Girls Incorporated of Tarrant County

Financial Statements

For the Year Ended June 30, 2021

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For the Year Ended June 30, 2021

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Independent Auditor's Report

The Board of Directors
Girls Incorporated of Tarrant County
Arlington, Texas

Opinion

We have audited the accompanying financial statements of Girls Incorporated of Tarrant County (the "Agency") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

February 8, 2022

Financial Statements

Girls Incorporated of Tarrant County

Statement of Financial Position

June 30,	2021
Assets	
Current assets:	
Cash	$ 1,001,076
Accounts receivable (net of allowance for doubtful accounts $53,000)	1,079
Grants receivable	125,376
Investments	102,121
Prepaid expenses	15,365
Total current assets	1,245,017
Property and equipment, net	157,644
Other assets	20,770
Total assets	$ 1,423,431
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	$ 13,405
Accrued liabilities	104,554
Total current liabilities	117,959
Deferred compensation	20,770
Total liabilities	138,729
Commitments and contingencies	
Net assets:	
Without donor restriction	936,458
With donor restriction	348,244
Total net assets	1,284,702
Total liabilities and net assets	$ 1,423,431

See accompanying notes to financial statements.

Girls Incorporated of Tarrant County

Statement of Activities

Year Ended June 30,			2021
	Without donor restriction	With donor restriction	Total
Revenues and other support:			
Contributions	$ 504,558	$ 11,961	$ 516,519
Fees	234,357	-	234,357
Allocations from United Way	104,362	-	104,362
Grants	800,193	350,168	1,150,361
Investment income, net	849	1,957	2,806
Gain on sale of assets	9,155	-	9,155
Special events, net	80,797	-	80,797
PPP loan forgiveness	712,000	-	712,000
Net assets released - satisfaction of purpose restrictions	410,115	(410,115)	-
Net assets released - expiration of time restrictions	109,570	(109,570)	-
Total revenues and other support	2,965,956	(155,599)	2,810,357
Expenses:			
Girls programs	1,847,359	-	1,847,359
School age child care	403,876	-	403,876
Management and general	160,298	-	160,298
Fundraising	313,756	-	313,756
Total expenses	2,725,289	-	2,725,289
Change in net assets	240,667	(155,599)	85,068
Net assets at beginning of year	695,791	503,843	1,199,634
Net assets at end of year	$ 936,458	$ 348,244	$ 1,284,702

See accompanying notes to financial statements.

Girls Incorporated of Tarrant County

Statement of Functional Expenses

Year Ended June 30,	2021					
	Girls Programs	School Age Child Care	Total Program Expenses	Management and General	Fundraising	Total
Salaries and wages	$ 939,751	$ 238,339	$ 1,178,090	$ 106,271	$ 224,822	$ 1,509,183
Employee benefits	82,145	20,834	102,979	9,289	19,652	131,920
Payroll taxes and related expenses	83,436	21,161	104,597	9,435	19,961	133,993
Professional services and contract labor	77,480	24,759	102,239	12,055	11,917	126,211
Supplies	93,770	9,543	103,313	4,034	1,128	108,475
Supplies – In kind	288,414	-	288,414	-	-	288,414
Postage and shipping	78	34	112	392	211	715
Occupancy	98,134	38,060	136,194	11,004	14,408	161,606
Occupancy – In kind	200	-	200	-	-	200
Travel and transportation	546	2,732	3,278	1,089	10	4,377
Conference and conventions	16,966	4,273	21,239	4,421	4,388	30,048
Subscriptions	268	1,259	1,527	-	433	1,960
Insurance	31,661	6,492	38,153	(3,447)	2,431	37,137
Payments to affiliated organizations	12,180	4,440	16,620	560	820	18,000
Licenses and fees	-	6,185	6,185	2,507	2,181	10,873
Depreciation	5,368	1,789	7,157	1,789	-	8,946
Miscellaneous - In kind	9,053	-	9,053	97	-	9,150
Advertising and promotion	86	-	86	208	2,676	2,970
Advertising and promotion – In kind	16,200	-	16,200	-	-	16,200
Special events	30,900	-	30,900	-	-	30,900
Awards and grants	8,533	-	8,533	-	-	8,533
Telephones	17,836	7,447	25,283	743	883	26,909
Membership dues	1,580	1,096	2,676	109	709	3,494
Bad debt	-	13,000	13,000	535	5,432	18,967
Equipment	32,774	2,433	35,207	(793)	1,694	36,108
Total expenses	$ 1,847,359	$ 403,876	$ 2,251,235	$ 160,298	$ 313,756	$ 2,725,289

