girls inc.®

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

March 31, 2014 and 2013

KSM KATZ SAPPER & MILLER

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GIRLS INCORPORATED

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Independent Auditors' Report

Board of Directors
Girls Incorporated

We have audited the accompanying financial statements of Girls Incorporated, which comprise the statements of financial position as of March 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years 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; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 auditors' 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 auditors consider 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.

Katz, Sapper & Miller, LLP
Certified Public Accountants

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An Affiliate of
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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 as of March 31, 2014 and 2013, 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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
July 30, 2014

GIRLS INCORPORATED

STATEMENTS OF FINANCIAL POSITION
March 31, 2014 and 2013

ASSETS

	2014	2013
ASSETS		
Cash and equivalents	$ 3,747,291	$ 3,281,734
Accrued investment income	2,488	6,575
Dues and other receivables, net	28,032	35,451
Grants, contracts and contributions receivables, net	4,547,523	3,380,934
Prepaid expenses and other	172,712	99,904
Cash and equivalents - endowment	859,023	416,225
Investments - endowment	3,725,152	2,717,424
Property and equipment, net	1,725,538	1,730,506
Funds held by trustees	9,178,413	10,856,154
TOTAL ASSETS	$23,986,172	$22,524,907

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	$ 517,477	$ 587,845
Scholarships payable	1,388,097	952,382
Deferred revenue	246,031	178,497
Accrued pension cost	579,469	856,211
Deferred rent obligation	62,752	7,466
Total Liabilities	2,793,826	2,582,401
NET ASSETS		
Unrestricted:		
Board designated	599,376	544,434
Undesignated	4,559,986	219,647
Total Unrestricted	5,159,362	764,081
Temporarily restricted	3,227,571	7,768,647
Permanently restricted	12,805,413	11,409,778
Total Net Assets	21,192,346	19,942,506
TOTAL LIABILITIES AND NET ASSETS	$23,986,172	$22,524,907

See accompanying notes.

GIRLS INCORPORATED

STATEMENTS OF ACTIVITIES
Years Ended March 31, 2014 and 2013

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE, GAINS AND OTHER SUPPORT				
Special events revenue	$ 1,763,481			$ 1,763,481
Less: Direct costs of special events	(263,311)			(263,311)
Special events, net	1,500,170			1,500,170
Contributions and private grants	2,391,033	$ 2,240,672	$ 941,158	5,572,863
In-kind contributions	668,170			668,170
Government grants and contracts		(18,829)		(18,829)
Program revenue	646,722			646,722
Other income	59,434			59,434
	5,265,529	2,221,843	941,158	8,428,530
Net assets released from restrictions	7,727,937	(7,727,937)		
Total Operating Revenue, Gains and Other Support	12,993,466	(5,506,094)	941,158	8,428,530
EXPENSES				
Program Services:				
Affiliate services/growth	2,157,347			2,157,347
Program, research and training	4,570,196			4,570,196
Public education and advocacy	1,128,422			1,128,422
Total Program Services	7,855,965			7,855,965
Supporting Services:				
Management and general	300,903			300,903
Fundraising	809,677			809,677
Total Supporting Services	1,110,580			1,110,580
Total Expenses	8,966,545			8,966,545
CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN	4,026,921	(5,506,094)	941,158	(538,015)
INVESTMENT RETURN				
Net appreciation on investments and funds held by trustees	59,650	521,817	454,477	1,035,944
Investment income, net	47,393	443,201		490,594
Total Investment Return	107,043	965,018	454,477	1,526,538
CHANGE IN NET ASSETS BEFORE PENSION CHANGES OTHER THAN NET PERIODIC COSTS	4,133,964	(4,541,076)	1,395,635	988,523
Pension changes other than net periodic costs	261,317			261,317
CHANGE IN NET ASSETS	4,395,281	(4,541,076)	1,395,635	1,249,840
NET ASSETS				
Beginning of Year	764,081	7,768,647	11,409,778	19,942,506
End of Year	$ 5,159,362	$ 3,227,571	$ 12,805,413	$ 21,192,346

See accompanying notes.

