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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Girls Incorporated of New York City

We have audited the accompanying financial statements of Girls Incorporated of New York City (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of New York City as of June 30, 2020, 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.

**Report on Summarized Comparative Information**

We have previously audited Girls Incorporated of New York City June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kevin J. Hanagan & Co.*

March 24, 2021

GIRLS INCORPORATED OF NEW YORK CITY  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020  
(With Comparative Totals for June 30, 2019)

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,026,835	\$ 580,671
Contributions receivable	352,578	754,791
Prepaid expenses and other assets	45,407	5,407
Property, equipment and software (net of accumulated depreciation and amortization of \$223,248 and \$159,241 in 2020 and 2019)	<u>143,303</u>	<u>182,310</u>
<u>Total Assets</u>	<u>\$ 1,568,123</u>	<u>\$ 1,523,179</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 87,263	\$ 119,962
Loan payable	<u>534,887</u>	<u>-</u>
<u>Total Liabilities</u>	<u>622,150</u>	<u>119,962</u>
<u>Net Assets</u>		
Without donor restrictions	727,270	1,112,257
With donor restrictions	<u>218,703</u>	<u>290,960</u>
<u>Total Net Assets</u>	<u>945,973</u>	<u>1,403,217</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,568,123</u>	<u>\$ 1,523,179</u>

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

## GIRLS INCORPORATED OF NEW YORK CITY

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020	2019
<u>Revenue and Support</u>				
Contributions and grants	\$ 1,108,990	\$ 44,903	\$ 1,153,893	\$ 1,406,981
Governmental agencies	1,684,310	-	1,684,310	1,578,013
Program services	79,876	-	79,876	64,662
Spring benefit, net of direct expenses	127,742	-	127,742	184,272
Other events, net of direct expenses	15,943	-	15,943	23,707
Other income	22	-	22	205
Net assets released from restrictions	117,160	(117,160)	-	-
<u>Total Revenue and Support</u>	<u>3,134,043</u>	<u>(72,257)</u>	<u>3,061,786</u>	<u>3,257,840</u>
<u>Expenses</u>				
Program services	2,855,391		2,855,391	2,761,784
Management and general	278,711		278,711	288,554
Fundraising	384,928		384,928	330,117
<u>Total Expenses</u>	<u>3,519,030</u>		<u>3,519,030</u>	<u>3,380,455</u>
Change in Net Assets for Year	(384,987)	(72,257)	(457,244)	(122,615)
Net Assets, beginning of year	1,112,257	290,960	1,403,217	1,525,832
Net Assets, End of Year	\$ 727,270	\$ 218,703	\$ 945,973	\$ 1,403,217

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

GIRLS INCORPORATED OF NEW YORK CITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets for Year	\$ (457,244)	\$ (122,615)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	64,007	47,437
Change in contribution receivable	402,213	284,130
Change in prepaid expenses	(40,000)	2,282
Change in accounts payable and accrued expenses	<u>(32,699)</u>	<u>39,593</u>
<u>Cash (Used in) Provided by Operating Activities</u>	<u>(63,723)</u>	<u>250,827</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, equipment and software	<u>(25,000)</u>	<u>(75,768)</u>
<u>Cash Used in Investing Activities</u>	<u>(25,000)</u>	<u>(75,768)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds of loan	<u>534,887</u>	<u>-</u>
<u>Cash Provided by Financing Activities</u>	<u>534,887</u>	<u>-</u>
<u>Net Increase in Cash for Year</u>	446,164	175,059
Cash and cash equivalents, beginning of year	<u>580,671</u>	<u>405,612</u>
Cash and cash equivalents, End of Year	<u>\$ 1,026,835</u>	<u>\$ 580,671</u>

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

GIRLS INCORPORATED OF NEW YORK CITY  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020</u>	<u>2019</u>
Salaries	\$ 1,981,675	\$ 189,856	\$ 246,650	\$ 2,418,181	\$ 2,305,787
Payroll taxes and employee benefits	446,556	42,783	55,581	544,920	485,127
Professional fees and consultants	86,241	1,998	24,562	112,801	161,899
Audit fees	-	15,401	-	15,401	18,395
Office expenses	9,936	952	24,752	35,640	34,575
Occupancy	86,485	6,327	8,219	101,031	82,471
National dues and subscriptions	15,972	189	3,448	19,609	10,315
Meals and meetings	32,296	2,698	9,431	44,425	70,371
Information technology	19,328	1,852	2,406	23,586	32,195
Insurance	26,912	2,578	3,350	32,840	21,130
Program direct expenses	89,387	-	-	89,387	58,387
Event expenses	-	1,376	-	1,376	5,235
Scholarships	8,150	-	-	8,150	19,000
Bank and finance fees	-	7,676	-	7,676	7,063
Bad debt expense	-	-	-	-	21,068
Depreciation and amortization	52,453	5,025	6,529	64,007	47,437
<u>Total</u>	<u>\$ 2,855,391</u>	<u>\$ 278,711</u>	<u>\$ 384,928</u>	<u>\$ 3,519,030</u>	<u>\$ 3,380,455</u>

