decrease) in:	
Accounts payable	44,730
Accrued salaries and other related payroll expenses	<u>43,658</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>595,326</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	595,326
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>194,853</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 790,179</u></u>

See accompanying independent auditor's report
and notes to financial statements.

GIRLS INC. OF GREATER LOS ANGELES

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Girls Inc. of Greater Los Angeles (the "Organization"), was incorporated in California on February 24, 2016. The Organization currently serves elementary and middle school-aged girls in South Los Angeles, Watts and Venice, providing programming focused on inspiring girls to be strong, smart and bold. The program benefits girls (including youth identifying as female), ages 5-13, who live in under-resourced Los Angeles neighborhoods, facing limited resources and opportunities they need to succeed.

The Organization is affiliated with Girls Incorporated national network of 78 affiliates that operate in over 1,500 centers and programming sites in 350 cities across North America and Canada. Girls Incorporated offers educational programs and activities in an equitable environment to help prepare girls for confident and responsible adulthood, economic independence, and personal fulfillment. The cost of this year's affiliation is an annual fee equivalent to approximately one percent (1%) of expenses with a maximum of \$12,000.

The Organization funds its operations through fundraising, events, soliciting individual and corporate donors and grants.

B. Basis of accounting and presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor-imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

GIRLS INC. OF GREATER LOS ANGELES

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of accounting and presentation (continued)

Net assets with donor restrictions are resources that are subject to donor-imposed stipulations. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that require the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

C. Support and revenue

The Organization records its contributions in conformity with Accounting Standards Codification ("ASC") "Not-for-Profit Entities Revenue Recognition" whereby contributions received are recorded as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of restrictions. This standard also requires that unconditional contributions be measured at current fair value and recognized currently as revenue.

Income from program dues and fees are deferred and recognized over the periods to which the dues and fees relate.

Donated investments and other non cash donations are recorded as contributions at their fair value at the date of donation.

Contributions may be solicited by special events for which the price charged is substantially greater than the cost of the items. These special events will generate both revenue from the exchange transaction and support from the excess price charged, which represents a contribution. According to FASB ASC Not-for-Profit Entities (Topic 958), the statement of activities and changes in net assets should report the gross amounts of revenues and expenses from such events when they are ongoing and major activities. The costs of direct donor benefits that are not program related and are provided to donors in transactions with an exchange portion should be reported as a separate supporting category and not as fund-raising expenses.

GIRLS INC. OF GREATER LOS ANGELES

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fair value of financial instruments

ASC 825, Financial Instruments, establishes a framework for the fair value of financial instruments. This guidance states that the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized in Level 1, 2, or 3 does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed.

The carrying amounts of the Organization's financial instruments, including cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair value.

E. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

G. Receivables

Receivables are stated at the amount the Organization expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. All accounts receivable are anticipated to be collected and no provision for bad debts has been made.

GIRLS INC. OF GREATER LOS ANGELES

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Income taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Code Section 23701(d).

The accounting standard on Accounting for Uncertainty in Income Taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position.

Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income ("UBTI").

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ending June 30, 2022.

For the year ended June 30, 2022, the Organization has determined that no income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization's income tax filings are subject to audit by various taxing authorities.

I. Expense allocation

Expenses that can be identified with a specific program, fundraising, or supporting service are charged directly to the related program, fundraising, or supporting service. Certain expenses associated with all program, fundraising, and supporting services have been allocated based on Management's estimates of time spent or benefits derived.

GIRLS INC. OF GREATER LOS ANGELES

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Donated services

The Organization reports donation support and expense for the estimated fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. The Organization generally pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and fundraising activities and no amounts have been reflected in the financial statements for their donated time.

2. RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities, which clarifies the presentation and disclosure of contributed land, buildings and other nonfinancial assets. This pronouncement is effective for fiscal years beginning after June 15, 2021. The Organization's management has adopted this pronouncement effective July 1, 2021.

The FASB issued ASU 2016-02, Leases (Topic 842), as amended by ASU 2021-05, for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less are accounted for similar to existing guidance for operating leases. The new standard is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted, and must be applied using a modified retrospective approach. Management is currently evaluating the impact of adopting this standard on its financial statements.

The FASB issued ASU 2016-13, which aims to improve financial reporting by requiring more timely recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This guidance is effective for fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of adopting this standard on its financial statements.

GIRLS INC. OF GREATER LOS ANGELES

Notes to Financial Statements

June 30, 2022

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets as of June 30, 2022 are as follows. These amounts are reduced by balances not available for general use because of contractual, donor-imposed, or internal restrictions. The remaining balance of financial assets is available to satisfy liabilities and for general expenditures over the next twelve months.

Financial assets at June 30, 2022	\$ 810,129
Less those unavailable for general expenditures within one year, due to: Donor-imposed time or purpose restrictions	<u> -</u>
Financial assets available to meet cash needs for general expenditure within the next twelve months	<u><u>\$ 810,129</u></u>

4. RECEIVABLES

Receivables consist of the following balances at June 30, 2022:

Pledges receivable	\$ <u>19,950</u>
Total receivables	\$ <u><u>19,950</u></u>

5. ACCRUED VACATION

The Organization accrues a liability for all employee vacation time and compensated time off which as been earned but not paid. As of June 30, 2022, the accrued vacation balance was \$14,442.

6. RELATED PARTY TRANSACTIONS

The Organization's Board members and their related entities donated a total of \$108,231 to the Organization during the year ended June 30, 2022.

The Organization is affiliated with Girls Incorporated and paid an affiliation fee of \$12,000 while receiving support of \$184,773 during the year ended June 30, 2022.

GIRLS INC. OF GREATER LOS ANGELES

Notes to Financial Statements

June 30, 2022

7. RETIREMENT PLAN

A defined contribution retirement plan is in effect for eligible employees of the Organization. The Organization did not contribute into the employees' retirement plan accounts during the year ended June 30, 2022.

8. NET ASSETS WITH RESTRICTIONS

Amounts released from restrictions during the year ended June 30, 2022 were as follows:

Educational programs	\$ <u>20,000</u>
Total net assets released from restrictions	\$ <u><u>20,000</u></u>

9. RISK AND UNCERTAINTIES

The Organization maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, deposits maintained at these financial institutions were in excess of federally insured limits.

In May 2020, the Organization received a \$70,000 loan under the Paycheck Protection Program ("PPP") which is administered by the U.S. Small Business Administration ("SBA"). In January 2021, the \$70,000 loan and accrued interest was forgiven by the SBA. In March 2021, the Organization received a second PPP loan of \$150,000. The second loan and accrued interest were forgiven by the SBA in October 2021. The PPP loans are subject to future audits by the SBA. Management is unaware of any facts or circumstances that suggest that the forgiveness of the PPP loans will not withstand review by the SBA.

Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote, since by accepting the grants and their terms, management is acknowledging the requirements of the grantor at the time of receipt of the grant.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 1, 2023, the date on which the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment to or disclosure in the accompanying financial statements.