	2013		
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 1,463,704			$ 1,463,704
(219,346)			(219,346)
1,244,358			1,244,358
1,454,942	$ 3,853,016	$ 748,459	6,056,417
529,966			529,966
706,706			706,706
50,490			50,490
3,986,462	3,853,016	748,459	8,587,937
4,798,477	(4,798,477)		
8,784,939	(945,461)	748,459	8,587,937
2,013,286			2,013,286
4,375,098			4,375,098
761,682			761,682
7,150,066			7,150,066
344,488			344,488
787,358			787,358
1,131,846			1,131,846
8,281,912			8,281,912
503,027	(945,461)	748,459	306,025
30,954	230,367	160,767	422,088
35,124	420,880		456,004
66,078	651,247	160,767	878,092
569,105	(294,214)	909,226	1,184,117
(35,813)			(35,813)
533,292	(294,214)	909,226	1,148,304
230,789	8,062,861	10,500,552	18,794,202
$ 764,081	$ 7,768,647	$ 11,409,778	$ 19,942,506

GIRLS INCORPORATED

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended March 31, 2014 and 2013

	Affiliate Services/Growth		Program, Research and Training		Public Education and Advocacy	
	2014	2013	2014	2013	2014	2013
Salaries	$ 489,485	$ 513,370	$ 1,984,812	$ 1,803,069	$ 309,826	$ 260,678
Payroll taxes and employee benefits	143,680	133,215	611,422	506,689	90,271	104,936
Consultants and professional fees	58,113	158,972	255,287	445,685	351,348	102,394
Supplies	5,669	6,041	17,922	15,750	1,345	1,889
Telephone and computer expense	10,229	9,296	109,558	103,301	3,761	6,303
Postage and shipping expense	4,121	8,292	10,457	8,504	1,689	944
Occupancy	62,213	47,150	165,605	197,444	39,283	56,381
Insurance	6,481	6,692	30,283	27,842	4,300	3,760
Equipment rental and maintenance	3,435	4,007	55,710	69,441	2,145	2,252
Travel and meetings expense	144,138	236,424	275,573	281,527	23,816	26,431
Printing and publications expense	16,430	14,928	53,973	9,166	288,098	182,804
Subscriptions	402	1,038	1,534	4,208	942	729
Membership dues	3,698	3,340	17,154	13,894	2,454	2,132
Scholarships	786,327	476,450	33,246	39,124		
Pass-through grants to affiliates	411,595	381,458	897,610	799,197		3,275
Depreciation	10,447	11,909	48,188	49,544	6,931	6,691
Miscellaneous	884	704	1,862	713	2,213	83
Direct costs of special events						
TOTAL EXPENSES	$2,157,347	$2,013,286	$ 4,570,196	$ 4,375,098	$ 1,128,422	$ 761,682

Management and General		Fundraising		Total	
2014	2013	2014	2013	2014	2013
$ 113,941	$ 125,136	$ 502,402	$ 468,645	$ 3,400,466	$ 3,170,898
33,415	34,532	147,696	130,483	1,026,484	909,855
32,789	42,295	74,653	86,399	772,190	835,745
1,579	2,158	18,376	3,694	44,891	29,532
853	1,741	3,621	6,229	128,022	126,870
1,616	1,406	7,650	3,706	25,533	22,852
49,570	68,370	42,418	50,668	359,089	420,013
9,078	9,704	7,768	7,192	57,910	55,190
4,529	5,811	3,876	4,306	69,695	85,817
9,994	11,219	178,643	165,962	632,164	721,563
3,136	18,466	64,232	52,293	425,869	277,657
408	1,321	557	1,230	3,843	8,526
5,181	4,843	7,183	3,589	35,670	27,798
				819,573	515,574
			5,000	1,309,205	1,188,930
14,634	17,269	12,522	12,798	92,722	98,211
20,180	217	1,391	4,510	26,530	6,227
		(263,311)	(219,346)	(263,311)	(219,346)
$ 300,903	$ 344,488	$ 809,677	$ 787,358	$ 8,966,545	$ 8,281,912

GIRLS INCORPORATED

STATEMENTS OF CASH FLOWS
Years Ended March 31, 2014 and 2013

	2014	2013
OPERATING ACTIVITIES		
Increase in net assets	$ 1,249,840	$ 1,148,304
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	92,722	98,211
Loss on disposal of equipment	2,620	
Bad debt expense	20,904	4,706
Net appreciation of investments	(475,017)	(218,964)
Net appreciation of funds held by trustees	(560,927)	(203,124)
(Increase) decrease in certain assets:		
Accrued investment income	4,087	5,427
Dues and other receivables	(13,485)	(13,247)
Grants, contracts and contributions receivable	1,072,079	900,607
Prepaid expenses and other	(72,808)	(26,275)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	(70,368)	79,233
Scholarships payable	435,715	330,621
Deferred revenue	67,534	(52,343)
Accrued pension cost	(276,742)	(37,330)
Deferred rent obligation	55,286	(49,695)
Contributions restricted for endowment	(941,158)	(748,459)
Net Cash Provided by Operating Activities	590,282	1,217,672
INVESTING ACTIVITIES		
Purchases of property and equipment	(90,374)	(94,172)
Purchases of investments	(2,434,053)	(1,476,085)
Proceeds from sales of investments	1,901,342	655,556
Increase in cash and equivalents - endowment	(442,798)	(56,773)
Net Cash Used by Investing Activities	(1,065,883)	(971,474)
FINANCING ACTIVITIES		
Collections of contributions restricted for endowment	941,158	748,459
Net Cash Provided by Financing Activities	941,158	748,459
NET INCREASE IN CASH AND EQUIVALENTS	465,557	994,657
CASH AND EQUIVALENTS		
Beginning of Year	3,281,734	2,287,077
End of Year	$ 3,747,291	$ 3,281,734

See accompanying notes.

