



Inspiring all girls  
to be strong,  
smart, and bold

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

March 31, 2023 and 2022

# GIRLS INC.

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## *Independent Auditor's Report*

Board of Directors  
Girls Inc.

### ***Opinion***

We have audited the accompanying financial statements of Girls Inc., which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Inc. as of March 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls Inc. 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.

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective April 1, 2022, Girls Inc. adopted the new lease accounting guidance in Accounting Standards Codification Topic 842, *Leases* and Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Girls Inc.'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 Girls Inc.'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.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
July 10, 2023

**GIRLS INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**March 31, 2023 and 2022**

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash	\$ 6,543,402	\$ 12,908,675
Dues receivable	69,461	68,078
Promises to give and grants receivable, net	30,702	1,190,435
Investments - current	31,208,645	22,076,769
Prepaid expenses and other	298,278	225,102
Note receivable from affiliate		23,272
Investments - endowment	7,619,700	8,265,400
Property and equipment, net	644,082	75,191
Operating lease right-of-use assets	2,194,991	
Beneficial interest in perpetual trusts	<u>12,242,635</u>	<u>13,585,207</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 60,851,896</u></u>	<u><u>\$ 58,418,129</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 856,551	\$ 796,884
Scholarships payable	1,388,155	1,301,840
Deferred revenue	346,636	337,139
Deferred rent obligation		95,603
Operating lease liabilities	<u>2,768,500</u>	
Total Liabilities	<u>5,359,842</u>	<u>2,531,466</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Designated by the Board for endowment	755,408	820,669
Designated by the Board for rent reserve	2,213,815	
Undesignated	<u>17,031,707</u>	<u>17,396,368</u>
	<u>20,000,930</u>	<u>18,217,037</u>
With donor restrictions:		
Purpose and time restrictions	16,384,197	16,639,688
Endowment	<u>19,106,927</u>	<u>21,029,938</u>
	<u>35,491,124</u>	<u>37,669,626</u>
Total Net Assets	<u>55,492,054</u>	<u>55,886,663</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 60,851,896</u></u>	<u><u>\$ 58,418,129</u></u>

*See accompanying notes.*

**GIRLS INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended March 31, 2023 and 2022**

	<b>Without Donor Restrictions</b>	<b>2023 With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Special events revenue	\$ 650,659		\$ 650,659
Less: Direct costs of special events	(104,956)		(104,956)
Special events, net	545,703		545,703
Contributions and private grants	8,198,081	\$ 8,521,682	16,719,763
Contributed nonfinancial assets	486,108		486,108
Program revenue	698,735		698,735
Other income	87,940		87,940
	10,016,567	8,521,682	18,538,249
Net assets released from restrictions	9,665,809	(9,665,809)	
	19,682,376	(1,144,127)	18,538,249
<b>EXPENSES</b>			
Program Services:			
Affiliate services/growth	7,436,395		7,436,395
Program, research and training	6,233,617		6,233,617
Public education and advocacy	1,598,582		1,598,582
Total Program Services	15,268,594		15,268,594
Supporting Services:			
Management and general	540,344		540,344
Fundraising	1,853,529		1,853,529
Total Supporting Services	2,393,873		2,393,873
Total Expenses	17,662,467		17,662,467
<b>CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN AND GAIN (LOSS) ON SALE OF PROPERTY AND EQUIPMENT</b>	2,019,909	(1,144,127)	875,782
<b>INVESTMENT RETURN</b>			
Net appreciation (depreciation) on investments and funds held by trustees	(509,906)	(1,843,945)	(2,353,851)
Investment income, net	276,388	809,570	1,085,958
Total Investment Return	(233,518)	(1,034,375)	(1,267,893)
<b>GAIN (LOSS) ON SALE OF PROPERTY AND EQUIPMENT</b>	(2,498)		(2,498)
<b>CHANGE IN NET ASSETS</b>	1,783,893	(2,178,502)	(394,609)
<b>NET ASSETS</b>			
Beginning of Year	18,217,037	37,669,626	55,886,663
End of Year	\$ 20,000,930	\$ 35,491,124	\$ 55,492,054

See accompanying notes.