See accompanying notes to financial statements.

Girls Incorporated of Tarrant County

Statement of Cash Flows

Year Ended June 30,	2021
Cash Flows from Operating Activities:	
Change in net assets	**$ 85,068**
Adjustment to reconcile above to net cash used in operating activities:	
Depreciation	**8,946**
Bad debt expense	**18,967**
Forgiveness of PPP loan	**(712,000)**
Change in assets and liabilities:	
Decrease (increase) in:	
Grants receivable	**24,366**
Other assets	**2,239**
Pledges receivable	**5,208**
Accounts receivable	**(7,836)**
Prepaid expenses	**15,637**
Increase (decrease) in:	
Deferred compensation	**(2,279)**
Accounts payable	**11,745**
Accrued liabilities	**23,769**
Net cash used in operating activities	**(526,170)**
Cash Flows from Investing Activities:	
Purchase of fixed assets	**(8,218)**
Purchases of investments	**(1,356)**
Net cash used in investing activities	**(9,574)**
Cash Flows from Financing Activities:	
Proceeds from PPP loan	**356,000**
Net cash used in investing activities	**356,000**
Net decrease in cash	**(179,744)**
Cash at beginning of year	**1,180,820**
Cash at end of year	**$ 1,001,076**

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Organization

Girls Incorporated of Tarrant County (the "Agency") was founded in 1976 as the Arlington Girls Club. The mission of the Agency is to inspire girls to be strong, smart, and bold. The Agency's researched-based curricula are delivered by trained, mentoring professionals in a positive all-girl environment. Programs are provided in-school, after-school and through summer programs for girls at schools, community centers, libraries, churches, non-profit partners, and other locations through Tarrant County. During January 1 through December 31, 2020, the agency delivered our mission virtually and in-person due to the Covid-19 health pandemic and met additional needs that arose in response to the pandemic. 1,272 girls participated in the comprehensive Girls Inc. experience in-person, 609 girls were reached through in-person Girls Inc. Outreach and Events, and 4,804 girls participated in asynchronous and synchronous virtual programming. Additionally, 658 individuals received emergency support including food drives, period products, technology, and other supplies distributed by Girls Inc.

Girls Programs – The Agency provides prevention education and leadership programs for girls' ages 6-18 years old. Programs inspire girls to be strong, smart and bold through life-changing programs and experiences that help girls navigate gender, economic, and social barriers. Programs equip girls to achieve academically; lead healthy and physically active lives; manage money; navigate media messages; and discover an interest in science, technology, engineering, and math.

School Age Child Care – The Agency provides safe and affordable child care for children ages 5-12 years old before and after school during the school year at nine Arlington ISD schools and all-day holiday and summer child care in two Arlington locations. Fees for these programs are based upon each family's ability to pay with fees based upon a sliding fee scale.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Other Support

Effective July 1, 2020, the Agency adopted ASC Revenue from Contracts with Customers ("ASC 606"), using the modified retrospective method. This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as contributions, leases, insurance, collaborative arrangements and financial instruments. Under ASC 606, an entity recognizes revenue when it transfers control of the promised goods or services to its customer, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services.

If control transfers to the customer over time, an entity selects a method to measure progress that is consistent with the objective of depicting its performance.