GIRLS INCORPORATED

NOTES TO FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Girls Incorporated, which is incorporated in the Commonwealth of Massachusetts, inspires all girls to be strong, smart, and bold through life-changing programs and experiences that help girls navigate gender, economic, and social barriers. Research-based curricula, delivered by trained, mentoring professionals in a positive all-girl environment 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. The network of local Girls Inc. nonprofit organizations serves 136,000 girls ages 6 to 18 annually across the United States and Canada. The accompanying financial statements of Girls Incorporated do not include the financial position and operating results of affiliates, each of which has its own independent board of directors and maintains separate accounts.

The program services of Girls Incorporated are as follows:

- ***Affiliate Services/Growth*** reflects delivery of program and management services and technical assistance to affiliates, replication of programs at affiliates, national scholarships and awards, development of delivery systems in major urban areas and the convening of regional meetings.

- ***Program, Research and Training*** reflects program development, field testing, evaluation, research, training, and technical assistance for Girls Incorporated programs. Programs focus on science, math and technology, health and sexuality, economic and financial literacy, sports skills, leadership and advocacy and media literacy.

- ***Public Education and Advocacy*** reflects public education, advocacy, representation in Washington, D.C., communications with internal and external audiences and strategic alliances entered into for visibility purposes.

Basis of Accounting: Girls Incorporated prepares its financial statements using the accrual basis of accounting. Girls Incorporated adheres to accounting principles generally accepted in the United States.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Asset Classifications: Girls Incorporated's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, its net assets and changes therein are classified and reported as follows:

- ***Unrestricted Net Assets*** include general and board designated net assets that are not subject to donor-imposed stipulations.

- ***Temporarily Restricted Net Assets*** are subject to donor-imposed stipulations that will be met either by actions of Girls Incorporated or the passage of time.

- ***Permanently Restricted Net Assets*** are subject to donor-imposed stipulations that they be maintained permanently by Girls Incorporated and to use all or part of the income earned from the related investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, other than funds held by trustees, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Gains and losses on funds held by trustees, which consist of perpetual trust assets, are reported as increases or decreases in permanently restricted net assets. Expiration or fulfillment of temporary restrictions on net assets are reported as net assets released from restrictions.

Cash and Equivalents: Girls Incorporated considers money market fund shares and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Girls Incorporated maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. Girls Incorporated has not experienced any losses from its bank accounts.

Membership Dues: Membership dues, which are based on a percentage of the member affiliates' annual expenditures, are recognized as revenue when earned and are included in program related revenue. Deferred revenue includes membership dues received in advance of the period to which they relate. If necessary, the carrying amount of membership dues receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management determined that no allowance was necessary as of March 31, 2014 and 2013.

Promises to Give: Unconditional promises to give are recorded at net realizable value. If material, contributions to be received after one year are recorded at their present value or their estimated future cash flows, with the change in the balance of unamortized discount reflected as an adjustment to contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Government grants and contracts are recorded as temporarily restricted revenue, and as the expenditures are incurred, net assets are released from restrictions. Historically, Girls Incorporated has not experienced significant bad debt losses. Girls Incorporated determines its allowance for doubtful grants, contracts and contributions on its historical loss experience considering the age of the receivables. Management determined that no allowance was necessary as of March 31, 2014 and 2013.

Investment Valuation and Income Recognition: Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method. Realized and unrealized gains and losses on investments are included in the statement of activities.

Property and Equipment: Expenditures for property and equipment are reflected at cost, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the remaining life of the lease or the estimated useful life of the asset, whichever is shorter. The useful lives are estimated as follows:

Buildings	10-40 years
Furnishings and equipment	3-10 years
Leasehold and building improvements	7-15 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Girls Incorporated's property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. To date, no adjustments to the carrying amount of property and equipment have been required.