<u>Without Donor Restrictions</u>	<u>2022 With Donor Restrictions</u>	<u>Total</u>
\$ 916,677		\$ 916,677
(52,200)		(52,200)
<u>864,477</u>		<u>864,477</u>
7,237,343	\$ 16,493,613	23,730,956
18,409		18,409
624,549		624,549
<u>81,816</u>		<u>81,816</u>
<u>8,826,594</u>	<u>16,493,613</u>	<u>25,320,207</u>
<u>9,763,147</u>	<u>(9,763,147)</u>	
<u>18,589,741</u>	<u>6,730,466</u>	<u>25,320,207</u>
5,570,861		5,570,861
5,776,292		5,776,292
<u>946,453</u>		<u>946,453</u>
<u>12,293,606</u>		<u>12,293,606</u>
457,731		457,731
<u>2,035,021</u>		<u>2,035,021</u>
<u>2,492,752</u>		<u>2,492,752</u>
<u>14,786,358</u>		<u>14,786,358</u>
<u>3,803,383</u>	<u>6,730,466</u>	<u>10,533,849</u>
668,234	965,946	1,634,180
<u>85,526</u>	<u>619,236</u>	<u>704,762</u>
<u>753,760</u>	<u>1,585,182</u>	<u>2,338,942</u>
<u>1,751,581</u>		<u>1,751,581</u>
6,308,724	8,315,648	14,624,372
<u>11,908,313</u>	<u>29,353,978</u>	<u>41,262,291</u>
<u>\$ 18,217,037</u>	<u>\$ 37,669,626</u>	<u>\$ 55,886,663</u>

**GIRLS INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended March 31, 2023 and 2022**

	<u>Affiliate Services/Growth</u>		<u>Program, Research and Training</u>		<u>Public Education and Advocacy</u>	
	2023	2022	2023	2022	2023	2022
Salaries	\$ 1,262,844	\$ 761,051	\$ 2,443,104	\$ 2,377,430	\$ 525,892	\$ 443,958
Payroll taxes and employee benefits	281,685	206,118	544,519	644,058	125,505	121,966
Consultants and professional fees	314,630	140,245	1,037,394	984,770	81,180	251,454
Supplies	3,258		7,502	43,405	873	
Telephone and computer expense	16,307	9,761	104,380	116,300		2,169
Postage and shipping expense	5,257	2,364	5,195	5,791	578	745
Occupancy	73,758	35,818	155,006	119,245	91,376	78,002
Insurance	10,659	9,030	21,805	29,954	4,158	4,783
Equipment rental and maintenance	11,663	5,822	53,572	27,778		307
Travel and meetings expense	315,828	75,044	166,569	32,490	44,562	5,259
Printing and publications expense	53,763	5,415	14,454	9,786	480,598	13,634
Subscriptions	3,553	773	10,861	2,663	16,564	7,057
Membership dues	25,017	2,646	5,314	9,466	982	3,005
Awards	385,477	409,882				
Pass-through grants to affiliates	4,532,300	3,869,365	1,395,614	1,287,029	197,700	3,553
Depreciation	11,527	10,151	23,582	33,672	4,497	5,377
Miscellaneous	128,869	27,376	244,746	52,455	24,117	5,184
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>7,436,395</b>	<b>5,570,861</b>	<b>6,233,617</b>	<b>5,776,292</b>	<b>1,598,582</b>	<b>946,453</b>
Less: Expenses included with revenues on the statements of activities:						
Cost of direct benefits to donors						
<b>TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES</b>	<b><u>\$ 7,436,395</u></b>	<b><u>\$ 5,570,861</u></b>	<b><u>\$ 6,233,617</u></b>	<b><u>\$ 5,776,292</u></b>	<b><u>\$ 1,598,582</u></b>	<b><u>\$ 946,453</u></b>

See accompanying notes.