Fees revenues are recorded as client services are rendered, and grant revenues are recorded on a cost reimbursement basis. Special events revenue is recorded once the special event has occurred, net of direct benefit to donors. There was no change to how the Agency records revenue after the adoption of ASC 606.

Contributions are not included in ASC 606 but are recorded in accordance ASU 2018-08 (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded at fair value, which is net of estimated uncollectible amounts. The Agency reports gifts of cash and other assets as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

The Agency reports gifts of property and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions and allocations from United Way are recognized as revenue in the period when unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Investments

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term investments. Certificates of deposit with remaining maturities greater than one year are classified as long-term investments. Certificates of deposit are recorded at amortized cost or original cost, plus accrued interest which approximates fair value.

Concentrations of Credit Risk

Concentrations of credit risk consist of cash, accounts receivable, grants receivable and pledges receivable. Accounts receivable are due from participants in the Agency's program in the normal course of business. Grants receivable are due from various government agencies and schools. Pledges receivable are due from United Way. The Agency, by policy, limits its amount of cash exposure to any one financial institution.

Property and Equipment

Purchased property and equipment are carried at cost or, if donated, estimated fair value at the donation date. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The Agency capitalizes all assets with costs greater than $3,000 and a useful life over one year.

Income Taxes

The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Agency follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic *Accounting for Uncertainty in Income Taxes*. Under this topic, an organization must recognize the tax benefit/liability associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Agency does not believe there are any unrecognized tax benefits/liabilities that should be recorded. For the year ended June 30, 2021 there was no interest or penalties recorded or included in the statement of activities related to taxes. The Agency is still open to examination by taxing authorities from 2018 forward.

Cash and Cash Equivalents

The Agency considers cash in banks and other highly liquid investments as cash balances. Certificates of deposits with initial maturities of three months or less are considered cash equivalents.

In Kind Contributions

The Agency received donated marketing and other professional services requiring specific expertise during the year ended June 30, 2021. These services would have been purchased if not donated and met the criteria for recording in contributions in the accompanying statements of activities.

In addition, the Agency received donations of facilities and supplies during the year ended June 30, 2021, which met criteria for recording in the accompanying financial statements. Total donated services, facilities and supplies were $288,614 for the year ended June 30, 2021 and are included in supplies – in kind and occupancy – in kind in the statement of functional expenses. Total donated advertising expenses were $16,200 for the year ended June 30, 2021 and are included in advertising and promotion – In kind in the statement of functional expenses.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The 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 based on a reasonable basis that is consistently applied. The expenses that are allocated include utilities, depreciation which are allocated on a square footage basis, as well as the remaining natural expense groupings which are allocated on the basis of estimates of time and effort.

F*air Value of Financial Instruments*

The carrying value of cash, certificates of deposit, accounts receivable, pledges receivable, accounts payable and accrued liabilities are stated at carrying cost at June 30, 2021, which approximates fair value due to the relatively short maturity of these instruments.

Impairment of Long-Lived Assets

The Agency periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based upon the estimated future cash inflows attributable to the asset less estimated future cash outflows. No losses were recognized during the year ended June 30, 2021.

Accounts Receivable

Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. The Agency provides for losses on accounts receivable using the allowance method. It is the Agency’s policy to charge-off uncollectible accounts receivable when management determines the receivable, based on client history and other factors, will not be collected. $18,967 was written off as uncollectible for the year ended June 30, 2021.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for APA for the year ending June 30, 2023. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is still evaluating the impact Topic 842 will have on the consolidated financial statements.

2. Property and Equipment

Property and equipment consist of the following at June 30:

		2021
Land	$	**125,660**
Land improvements		**7,615**
Buildings		**275,361**
Office equipment		**83,497**
Vehicles		**26,364**
Furniture and equipment		**19,937**
Total		**538,434**
Less accumulated depreciation		**(380,790)**
Property and equipment, net	$	**157,644**

3. Operating Leases

The Agency leases equipment under non-cancelable operating leases that expire through November 2025. Rental expense for these leases consisted of $12,455 during 2021. During 2021, the Agency was under contract to lease office space. Rental expenses under this lease totaled $97,679 for the year ended June 30, 2021 and the contract period runs through January 2022.