In-Kind Contributions: Contributed goods and services are recorded at their fair value on the date of receipt. Donated supplies and gifts for attendees of special events for the years ended March 31, 2014 and 2013 were $15,460 and $15,028, respectively, and are included in in-kind contributions and special event expenses. Donated supplies and goods for program purposes for the years ended March 31, 2014 and 2013 were $1,907 and $2,158, respectively, and are included as in-kind contributions and public education and advocacy expenses. For the years ended March 31, 2014 and 2013, donated advertising services of $217,520 and $178,588, respectively, are included in in-kind contributions and in public education and advocacy expenses. The fair value of donated public service announcements is estimated on the basis of economic benefits received by Girls Incorporated. For the years ended March 31, 2014 and 2013, donated legal, consulting and IT services of $433,283 and $334,192, respectively, are included in in-kind contributions and in management and general expenses.

Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. 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 Incorporated.

Special Events: The direct costs of special events include the cost of labor and equipment rental, as well as expenses for the benefit of the donor. The Internal Revenue Service considers meals, beverages and gift bags as examples of expenses for the benefit of the donor.

Income Taxes: Girls Incorporated is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, Girls Incorporated has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended March 31, 2014 and 2013.

Girls Incorporated files U.S. federal and states of New York and Indiana information tax returns. Girls Incorporated is no longer subject to U.S. federal and state income tax examinations by tax authorities for the years before March 31, 2011.

Subsequent Events: Management has evaluated, for potential recognition and disclosure, events occurring subsequent to the date of the statement of financial position through July 30, 2014, the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENTS

Girls Incorporated categorizes its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Girls Incorporated has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, Girls Incorporated makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. Also included in Level 3 are assets measured using a practical expedient that can never be redeemed at the practical expedient.

Following is a description of the valuation methodologies used by Girls Incorporated for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at March 31, 2014 and 2013.

Mutual Fund Shares and Money Market Fund Shares: Valued at the published net asset value (NAV) of the shares held at the reporting date.

Common Stocks, Exchange-traded Funds, and Government Agency Bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial Interest in Perpetual Trusts: Valued using the fair value of the assets in the trust, as a practical expedient, since no facts and circumstances indicate that the fair value of the assets in the trusts differs from the fair value of the beneficial interest. Due to the nature of perpetual trusts, Girls Incorporated does not have the ability to redeem the assets at the practical expedient.

Beneficial Interest in Charitable Remainder Trust: Valued at the present value of future cash flows considering the estimated return on the invested assets during the expected term of the agreement, the contractual payment obligations under the agreement, and a discount rate commensurate with the rates involved.

Accrued Pension Cost: Valued based on the difference between the fair value of the plan assets and the projected benefit obligation. The fair value of plan assets is based on the unit price reported by the sponsoring insurance company. The benefit obligation is projected using the unit credit actuarial valuation method.

For those assets and liabilities measured at fair value, management determines the fair value measurement policies and procedures in consultation with Girls Incorporated's Fiscal Oversight Committee. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Girls Incorporated's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different fair value measurement at the reporting date.

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of Girls Incorporated's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2014 and 2013:

2014	Level 1	Level 2	Level 3	Total
Assets				
Cash Equivalents (including endowment):				
Money Market Fund Shares	$ 859,023			$ 859,023
Investments - Endowment:				
Common Stocks:				
Financials	351,025			351,025
Healthcare	463,364			463,364
Technology	429,526			429,526
Consumer goods	310,859			310,859
Consumer discretionary	329,005			329,005
Industrial goods	654,857			654,857
Other	544,073			544,073
Mutual Fund Shares:				
Fixed income	150,970			150,970
Exchange-traded Funds:				
Fixed income	35,580			35,580
Government Agency Bonds	455,893			455,893
Funds Held By Trustees:				
Beneficial interest in perpetual trusts			$9,178,413	9,178,413
Total Assets at Fair Value	$4,584,175	$	$9,178,413	$13,762,588
Liabilities				
Accrued pension cost			$ 579,469	$ 579,469
Total Liabilities at Fair Value			$ 579,469	$ 579,469

2013	Level 1	Level 2	Level 3	Total
Assets				
Cash Equivalents (including endowment):				
Money Market Fund Shares	$ 192,871			$ 192,871
Investments - Endowment:				
Common Stocks:				
Financials	208,449			208,449
Healthcare	256,470			256,470
Technology	277,320			277,320
Consumer goods	224,334			224,334
Consumer discretionary	220,184			220,184
Industrial goods	439,110			439,110
Other	193,266			193,266
Mutual Fund Shares:				
International equities	97,731			97,731
Exchange-traded Funds:				
Fixed income	55,590			55,590
Government Agency Bonds	744,970			744,970

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

2013	Level 1	Level 2	Level 3	Total
Assets (continued)				
Funds Held By Trustees:				
Beneficial interest in perpetual trusts			$ 8,723,936	$ 8,723,936
Beneficial interest in charitable remainder trust			2,132,218	2,132,218
Total Assets at Fair Value	$2,910,295	$	$10,856,154	$13,766,449
Liabilities				
Accrued pension cost			$ 856,211	$ 856,211
Total Liabilities at Fair Value			$ 856,211	$ 856,211

At March 31, 2014 and 2013, Girls Incorporated had no other assets or liabilities that are measured at fair value on a recurring basis.