<b>Management and General</b>		<b>Fundraising</b>		<b>Cost of Direct Benefits to Donors</b>		<b>Total</b>	
<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
\$ 241,865	\$ 222,223	\$ 1,102,504	\$ 1,110,463			\$ 5,576,209	\$ 4,915,125
51,267	61,187	245,812	300,664			1,248,788	1,333,993
60,730	80,060	198,617	285,400			1,692,551	1,741,929
969		1,380				13,982	43,405
						120,687	128,230
766	791	15,495	20,379			27,291	30,070
59,598	44,405	60,756	42,423			440,494	319,893
9,421	12,870	9,604	12,296			55,647	68,933
49,406	8,429	57,097	12,443	\$ 104,956	\$ 52,200	65,235	33,907
4,644	3,876	65,118	202,864			738,418	185,865
2,014	1,102	5,739	4,596			618,577	235,575
2,225	3,771	8,052	8,598			38,731	16,191
	3,184					41,590	27,486
10,188	14,469	10,386	13,822			385,477	409,882
47,251	1,364	72,969	21,073			6,125,614	5,163,131
						60,180	77,491
						517,952	107,452
540,344	457,731	1,853,529	2,035,021	104,956	52,200	17,767,423	14,838,558
				(104,956)	(52,200)	(104,956)	(52,200)
<u>\$ 540,344</u>	<u>\$ 457,731</u>	<u>\$ 1,853,529</u>	<u>\$ 2,035,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,662,467</u>	<u>\$ 14,786,358</u>

**GIRLS INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended March 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (394,609)	\$ 14,624,372
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	60,180	77,491
Loss (gain) on sale of property and equipment	2,498	(1,751,581)
Net depreciation (appreciation) of investments	1,011,279	(1,256,933)
Net depreciation (appreciation) of funds held by trustees	1,342,572	(377,247)
Changes in operating assets and liabilities:		
Accrued investment income		7,412
Dues receivable	(1,383)	14,857
Promises to give and grants receivable	1,159,733	71,866
Prepaid expenses and other	(73,176)	35,656
Notes receivable from affiliate	23,272	19,948
Operating lease right-of-use assets and liabilities, net	477,906	
Accounts payable and accrued expenses	59,667	(66,600)
Scholarships payable	86,315	20,718
Deferred revenue	9,497	3,184
Deferred rent obligation		(2,282)
Net Cash Provided by Operating Activities	3,763,751	11,420,861
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(631,569)	(62,935)
Proceeds from sale of property and equipment		2,930,533
Purchases of investments	(34,425,945)	(10,554,708)
Proceeds from sales of investments	23,224,928	7,141,279
Net Cash Used by Investing Activities	(11,832,586)	(545,831)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(8,068,835)	10,875,030
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	22,487,520	11,612,490
End of Year	\$ 14,418,685	\$ 22,487,520
<b>CASH AND EQUIVALENTS</b>		
Cash	\$ 6,543,402	\$ 12,908,675
Cash equivalents included in investments - current	7,724,500	9,400,073
Cash equivalents included in investments - endowment	150,783	178,772
<b>TOTAL CASH AND EQUIVALENTS</b>	\$ 14,418,685	\$ 22,487,520
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	\$ 219,710	
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	1,335,548	

See accompanying notes.

## GIRLS INC.

### NOTES TO FINANCIAL STATEMENTS March 31, 2023 and 2022

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General:** Girls Inc., 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 89,000 girls ages 6 to 18 annually across the United States and Canada. The accompanying financial statements of Girls Inc. 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 Inc. 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 Inc. 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.

**Project Accelerate:** The Equality Can't Wait Challenge (ECWC) was established in 2020 by Pivotal Ventures, with support from MacKenzie Scott and Dan Jewett, and Charles and Lynn Schusterman Family Philanthropies, and provides funding to expand women's power and influence in the United States by 2030. In August and September 2021, Girls Inc. was awarded \$10,000,000 from the ECWC to benefit its *Project Accelerate* program, which is included in contributions and private grants in the accompanying statements of activities. *Project Accelerate* spans across all of Girls Inc.'s program services described above and addresses inequality in the workplace, particularly the absence of women of color in positions of influence and leadership. The program will accelerate young women's trajectories through college and career entry, leveraging partnerships with corporations and social impact organizations to ensure both their preparation and their access to positions of influence. *Project Accelerate* will also reduce the gender gap by working with young women starting as early as their junior year in high school to ensure they have the resources and support to thrive as leaders. Under the ECWC, funds received may be used for all *Project Accelerate* expenses through July 31, 2026. Girls Inc. is required to submit annual project reports through the end of the grant term.