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

GIRLS INCORPORATED OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 1 NATURE OF ORGANIZATION**

Girls Incorporated of New York City ("Girls Inc. NYC") is a non-profit organization dedicated to inspiring all New York City girls to be strong, smart and bold. The primary emphasis of Girls Inc. NYC is reaching girls of New York City, ages 6-18, in low-income communities and schools, through partnerships and direct service programs. Girls Inc. NYC advocates for gender equity on behalf of all girls.

Girls Inc. NYC is an independent affiliate of Girls Incorporated®, a national youth organization.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the accrual basis of accounting. Contributions are recorded when unconditional pledges are received. Conditional pledges are recorded upon meeting the conditions set forth by the donor. Expenses are recorded when incurred.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or nonexchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The adoption of this ASU had an immaterial impact on Girls Inc. NYC's financial statements.

Girls Inc. NYC is primarily supported by contributions and grants from government agencies, foundations, corporations and individuals.

Method of Presentation

Net assets are recorded based on donor restriction or lack thereof.

Net assets without donor restrictions are those assets which have no donor-imposed stipulations. Contributions received with no such stipulations are recorded as net assets without donor restrictions.

Net assets with donor restrictions result from contributions with donor-imposed stipulations that will either expire due to the passage of time or actions of Girls Inc. NYC. When the donor stipulations have been satisfied, they are reclassified from net assets with donor restrictions to net assets without donor restrictions. Contributions received with donor stipulations that are met within the same fiscal year are reported as net assets without donor restriction.

As of June 30, 2020, 93% of all unconditional promises to give are from the Girls Incorporated national organization, one corporation, and a New York City government funder.

As of June 30, 2019, 81% of all unconditional promises to give are from the Girls Incorporated national organization, one corporation, and a New York City government funder.

Girls Inc. NYC uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

GIRLS INCORPORATED OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

For purposes of the statement of cash flows, Girls Inc. NYC includes cash in checking accounts and considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

Donated Securities

Donated securities are sold nearly immediately and considered part of operating cash. Realized gains and losses recorded on the sales of donated securities are considered operating cash.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Estimated useful lives are based on the following: computer equipment - 3-5 years; software - 5 year; furniture - 3 years.

Concentrations of Credit Risk

Financial instruments that potentially expose Girls Inc. NYC to concentrations of credit and market risk consist primarily of cash. Accounts at financial institutions are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for each bank. This risk is mitigated by maintaining accounts with a large high-quality financial institution.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities as the date of the financial statements, and the reported amount of revenue, support and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

Girls Inc. NYC has been determined to be exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. It is further classified as a publicly supported organization and not a private foundation.

Subsequent Events

In connection with the preparation of the financial statements, Girls Inc. NYC evaluated subsequent events after the statement of financial position date of June 30, 2020 through March 24, 2021, which was the date the financial statements were available to be issued.



## GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis on the statement of activities and on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Girls Inc. NYC. Certain categories of expenses are attributable to more than one program or supporting service and are allocated on a reasonable basis which is consistently applied. Girls Inc. of NYC allocates these expenses based on estimates of time and effort per employee and other Girls Inc. NYC resources utilized on programmatic activities as compared to management or fundraising activities of Girls Inc. NYC. Expenses that directly benefit a specific program or management activity are charged accordingly.

**NOTE 3 CONTRIBUTIONS RECEIVABLE**

Unconditional contributions receivable are expected to be collected in the following fiscal year.

During fiscal year 2018, Girls Inc. NYC executed a funding agreement with a donor for \$300,000 to be paid over a three-year period. The arrangement provides for the donor the right to terminate the agreement at any time. Due to these stipulations, the funding is recorded in the financial statements as payments are received. As of June 30, 2020, \$100,000 of the commitment was still due.

**NOTE 4 SPECIAL EVENTS**

During fiscal years 2020 and 2019, Girls Inc. NYC held fundraising and cultivation events and to generate contributions and awareness of the programs offered. The income derived from the fundraising events is reported net on the Statement of Activities. The net income from the Spring Benefit is detailed below.