Activity during 2014 and 2013 related to assets measured at fair value on a recurring basis using a Level 3 valuation methodologies was as follows:

	Beneficial Interest In Perpetual Trusts	Beneficial Interest in Charitable Remainder Trust
Value at March 31, 2012	$8,563,169	$ 2,089,861
Unrealized gain	160,767	42,357
Value at March 31, 2013	8,723,936	2,132,218
Unrealized gain	454,477	106,450
Transfer to contributions receivable		(2,238,668)
Value at March 31, 2014	$9,178,413	$ -

There are no significant unobservable inputs used in the fair value measurements for the beneficial interest in perpetual trusts, considering the principal valuation technique is the fair value of each trust's assets.

Changes in the fair value of the Level 3 accrued pension cost for the years ended March 31, 2014 and 2013 and additional information about the valuation techniques and inputs are included in the details of the change in pension benefit obligation and the change in plan assets in Note 7.

NOTE 3 - INVESTMENTS

Girls Incorporated's investments - endowment consisted of the following as of March 31, 2014 and 2013:

	2014	2013
Common stocks	$3,082,709	$1,819,133
Mutual funds	150,970	97,731
Exchange-traded funds	35,580	55,590
Government agency bonds	455,893	744,970
	$3,725,152	$2,717,424

NOTE 3 - INVESTMENTS (CONTINUED)

Girls Incorporated's investment income consisted of the following for the years ended March 31, 2014 and 2013:

	2014	2013
Distributions from perpetual trusts	$416,861	$405,516
Interest and dividends	108,648	67,566
Investment expenses	(34,915)	(17,078)
	$490,594	$456,004

Girls Incorporated's investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2014 and 2013:

	2014	2013
Land	$ 209,205	$ 209,205
Building	2,431,807	2,431,807
Furnishings and equipment	544,427	623,540
Leasehold and building improvements	214,749	271,426
Total Cost	3,400,188	3,535,978
Less: Accumulated depreciation	(1,674,650)	(1,805,472)
Total Property and Equipment	$ 1,725,538	$ 1,730,506

NOTE 5 - GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE

Grants, contracts and contributions receivable were as follows at March 31, 2014 and 2013:

	2014	2013
Restricted for specific purposes	$1,098,879	$1,932,925
Unrestricted	3,448,644	1,448,009
Total Grants, Contracts, and Contributions Receivable	$4,547,523	$3,380,934
Receivable in less than one year	$4,239,657	$2,955,934
Receivable in one to five years	307,866	425,000
Total Grants, Contracts, and Contributions Receivable	$4,547,523	$3,380,934

NOTE 6 - FUNDS HELD BY TRUSTEES

Girls Incorporated is a beneficiary of certain irrevocable perpetual trusts. The funds in the trusts are managed by third party trustees. Girls Incorporated is entitled to receive all the annual net income earned from the assets of the trusts. The fair value of the future cash receipts from these trusts have been reflected in funds held by trustees in the permanently restricted net asset class. See Note 2 for discussion of fair value measurements. The change in the fair value of the funds held by trustees is reflected as net appreciation of funds held by trustees in the permanently restricted net asset class. The funds appreciated by $454,477 and $160,767 during the years ended March 31, 2014 and 2013, respectively. Income distributions from such trusts amounted to $416,861 and $405,516 for the years ended March 31, 2014 and 2013, respectively, and are reflected as investment income in the accompanying statements of activities.

Girls Incorporated was a one-third remainder beneficiary of a charitable remainder unitrust. Until the beneficiary's death, the beneficiary received, in equal quarterly installments, a unitrust amount equal to five percent of the net fair value of the unitrust assets valued as of the first day of each taxable year of the unitrust. The beneficiary passed away during the year ended March 31, 2014, and upon the death of the beneficiary, Girls Incorporated is entitled to receive one-third of the value of the trust. Thus, the value designated for Girls Incorporated was released from time restriction and included in contributions receivable at March 31, 2014. Girls Incorporated's beneficial interest in the charitable remainder unitrust was previously reported at fair value and had been reflected in funds held by trustees in the temporarily restricted net asset class. The change in fair value of the trust, amounting to $106,450 and $42,357 for the years ended March 31, 2014 and 2013, respectively, is reflected as net appreciation of funds held by trustees in the temporarily restricted net asset class.