**New Accounting Pronouncements:** Effective April 1, 2022, Girls Inc. adopted new lease accounting guidance in Accounting Standards Codification (ASC) Topic 842, *Leases* (ASC 842) as required by the Financial Accounting Standards Board. ASC 842 required lessees to recognize a right-of-use asset and a lease liability on the statement of financial position for most leases, with exceptions provided for certain short-term leases, at the commencement date. Girls Inc. elected the package of practical expedients to not reassess lease definition, classification, or direct costs related to existing or expired leases.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Girls Inc. adopted the new lease accounting guidance retrospectively at the beginning of the period of adoption with the cumulative effect of initial application recognized at the beginning of the period of adoption. As a result, right-of-use assets and lease liabilities were not recognized during fiscal year 2022 and the following were recognized on April 1, 2022:

- Operating lease liabilities of \$1,193,534, which represent the present value of the remaining lease payments discounted using risk-free rates of periods comparable with that of the lease terms; and
- Operating lease right-of-use assets of \$1,097,931, which represent lease liabilities of \$1,193,534 adjusted for accrued rent of \$95,603.

No cumulative effect adjustment to net assets was required upon adoption of ASC 842 on April 1, 2022.

Additionally, effective April 1, 2022, Girls Inc. adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 increases transparency of contributed nonfinancial assets through enhancements in presentation and disclosure requirements. As a result, Girls Inc. is now required to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial contributions. Girls Inc. is also required to disclose various information related to contributed nonfinancial assets. The amendments had no impact on financial position or changes in net assets. ASU No. 2020-07 was adopted on a retrospective basis. See Note 12.

**Basis of Presentation:** The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require Girls Inc. to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of Girls Inc.'s management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Girls Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions that were initially classified as conditional contributions are reported as increases in net assets without donor restrictions when the conditions are met, if the restrictions expire in the same year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service.

**Estimates:** The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

**Cash and Equivalents** consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less for the purposes of the statements of cash flows. Cash and equivalents included in investment accounts are reflected in investments on the statements of financial position. Girls Inc. maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. Girls Inc. has not experienced any losses from its bank accounts.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Promises to Give and Grants Receivable:** Unconditional promises to give and grants receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Promises to give and grants receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors.

**Investment Valuation and Income Recognition:** Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of distributions from perpetual trusts, interest and dividends and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Distributions from perpetual trusts are recognized upon receipt. 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.

**Property and Equipment:** Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Costs of ordinary maintenance and repairs are expensed as incurred. Upon retirement or disposal of property and equipment, the costs and related accumulated depreciation amounts are eliminated, and any gain or loss is included in the statements of activities. Depreciation of property and equipment is provided on a straight-line basis over the lesser of the estimated useful lives or the lease term as follows:

Furnishings and equipment	3-10 years
Leasehold improvements	7-15 years

**Leases:** Girls Inc. determines if an arrangement is a lease at inception. Girls Inc. recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding obligation to make lease payments. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The present value is calculated using the rate implicit in the lease. If the rate is not readily determinable from the lease, Girls Inc. uses a risk-free rate of a period comparable with that of the lease term. Right-of-use assets also include any lease payments made at or before lease commencement and are reduced by any lease incentives. Lease terms include options to extend or terminate the lease when it is reasonably certain that Girls Inc. will exercise the option. Operating lease expense is recognized on a straight-line basis over the lease term. Variable lease expenses are recorded when incurred. Girls Inc. does not recognize an asset and liability for leases with a term of 12 months or less. Girls Inc. does not separate lease and non-lease components. Prior to April 1, 2022, Girls Inc. recognized operating lease expense on a straight-line basis over the lease term. However, no asset was recognized for its right to use the underlying asset and no liability was recognized for the obligation to make lease payments.

**Long-lived Assets,** including property and equipment and operating lease right-of-use assets, 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. No adjustments to the carrying amount of long-lived assets were required in 2023 and 2022.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Perpetual Trusts:** Girls Inc. is the beneficiary of certain perpetual trusts. Perpetual trusts are recognized as revenue when Girls Inc. is notified that it has been named as an irrevocable beneficiary of a trust.