Future minimum lease payments under these lease commitments for the years ended June 30 are as follows:

2022		47,062
2023		6,362
2024		6,362
2025		6,362
2026		2,834
	$	68,982

4. Deferred Compensation

The Agency has a deferred compensation agreement with its Executive Director. At June 30, 2021, $20,770 was accrued relating to this agreement.

5. Grants

The Agency participated in federal grant programs with various governmental agencies, which are governed by various rules and regulations of the grantor agencies. Costs charged to the grant program are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Agency has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Grants receivable consist of amounts due from grantor agencies within one year. All grants received by the Agency are on cost reimbursement basis. Billings are prepared by the Agency based on classification coding in the general ledger and grant budgets. Grants receivable is recorded at the time the grant billing is generated.

6. Net Assets with Donor Restriction

Net assets with donor restriction consist of the following at June 30:

		2021
Restricted for purpose:		
21st Century Fund – extraordinary repairs	**$**	**322,938**
Scholarships		**17,494**
Tool Box Grant/Technology		**7,812**
	$	**348,244**

7. Employee Benefit Plan

The Agency has a deferred compensation plan under section 401(k) of the internal revenue code. Employer contributions to the plan are discretionary. During the year ended June 30, 2021, the Agency made contributions of $7,054 to the plan.

8. Liquidity and Availability of Resources

The Agency's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

June 30, 2021	
Cash	$ 1,001,076
Investments	102,121
Grants receivable	125,376
Accounts receivable, net	1,079
21st Century Fund – extraordinary repairs	(322,938)
Total financial assets available within one year for general expenditure	$ 906,714

As a part of the Agency's liquidity management, it has informally decided to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Agency maintains cash in financial institutions that is available for this use. In addition to financial assets available to meet general expenditures over the next 12 months, the Agency operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Agency intends to utilize the funds restricted by donors at end of year for program operations in 2022, with the exception of the 21st Century Fund. This fund is not expected to be allocated for expenditure in the next 12 months.

9. Risk and Uncertainties

In January 30, 2020, the WHO announced a global health emergency due to a new strain of coronavirus originating in Wuhan, China ("COVID-19") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. While the Agency does consider COVID-19 related disruptions to be temporary, if they continue, this may have a material adverse effect on the Agency's future operations, financial position, and liquidity in fiscal year 2022.

10. Payroll Protection Program Loan

In April 2020 and February 2021, the Agency was granted two loans from a bank in the amounts of $356,000 and $356,000, respectively, pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which was enacted March 27, 2020.

The April 2020 loan was in the form of a note dated April 2020 which matures April 2022 and bears an interest rate of 1% per annum. The February 2021 loan was in the form of a note dated February 2021 which matures February 2023 and bears an interest rate of 1% per annum. The notes may be prepaid by the Agency at any time prior to maturity with no prepayment penalties. Funds from the loans may only be used for payroll costs, costs to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the PPP, the balance of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The Agency filed both PPP Loan Forgiveness Applications and received notice that both PPP loans were fully forgiven. $712,000 was recorded as PPP loan forgiveness income in the statement of activities for the year ended June 30, 2021.

The Agency continues to examine the impact that the CARES Act may have going forward but is currently unable to determine the full impact the CARES Act will have on financial condition, results of operations, or liquidity.

11. Subsequent Events

Subsequent to year end, the Agency entered into a lease for office space that have future minimum monthly lease payments that range from $9,797 to $11,276 and runs through January 2027.

The date to which events occurring after June 30, 2021, the date of the most recent statement of financial position, have been evaluated by the Agency for possible adjustment to the financial statements or disclosure is February 8, 2022, which is the date on which the financial statements were available to be issued.