NOTE 7 - EMPLOYEE BENEFITS

Defined Benefit Pension Plan

Girls Incorporated maintains a qualified noncontributory defined benefit pension plan, which was frozen effective August 31, 2006. Thus, Plan participants will not accrue benefits after August 31, 2006, and no new employees may enter the Plan. Girls Incorporated's funding policy is to make the minimum annual contribution required by applicable regulations.

The following table sets forth the Plan's funded status and amounts recognized in Girls Incorporated's financial statements as of March 31, 2014 and 2013 and for the years then ended. The date used to determine the pension measurements for the Plan's assets and benefit obligations was March 31, 2014 and 2013.

	2014	2013
Obligation and Funded Status		
Plan assets	$ 3,310,338	$ 3,069,609
Accumulated benefit obligation	(3,889,807)	(3,925,820)
Funded status	$ (579,469)	$ (856,211)
Change in Benefit Obligation:		
Benefit obligation at beginning of year	$ 3,925,820	$ 3,816,668
Interest cost	192,031	187,269
Benefits paid	(212,596)	(176,994)
Actuarial net (gain) loss	(15,448)	98,877
Benefit obligation at end of year	$ 3,889,807	$ 3,925,820
Amount Recognized in the Statements of Financial Position as a Liability	$ (579,469)	$ (856,211)

NOTE 7 - EMPLOYEE BENEFITS (CONTINUED)

	2014	2013
Net Periodic Pension Cost		
Components of Net Periodic Pension Cost:		
Interest cost	$ 192,031	$ 187,269
Expected return on assets	(175,090)	(166,770)
Amortization of loss	38,928	36,358
Net Periodic Pension Cost	$ 55,869	$ 56,857

Other changes in the Plan's assets and benefit obligation previously recognized in changes in unrestricted net assets, not yet recognized as periodic pension cost:

	2014	2013
Net loss	$617,988	$879,305

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit cost in fiscal year 2015 is $17,226.

The following assumptions were used in accounting for the Plan:

	2014	2013
Weighted-average assumptions used to determine pension benefit obligation at March 31, 2014 and 2013:		
Discount rate	5.000%	5.000%
Weighted-average assumptions used to determine net periodic pension cost for the years ended March 31, 2014 and 2013:		
Discount rate	5.000%	5.000%
Expected return on Plan assets	5.750%	5.750%

The expected long-term rate of return on Plan assets is determined by those assets' historical long-term investment performance, current asset allocation, and estimates of long-term returns by asset class.

The Plan's investment policy is to seek primarily capital appreciation and, to a lesser extent, income for reinvestment or cash flow purposes, with the preservation of capital also being an important investment objective. Equity securities consist of investments in common stock shares and have a target asset allocation of 40-80% of total Plan assets. Debt securities (U.S. Government securities and corporate bonds) have a target asset allocation of 20-60%. Investments are purchased with the intent to hold the asset for the long-term. The Plan does not participate in hedging transactions.

Following is a description of the valuation methodology used by the Plan for investment assets measured at fair value on a recurring basis. There have been no changes in the methodology used at March 31, 2014 and 2013.

Pooled Separate Accounts: Valued at the unit price reported by the sponsoring insurance company. Generally, the unit price is based on quoted market prices of the underlying assets owned, less any accrual of fees and expenses borne by the account, and divided by the number of outstanding units.

NOTE 7 - EMPLOYEE BENEFITS (CONTINUED)

Following, is a summary, by major nature and risks class within each of the fair value hierarchy (see Note 2), of the Plan's investment assets that are measured at fair value on a recurring basis as of March 31, 2014 and 2013:

2014	Level 2	Total
Pooled Separate Accounts:		
Equities of socially aware companies	$3,310,338	$3,310,338
Total Plan Investments at Fair Value	$3,310,338	$3,310,338

2013	Level 2	Total
Pooled Separate Accounts:		
Equities of socially aware companies	$3,069,609	$3,069,609
Total Plan Investments at Fair Value	$3,069,609	$3,069,609

Girls Incorporated expects to make contributions to the Plan of approximately $100,000 in fiscal year 2015. No Plan assets are expected to be returned to Girls Incorporated during fiscal year 2015.

The following benefits are expected to be paid by the Plan:

Year Ended March 31,	Amount
2015	$ 183,029
2016	194,661
2017	219,029
2018	224,243
2019	220,469
2020-2024	1,210,726

Defined Contribution 401(k) Plan

Girls Incorporated also sponsors a defined contribution 401(k) retirement savings plan for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the Plan. Girls Incorporated may make a discretionary contribution to the Plan, determined annually based on eligible earnings of participants. Participants become fully vested immediately upon entry into the Plan. Girls Incorporated made contributions of $129,270 and $117,560 to the 401(k) Plan during the years ended March 31, 2014 and 2013, respectively.

