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

## Financial Statements

## June 30, 2023 and 2022

**GIRLS INC. OF GREATER LOS ANGELES**
Financial Statements
June 30, 2023 and 2022

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KIRSCH KOHN BRIDGE
CPAs + Advisors

# 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 statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Inc. of Greater Los Angeles as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our 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' 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
CPAs + Advisors

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Report on Summarized Comparative Information

We have previously audited Girls Inc. of Greater Los Angeles' June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kirsch, Kohn + Bridge LLP

Woodland Hills, California
March 1, 2024

**GIRLS INC. OF GREATER LOS ANGELES**
Statements of Financial Position
June 30, 2023 and 2022

## ASSETS

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | $ 803,915 | $ 790,179 |
| Investments - certificate of deposit | 227,260 | - |
| Receivables | 3,950 | 19,950 |
| **TOTAL ASSETS** | $ 1,035,125 | $ 810,129 |

## LIABILITIES AND NET ASSETS

| | | |
|---|---|---|
| Accounts payable | $ 6,788 | $ 51,604 |
| Accrued salaries and other related payroll expenses | 97,812 | 64,489 |
| **TOTAL LIABILITIES** | 104,600 | 116,093 |
| **NET ASSETS** | | |
| Without donor restrictions | 930,525 | 694,036 |
| With donor restrictions | - | - |
| **TOTAL NET ASSETS** | 930,525 | 694,036 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 1,035,125 | $ 810,129 |

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

**GIRLS INC. OF GREATER LOS ANGELES**
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2023
With Summarized Financial Information for the Year Ended June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | 2023 Total | 2022 Total |
|---|---|---|---|---|
| **SUPPORT AND REVENUE** | | | | |
| Contributions | $ 513,725 | $ - | $ 513,725 | $ 574,905 |
| Grants | 89,500 | - | 89,500 | 63,280 |
| Program revenues | 1,500 | - | 1,500 | - |
| Special event income, net of cost of direct benefit to donors of $188,934 and $151,121, respectively | 439,674 | - | 439,674 | 377,640 |
| Interest income | 3,919 | - | 3,919 | 9 |
| **TOTAL SUPPORT AND REVENUE** | 1,048,318 | - | 1,048,318 | 1,015,834 |
| **EXPENSES** | | | | |
| Program services | 544,287 | - | 544,287 | 362,525 |
| Supporting services | | | | |
| Fundraising | 34,422 | - | 34,422 | 29,061 |
| Management and general | 233,120 | - | 233,120 | 182,809 |
| **TOTAL EXPENSES** | 811,829 | - | 811,829 | 574,395 |
| **CHANGE IN NET ASSETS** | 236,489 | - | 236,489 | 441,439 |
| **NET ASSETS, BEGINNING OF YEAR** | 694,036 | - | 694,036 | 252,597 |
| **NET ASSETS, END OF YEAR** | $ 930,525 | $ - | $ 930,525 | $ 694,036 |

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

# GIRLS INC. OF GREATER LOS ANGELES

Statements of Functional Expenses

For the Year Ended June 30, 2023

With Summarized Financial Information for the Year Ended June 30, 2022

| | Program Services | Supporting Services: Fundraising | Supporting Services: Management and General | Direct Benefits to Donors | 2023 Total | 2022 Total |
|---|---|---|---|---|---|---|
| Bank charges | $ - | $ - | $ 4,070 | $ - | $ 4,070 | $ 4,979 |
| Dues and subscriptions | 11,190 | - | 9,923 | - | 21,113 | 17,376 |
| Employee benefits | 25,251 | 1,683 | 6,734 | - | 33,668 | 18,265 |
| Equipment | 322 | - | 107 | - | 429 | 131 |
| Event costs | - | - | - | 188,934 | 188,934 | 151,121 |
| Insurance | 7,706 | - | 2,569 | - | 10,275 | 2,367 |
| Marketing | 3,919 | - | 1,171 | - | 5,090 | 568 |
| Outside services | - | - | - | - | - | 62,000 |
| Payroll processing | 2,338 | - | 779 | - | 3,117 | 5,081 |
| Payroll taxes | 38,600 | 2,573 | 10,293 | - | 51,466 | 30,405 |
| Postage | - | - | 414 | - | 414 | 309 |
| Professional fees | - | - | 41,588 | - | 41,588 | 37,561 |
| Rent | - | - | - | - | - | 15,761 |
| Salaries and wages | 422,327 | 30,166 | 150,831 | - | 603,324 | 330,789 |
| Storage | 2,742 | - | 914 | - | 3,656 | - |
| Supplies and materials | 24,114 | - | 2,097 | - | 26,211 | 42,807 |
| Telephone | - | - | - | - | - | 1,159 |
| Travel | 5,778 | - | 1,630 | - | 7,408 | 4,837 |
| Total expenses | 544,287 | 34,422 | 233,120 | 188,934 | 1,000,763 | 725,516 |
| Less expenses included with revenues on the Statements of Activities and Changes in Net Assets | - | - | - | (188,934) | (188,934) | (151,121) |
| **TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - 2023** | $ 544,287 | $ 34,422 | $ 233,120 | $ - | $ 811,829 | $ 574,395 |