Perpetual trusts are created by donors and are neither in the possession nor under the control of Girls Inc. The trusts are administered by third party trustees as designated by the donors. Girls Inc. is entitled to receive all or a portion of the annual net income earned from the assets of the trusts. Girls Inc.'s beneficial interest in perpetual trusts is presented at fair value. See Note 3. Perpetual trusts are included in net assets with donor restrictions, and changes in value of perpetual trusts are recognized within net assets with donor restrictions in the statements of activities. Distributions are recognized within net assets with or without donor restrictions in the statements of activities based on any donor restrictions specified in the trust agreement.

**Contributions and Grants** are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable advances.

Grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors. Management believes an adverse material outcome from those reviews and audits is unlikely.

**Contributed Nonfinancial Assets:** Contributions of services are recorded at estimated fair value when received if they create or enhance a nonfinancial asset or if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Volunteers contribute significant amounts of time to Girls Inc.'s activities that do not meet recognition criteria, and the value of these contributed services is not reflected in the financial statements. Other contributions of nonfinancial assets are recorded at estimated fair value when received. See Note 15.

**Program Service Revenue** is recognized at the time the service is performed.

**Membership Dues**, which are based on a percentage of the member affiliates' annual expenditures, are recognized as revenue ratably over the membership period of one year and are included in program revenue. Deferred revenue includes membership dues received in advance of the period to which they relate. If necessary, the carrying amount of 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, 2023 and 2022. Dues receivable totaled \$69,461, \$68,078, and \$82,935 at March 31, 2023, 2022, and 2021, respectively. Deferred revenue totaled \$346,636, \$337,139, and \$333,955 at March 31, 2023, 2022, and 2021, respectively.

**Special Events Revenue**, including related sponsorship revenue and other contributions, are considered unconditional contributions, except for the portion related to the direct benefit being provided to the donors that is considered an exchange transaction. The contribution portion is recognized when received or promised and the exchange transaction portion of the revenue is recognized upon occurrence of the event. The value of the exchange element of these transactions was \$104,956 in 2023 and \$52,200 in 2022. Funds received for the exchange transaction portion of the revenue for events occurring subsequent to the statement of financial position date are reflected as deferred revenue.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs have been allocated to program and supporting services benefited. The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel related expenses	Time and effort
Office expenses	Time and effort
Information technology	Full time equivalent
Occupancy	Square footage
Travel	Time and effort
Conferences and meetings	Time and effort
Depreciation	Full time equivalent
Other	Time and effort

**Grants and Other Assistance** are recognized as expense when the grant is made or other assistance is provided. Promises to give to others are recognized as accounts payable and expense when the promise has been communicated to the grantees and becomes unconditional. Promises to give to others included in accounts payable and accrued expenses totaled \$150,000 as of March 31, 2023. There were no promises to give to others outstanding as of March 31, 2022.

**Advertising Costs** are expensed as incurred and totaled \$614,862 in 2023 and \$239,294 in 2022.

**Income Taxes:** Girls Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. In addition, Girls Inc. 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 tax for the years ended March 31, 2023 and 2022.

Girls Inc. files U.S. federal and states of New York and Indiana information tax returns. Girls Inc. is no longer subject to U.S. federal and state income tax examinations by tax authorities for the fiscal years before March 31, 2020. Management believes that Girls Inc.'s income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in material change.

**Reclassifications:** Certain amounts in the 2022 financial statements have been reclassified to conform to the presentation of the 2023 financial statements.

**Subsequent Events:** Management has evaluated the financial statements for potential recognition and disclosure of subsequent events occurring through July 10, 2023, the date the financial statements were available to be issued.