NOTE 8 - NET ASSETS

Unrestricted Net Assets:

Unrestricted net assets consisted of the following as of March 31, 2014 and 2013:

	2014	2013
Designated by the Board for endowment purposes	$ 599,376	$ 544,434
Undesignated	4,559,986	219,647
Total Unrestricted Net Assets	$5,159,362	$ 764,081

NOTE 8 - NET ASSETS (CONTINUED)

Temporarily Restricted Net Assets:

Temporarily restricted net assets consisted of the following as of March 31, 2014 and 2013:

	2014	2013
Program Restricted:		
STEM Programming (science, technology, engineering, math)	$ 463,295	$ 883,148
Economic Literacy Programming	825,026	1,340,092
Health & Self Esteem Programming	300,000	330,000
Reading Literacy Programming	124,031	576,727
Latina Initiative	147,347	451,545
Reaching More Girls Through Mentoring and Affiliates	124,916	395,764
College Scholarships for Girls	460,496	1,010,357
Outcomes Measurement and Management Information System	222,172	445,422
Time Restricted:		
Endowment appreciation	560,288	203,374
Beneficial interest in charitable remainder trust		2,132,218
Total Temporarily Restricted Net Assets	$3,227,571	$7,768,647

For the years ended March 31, 2014 and 2013, net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors were as follows:

	2014	2013
STEM Programming (science, technology, engineering, math)	$ 942,085	$ 809,090
Economic Literacy Programming	1,003,287	556,096
Health & Self Esteem Programming	250,000	200,000
Reading Literacy Programming	430,464	368,005
Prevention of Substance Abuse Programming	180,000	75,000
Latina Initiative	304,198	325,991
Reaching More Girls Through Mentoring and Affiliates	450,471	692,442
College Scholarships for Girls	946,778	638,311
Outcomes Measurement and Management Information System	877,250	1,065,752
Other Programs		50,000
Tribute Funds	104,737	17,790
Beneficial interest in terminated charitable remainder trust	2,238,668	
Total Net Assets Released from Restrictions	$7,727,937	$4,798,477

Permanently Restricted Net Assets:

Permanently restricted net assets consist of beneficial interests in perpetual trusts, as well as endowment funds held and managed by Girls Incorporated. See Note 9.

During the year ended March 31, 2010, Girls Incorporated borrowed $500,000 of permanently restricted net assets for operating activities with the permission of the donor. The donor has requested that the loan be repaid over a ten-year period with payments of at least $50,000 per year beginning on January 31, 2011. The loan had a balance of $200,000 and $300,000 as of March 31, 2014 and 2013, respectively. The loan was paid in full subsequent to March 31, 2014.

NOTE 9 - ENDOWMENT FUNDS

Girls Incorporated's endowment consists of ten individual funds established for various purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Donor-restricted funds include perpetual trusts in which Girls Incorporated is named a beneficiary. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Directors has interpreted the Massachusetts-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Girls Incorporated classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Girls Incorporated in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Girls Incorporated considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the various funds
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Girls Incorporated
- Girls Incorporated's investment policies

Investment Return Objectives, Risk Parameters and Strategies: Girls Incorporated has adopted investment and spending policies, approved by its Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, with a target asset allocation of 60% to 75% into equity and 25% to 40% into fixed income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions according to the spending policy. Other alternative investments classes may not exceed 15% of the asset mix. The remainder of the assets not invested as noted above shall be cash reserves, which are not to exceed 10% of the assets market value, unless approved by the Investment Subcommittee. Investment risk is measured in terms of the total endowment fund and managed to not expose the endowment to unacceptable levels of risk. Girls Incorporated expects its endowment assets, over time, to produce a total return in excess of that generated by relevant benchmarks. Actual returns in any given year may vary from this amount.

Spending Policy: Girls Incorporated has a policy of appropriating for distribution each year any earnings on the endowment fund in the amount of not more than 4% before fees of the three-year moving average market value of the endowment fund with a maximum increase of 6% per year over the prior year's spending amount. This approach serves to protect against volatility in the amount of gifts received and assists in maintaining intergenerational equity. In establishing this policy, Girls Incorporated considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with Girls Incorporated objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

Endowment net asset compositions by type of fund as of March 31, 2014 and 2013, were as follows:

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Assets				
Board-designated endowment fund	$599,376			$ 599,376
Donor-restricted endowment funds		$560,288	$12,805,413	13,365,701
Total Endowment	$599,376	$560,288	$12,805,413	$13,965,077
2013				
Assets				
Board-designated endowment fund	$544,434			$ 544,434
Donor-restricted endowment funds		$203,374	$11,409,778	11,613,152
Total Endowment	$544,434	$203,374	$11,409,778	$12,157,586

Changes in net endowment assets for the years ended March 31, 2014 and 2013 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets at March 31, 2012	$500,000		$10,500,552	$11,000,552
Investment Return:				
Investment income	3,447	$ 420,880		424,327
Net appreciation	40,987	188,010		228,997
Net gain on perpetual trusts			160,767	160,767
Total Investment Return	44,434	608,890	160,767	814,091
New gifts			748,459	748,459
Amounts appropriated for expenditure		(405,516)		(405,516)
Endowment net assets at March 31, 2013	544,434	203,374	11,409,778	12,157,586
Investment Return:				
Investment income	3,787	443,201		446,988
Net appreciation	65,157	415,367		480,524
Net gain on perpetual trusts			454,477	454,477
Total Investment Return	68,944	858,568	454,477	1,381,989
New gifts			941,158	941,158
Amounts appropriated for expenditure	(14,002)	(501,654)		(515,656)
Endowment net assets at March 31, 2014	$599,376	$ 560,288	$12,805,413	$13,965,077

NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Girls Incorporated to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies noted for the years ended March 31, 2014 and 2013.

NOTE 10 - LEASES

Girls Incorporated leases office space at two locations, New York, New York and Washington, D.C. All of the leases are classified as operating leases and all are subject to the customary escalation clauses for rent, real estate taxes and building operating expenses. Rental expense each year under the leases is based on the total lease commitment, recognized on a straight-line basis over the term of the lease. A deferred rent obligation has been established for the cumulative difference between rent expense recognized to date and the amounts paid under the leases. Girls Incorporated also has several equipment operating leases.

At March 31, 2014, the future minimum rental payments required by all long-term noncancellable operating leases are as follows:

Payable in Year Ended March 31,	Rental Payments
2015	$ 171,621
2016	169,537
2017	153,021
2018	141,288
2019	148,383
Thereafter	1,504,977
	$2,288,827

Total rent expense was $266,221 and $335,141 for the years ended March 31, 2014 and 2013, respectively.

Girls Incorporated subleases office space at the New York, New York location to an affiliate under an agreement that may be canceled by either party at any time. Total sublease income was $47,054 and $35,742 for the years ended March 31, 2014 and 2013, respectively.

Girls Incorporated is leasing office space within the National Resource Center in Indianapolis, Indiana to an unrelated party through June 2016. Total lease income was $10,236 and $9,383 for the years ended March 31, 2014 and 2013, respectively. Future minimum lease payments to be received are $10,236 for the years ended March 31, 2015 and 2016, respectively, and $2,559 for the year ended March 31, 2017.

NOTE 11 - BANK LINE OF CREDIT

Girls Incorporated has a $500,000 line of credit with a bank that expires on August 30, 2014. As of March 31, 2014, there were no borrowings on the line of credit. The interest rate on any borrowings is equal to .5% less than the Bank's prime lending rate (2.75% at March 31, 2014). The line of credit is collateralized with Girls Incorporated's investment accounts.

NOTE 12 - RELATED PARTY TRANSACTIONS

Girls Incorporated has affiliates that serve as local chapters of Girls Incorporated. Girls Incorporated has no ownership or voting interests in these local chapters. However, affiliation agreements between the local chapters and Girls Incorporated give Girls Incorporated control over how the chapters carry out certain activities and require the payment of affiliate dues to Girls Incorporated. Girls Incorporated recognized dues revenue from affiliates of $546,740 and $539,613 for the years ended March 31, 2014 and 2013, respectively, which is included in program revenue. Girls Incorporated had dues receivable from affiliates of $17,394 and $26,575 at March 31, 2014 and 2013, respectively. Girls Incorporated provided funding to affiliates of $1,309,205 and $1,188,930 for the years ended March 31, 2014 and 2013, respectively. Girls Incorporated had accounts payable to affiliates of $23,357 and $43,262 at March 31, 2014 and 2013, respectively. Girls Incorporated also subleases office space to an affiliate. See Note 10.

Girls Incorporated recognized contributions from members of its Board of Directors of $194,226 and $199,681 for the years ended March 31, 2014 and 2013, respectively. Girls Incorporated had contributions receivable from members of its Board of Directors of $48,266 and $51,589 as of March 31, 2014 and 2013, respectively. Girls Incorporated had accounts payable to members of its Board of Directors of $18,722 as of March 31, 2013. There were no accounts payable to members of the Board of Directors as of March 31, 2014.