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

**GIRLS INC. OF GREATER LOS ANGELES**
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Increase in net assets | $ 236,489 | $ 441,439 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| (Increase) decrease in: | | |
| Receivables | 16,000 | 49,722 |
| Other assets | - | 5,016 |
| Deposits | - | 10,761 |
| Increase (decrease) in: | | |
| Accounts payable | (44,816) | 44,730 |
| Accrued salaries and other related payroll expenses | 33,323 | 43,658 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | 240,996 | 595,326 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of investments - certificate of deposit | (227,260) | - |
| **NET CASH USED IN INVESTING ACTIVITIES** | (227,260) | - |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 13,736 | 595,326 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 790,179 | 194,853 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 803,915 | $ 790,179 |

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

## 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 to 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. See Note 7.

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.

## 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 and grants 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 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 statements 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.

## 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, investments, 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. Comparative financial information

The financial statements include prior-year summarized comparative information in total, but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

### G. Cash and cash equivalents

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

### H. Investments

The Organization records its investments in conformity with FASB ASC 958-320 on Not-for-Profit Entities Investments - Debt and Equity Securities. Under this standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their current market values in the statements of financial position. Unrealized gains and losses are included in the statements of activities and changes in net assets.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I. 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.

### J. Income taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Revenue and Taxation 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 years ending June 30, 2023 and 2022.

For the years ended June 30, 2023 and 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 and generally remain open for examination for three to four years after the filing date.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### K. 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.

### L. 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 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.

## 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets as of June 30, 2023 and 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.

| | 2023 | 2022 |
|---|---|---|
| Financial assets at June 30: | $ 1,035,125 | $ 810,129 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Donor-imposed time or purpose restrictions | - | - |
| Financial assets available to meet cash needs for general expenditure within the next twelve months | $ 1,035,125 | $ 810,129 |

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically certificates of deposits and a money market fund. The balance in the money market was $491,500 at June 30, 2023.

## 4. INVESTMENTS - CERTIFICATE OF DEPOSIT

Investments - certificate of deposit contains a certificate of deposit with an original maturity date greater than three months. The certificate of deposit amounts are included in the statement of financial position at face value which is the fair value of the investments. If the Organization decided to withdraw funds from the certificate of deposit account before maturity, it would result in a reduction in accrued interest earned; however, no reduction in the principal portion of the certificate of deposit account would occur. Interest on the certificate of deposit was 2.51% for the year ended June 30, 2023.

## 5. RECEIVABLES

Receivables consist of the following at June 30:

| | 2023 | 2022 |
|---|---|---|
| Contributions receivable | $ 2,450 | $ 19,950 |
| Program fee receivable | 1,500 | - |
| Total receivables | $ 3,950 | $ 19,950 |

## 6. 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, 2023 and 2022, the accrued vacation balance was $25,443 and $14,442, respectively.

## 7. RELATED PARTY TRANSACTIONS

The Organization's Board members and their related entities donated a total of $55,100 and $108,231 to the Organization during the years ended June 30, 2023 and 2022, respectively.

The Organization is affiliated with Girls Incorporated and paid an affiliation fee of $7,985 and $12,000 during the years ended June 30, 2023 and 2022, respectively. In addition, the Organization received support from Girls Incorporated of $34,477 and $184,773 during the years ended June 30, 2023 and 2022, respectively.

## 8. RETIREMENT PLAN

A defined contribution retirement plan is in effect for eligible employees of the Organization. Substantially all full-time employees are eligible to participate and may make elective salary deferrals. The Organization contributed $4,631 into the employees' retirement plan accounts during the year ended June 30, 2023. The Organization did not contribute into the plan accounts during the year ended June 30, 2022.

## 9. NET ASSETS WITH RESTRICTIONS

There were no assets with donor restrictions at June 30, 2023 and 2022.

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

| | |
|---|---|
| Educational programs | $ 20,000 |
| Total net assets released from restrictions | $ 20,000 |

## 10. RISKS 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 during the years ended June 30, 2023 and 2022. The Organization has not experienced any losses in its cash accounts.

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.

## 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 1, 2024, 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.