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

Girls Inc.'s financial assets available for general expenditure within one year of March 31, 2023 and 2022 were as follows:

	2023	2022
Cash	\$ 6,543,402	\$ 12,908,675
Dues receivable	69,461	68,078
Promises to give and grants receivable, net	30,702	1,190,435
Investments - current	31,208,645	22,076,769
Note receivable from affiliate		23,272
Investments - endowment	7,619,700	8,265,400
Beneficial interest in perpetual trusts	<u>12,242,635</u>	<u>13,585,207</u>
Total Financial Assets	<u>57,714,545</u>	<u>58,117,836</u>
Donor-imposed Restrictions:		
Funds subject to donor restrictions	(16,384,197)	(16,639,688)
Endowment	(19,106,927)	(21,029,938)
Board-designations:		
Endowment	(755,408)	(820,669)
Rent reserve	<u>(2,213,815)</u>	<u>                    </u>
Total Financial Assets Available Within One Year	<u>\$ 19,254,198</u>	<u>\$ 19,627,541</u>

Girls Inc.'s endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors as endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Although Girls Inc. does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

Girls Inc. also has board-designated net assets that are without donor restrictions that are to be used to pay rent for its lease for office space in Indianapolis, Indiana. The board-designated net assets are managed consistent with Girls Inc.'s investment policy and could be made available if necessary.

Girls Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Girls Inc. invests cash in excess of daily requirements in short-term investments, including certificates of deposit and money market fund shares.

## NOTE 3 - FAIR VALUE MEASUREMENTS

Girls Inc. has categorized 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) and the lowest priority to unobservable inputs (Level 3). 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.

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 Inc. has the ability to access.



### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

**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 Inc. makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by Girls Inc. for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at March 31, 2023 and 2022.

**Money Market Fund Shares:** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and transact at that price.

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

**Corporate Bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

**Beneficial Interest in Perpetual Trusts:** Valued using Girls Inc.'s proportionate share of the fair value of the assets in the trust, as provided by the trustee, unless there are facts and circumstances that indicate that the fair value of the beneficial interest differs from the fair value of Girls Inc.'s proportionate share of the assets held by the trust, in which case the present value of the estimated future cash flows would be used. When Girls Inc.'s proportionate share of the fair value of the assets in the trust is used to estimate fair value, these assets are not classified in the fair value hierarchy.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of Girls Inc.'s assets that are measured at fair value on a recurring basis as of March 31, 2023 and 2022:

2023	Level 1	Level 2	Total	NAV
<b>Assets</b>				
Investments:				
Money market fund shares	\$ 7,875,283		\$ 7,875,283	
Common stocks	18,929,337		18,929,337	
Corporate bonds		\$572,571	572,571	
Government agency bonds - long-term	11,451,154		11,451,154	
Funds Held by Trustees:				
Beneficial interest in perpetual trusts				<u>\$12,242,635</u>
Total Assets at Fair Value	<u>\$38,255,774</u>	<u>\$572,571</u>	<u>\$38,828,345</u>	<u>\$12,242,635</u>

### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

2022	Level 1	Level 2	Total	NAV
<b>Assets</b>				
Investments:				
Money market fund shares	\$ 9,528,908		\$ 9,528,908	
Government agency bonds - short-term	49,937		49,937	
Common stocks	18,107,420		18,107,420	
Corporate bonds		\$565,427	565,427	
Government agency bonds - long-term	2,090,477		2,090,477	
Funds Held by Trustees:				
Beneficial interest in perpetual trusts				\$13,585,207
<b>Total Assets at Fair Value</b>	<u>\$29,776,742</u>	<u>\$565,427</u>	<u>\$30,342,169</u>	<u>\$13,585,207</u>

### Assets Measured Using Net Asset Value per Share (or Equivalent) Practical Expedient

The following table summarizes assets measured at fair value based on the NAV per share (or equivalent) as of March 31, 2023 and 2022:

	Fair Value		Unfunded	Redemption	Redemption
	2023	2022	Commitments	Frequency	Notice Period
Beneficial interest in perpetual trusts (a)	<u>\$12,242,635</u>	<u>\$13,585,207</u>	N/A	Illiquid	Illiquid

(a) Underlying investments are managed by trustees using diversified portfolios.