	<u>2020</u>	<u>2019</u>
Spring Benefit income	\$ 152,169	\$ 385,294
Less: direct expenses	<u>(24,427)</u>	<u>(201,022)</u>
	<u>\$ 127,742</u>	<u>\$ 184,272</u>

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor purpose or time restrictions were \$218,703 at June 30, 2020 and \$290,960 at June 30, 2019.

During the fiscal year ended June 30, 2020 \$117,160 of net assets were released from donor restriction. During the fiscal year ended June 30, 2019, \$655,120 of net assets were released from donor restriction.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 6 PROPERTY, EQUIPMENT AND SOFTWARE**

Property, equipment and software consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Computer Equipment	\$ 39,141	\$ 39,141
Software	325,000	300,000
Furniture	<u>2,410</u>	<u>2,410</u>
	366,551	341,551
Less: accumulated depreciation	<u>223,248</u>	<u>159,241</u>
	<u>\$ 143,303</u>	<u>\$ 182,310</u>

**NOTE 7 UNCERTAIN TAX POSITIONS**

Girls Inc. NYC has not entered into any uncertain tax positions that would require financial statement recognition. It is no longer subject to audit for fiscal years ended before June 30, 2017.

**NOTE 8 LEASE COMMITMENT**

On December 31, 2017, Girls Inc. NYC renewed an agreement with Girls Incorporated® for office space. Future minimum commitments are as follows:

<u>Year ending June 30,</u>	
2021	\$ 56,891
2022	58,029
2023	<u>29,302</u>
	<u>\$ 144,222</u>

Total rent expense under this lease for the years ending June 30, 2020 and 2019 was \$55,868 and \$54,774, respectively.

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

Line of Credit

On September 28, 2017, Girls Inc. of NYC entered into a line of credit arrangement with a bank that permits borrowings up to \$100,000. The line of credit was subject to an annual service charge of \$250 and interest at the U.S. prime rate plus 1.74% on borrowings. In August of 2018, \$100,000 was borrowed against the line and subsequently repaid in December 2018. In February 2020, \$100,000 was borrowed against the line which was subsequently repaid in April 2020. The line of credit was then increased to \$150,000 with the annual service charge also increased to \$500, and the interest rate was amended to U.S. prime rate plus 0.74%. As of June 30, 2020, there was no remaining balance due on the line.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 9 COMMITMENTS AND CONTINGENCIES (Continued)**

Retirement Plan

On September 15, 2016, Girls Inc. NYC established a defined contribution retirement plan, established under Section 403(b) of the Internal Revenue Code. Employees who have completed 90 days of service, may elect to contribute to this plan. Girls Inc. NYC's Board may elect to make discretionary contributions to the plan. No contributions have been made to the plan during fiscal years ended June 30, 2020 and 2019.

**NOTE 10 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects Girls Inc. NYC's financial assets as of June 30, 2020, reduced by amounts not available for general expenditures within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include donor-restricted amounts that are available for general expenditure in the following year:

Cash and cash equivalents	\$ 1,026,835
Contributions receivable	<u>352,578</u>
	1,379,413
Net assets subject to time or purpose restriction	<u>(218,703)</u>
Financial assets available for general expenditure within the next 12 months	<u>\$ 1,160,710</u>

Management prepares a budget annually projecting planned and expected income and expenses. The budget to actual numbers are monitored regularly throughout the year as well as cash flow and timing of receivables. Expenses would be adjusted accordingly as needed. In addition, as mentioned above in Note 9, Girls Inc. NYC has a line of credit of \$150,000 available to meet cash flow needs.

**NOTE 11 LOAN PAYABLE**

In April 2020, Girls Inc. NYC was granted a loan in the amount of \$534,887, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures after two years and bears interest at a rate of 1% per annum, payable monthly after six months. Funds from the loan may be used for payroll costs, health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred after February 15, 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Girls Inc. NYC believes that the entire loan amount has been used for qualifying expenses and, as of the date of this report, is in the process of applying for loan forgiveness.

GIRLS INCORPORATED OF NEW YORK CITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 12 COVID-19**

In March 2020, the World Health Organization declared the incidence of COVID-19 to be a pandemic and New York City schools were closed through June 2020 for in person classes. As a result, the fiscal year 2020 Spring Benefit became a virtual event, and the Girls Inc. NYC programs were moved on line. In fiscal year 2021 so far events and programming have also been conducted virtually. During the course of this pandemic, Girls Inc. NYC has been continuing to experience disruption in operations. Due to the ongoing changes in financial and operating conditions, an estimate of the total financial effect due to the outbreak, if any, cannot be determined as this time.