### NOTE 4 - INVESTMENTS

Girls Inc.'s investments consisted of the following as of March 31, 2023 and 2022:

	2023	2022
Money market fund shares	\$ 7,875,283	\$ 9,528,908
Common stocks	18,929,337	18,107,420
Corporate bonds	572,571	565,427
Government agency bonds	<u>11,451,154</u>	<u>2,140,414</u>
	<u>\$38,828,345</u>	<u>\$30,342,169</u>

Investments are included in the statements of financial position as of March 31, 2023 and 2022 as follows:

	2023	2022
Investments - current	\$31,208,645	\$22,076,769
Investments - endowment	<u>7,619,700</u>	<u>8,265,400</u>
	<u>\$38,828,345</u>	<u>\$30,342,169</u>

#### NOTE 4 - INVESTMENTS (CONTINUED)

Girls Inc.'s investment return consisted of the following for the years ended March 31, 2023 and 2022:

	2023	2022
Distributions from perpetual trusts	\$ 751,532	\$ 578,032
Interest and dividends	448,204	231,104
Realized and unrealized gains (losses)	(2,353,851)	1,634,180
Broker expenses	<u>(113,778)</u>	<u>(104,374)</u>
Total Investment Return	<u>\$(1,267,893)</u>	<u>\$2,338,942</u>

Girls Inc.'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 5 - PROMISES TO GIVE AND GRANTS RECEIVABLE

##### *Unconditional Promises to Give and Grants Receivable*

Unconditional promises to give and grants receivable were as follows at March 31, 2023 and 2022:

	2023	2022
Without donor restrictions	<u>\$30,702</u>	<u>\$ 286,608</u>
With donor restrictions:		
Restricted for specific purposes		750,400
Restricted for Growth Capital Campaign		<u>153,427</u>
Total with Donor Restrictions		<u>903,827</u>
Total Promises to Give and Grants Receivable, net	<u>\$30,702</u>	<u>\$1,190,435</u>

All unconditional promises to give and grants receivable at March 31, 2023 and 2022 are due to be received in less than one year. At March 31, 2023 and 2022, management recorded an allowance for uncollectible amounts of \$263,861 and \$148,130, respectively.

Girls Inc. conducted a Growth Capital Campaign (GCC) to significantly grow the number of girls served. Uses of the GCC included one-time targeted seed grants to local affiliates; investments in a learning management system to enable the national organization to bring more resources to their affiliate staff, leaders and volunteers; and a third-party evaluation to measure the difference Girls Inc. makes in the lives of girls.

##### *Conditional Promises to Give and Grants Receivable*

At March 31, 2023 and 2022, Girls Inc. had outstanding promises to give of \$3,533,000 and \$4,995,046, respectively, which were conditional on requirements in accordance with the respective grant agreement and applicable regulations. These funds will be recognized as revenue in the periods in which the conditions are fulfilled.

## NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2023 and 2022:

	2023	2022
Furnishings and equipment	\$ 407,752	\$ 475,770
Leasehold improvements	<u>487,469</u>	<u>49,256</u>
	895,221	525,026
Less: Accumulated depreciation	<u>(251,139)</u>	<u>(449,835)</u>
Total Property and Equipment, net	<u>\$ 644,082</u>	<u>\$ 75,191</u>

In March 2022, Girls Inc. sold the National Resource Center (NRC) in Indianapolis, Indiana as owning the property was no longer considered to be in Girls Inc.'s strategic or operational interest. Girls Inc. recognized a gain on sale of \$1,751,581 in 2022.

## NOTE 7 - ENDOWMENT

Girls Inc.'s endowment consists of ten individual funds established by donors for various purposes. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

### *Interpretation of Relevant Law*

Girls Inc. is subject to the Massachusetts-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Donor-restricted funds include perpetual trusts in which Girls Inc. is named a beneficiary. Most of those assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. Girls Inc. considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Girls Inc. has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, Girls Inc. 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 Inc.
- Girls Inc.'s investment policies

## NOTE 7 - ENDOWMENT (CONTINUED)

The endowment net asset composition by type of fund as of March 31, 2023 and 2022, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>2023</b>			
Board-designated funds	\$755,408		\$ 755,408
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors including beneficial interest in perpetual trusts		\$15,876,132	15,876,132
Accumulated investment gains		<u>3,230,795</u>	<u>3,230,795</u>
Total Endowment Funds	<u>\$755,408</u>	<u>\$19,106,927</u>	<u>\$19,862,335</u>
<b>2022</b>			
Board-designated funds	\$820,669		\$ 820,669
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors including beneficial interest in perpetual trusts		\$17,218,704	17,218,704
Accumulated investment gains		<u>3,811,234</u>	<u>3,811,234</u>
Total Endowment Funds	<u>\$820,669</u>	<u>\$21,029,938</u>	<u>\$21,850,607</u>

### ***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the donor-restricted endowment or the level that the donors otherwise require Girls Inc. to retain as a fund of perpetual duration. There were no underwater endowment funds at March 31, 2023 and 2022.

### ***Investment and Spending Policies***

Girls Inc. has adopted investment and spending policies, approved by its Board of Directors, for endowment assets managed by Girls Inc. 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 managed by Girls Inc. are invested in a well-diversified asset mix, with a target asset allocation of 70% to 90% into equity and 10% to 30% 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 investment 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 Inc. 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.

Girls Inc. 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 Inc. 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 Inc.'s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

## NOTE 7 - ENDOWMENT (CONTINUED)

Girls Inc.'s endowment also includes the beneficial interest in perpetual trusts, which are managed by third party trustees under the investment and distribution policies of the trustees.

Activity in the endowment by net asset class for 2023 and 2022 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at March 31, 2021	\$765,540	\$20,109,089	\$20,874,629
Investment return	55,129	1,585,182	1,640,311
Appropriations for expenditure	<u>                    </u>	<u>(664,333)</u>	<u>(664,333)</u>
Endowment at March 31, 2022	820,669	21,029,938	21,850,607
Investment return	(30,887)	(1,034,375)	(1,065,262)
Appropriations for expenditure	<u>(34,374)</u>	<u>(888,636)</u>	<u>(923,010)</u>
Endowment at March 31, 2023	<u>\$755,408</u>	<u>\$19,106,927</u>	<u>\$19,862,335</u>

## NOTE 8 - PERPETUAL TRUSTS

Girls Inc. is a beneficiary of certain irrevocable perpetual trusts, which are managed by third-party trustees. The fair value of Girls Inc.'s beneficial interest in the perpetual trusts at March 31, 2023 and 2022, was \$12,242,635 and \$13,585,207, respectively. The funds depreciated by \$1,342,572 in 2023 and appreciated by \$377,247 in 2022. Income distributions from such trusts amounted to \$751,532 in 2023 and \$578,032 in 2022 and are reflected as investment income in the accompanying statements of activities.

## NOTE 9 - DEBT AND CREDIT ARRANGEMENTS

Girls Inc. had a \$1,000,000 line of credit with a bank that expired on August 25, 2022. At March 31, 2022, there were no borrowings outstanding on the line of credit. The interest rate on any borrowings was computed at the bank's Prime rate less 0.5%, subject to a floor of 3.0%. The line of credit was collateralized with Girls Inc.'s current investment accounts.

## NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of March 31, 2023 and 2022:

	2023	2022
Subject to Expenditures for Specific Purpose:		
Affiliate Growth Investments	\$ 1,290,855	\$ 875,112
STEM Programming (science, technology, engineering, math)	66,811	1,145,711
Economic Literacy Programming	1,250	301,935
Health & Self Esteem Programming	2,877,220	989,648
Diversity Programming	631,250	470,015
Reaching More Girls Through Mentoring and Affiliates		600,000
College Scholarships for Girls	2,616,544	2,447,498
Project Accelerate	7,148,672	9,007,809
Other	1,751,595	801,960

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

	<b>2023</b>	<b>2022</b>
Subject to Endowment Spending Policy and Appropriation:		
Endowment appreciation	\$ 3,230,795	\$ 3,811,234
Original endowment gift	3,633,497	3,633,497
Beneficial interest in perpetual trusts	<u>12,242,635</u>	<u>13,585,207</u>
 Total Net Assets With Donor Restrictions	 <u>\$35,491,124</u>	 <u>\$37,669,626</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended March 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Satisfaction of Purpose Restrictions:		
Affiliate Growth Investments	\$1,442,706	\$3,460,096
STEM Programming (science, technology, engineering, math)	1,441,400	1,689,508
Economic Literacy Programming	300,686	503,185
Health & Self Esteem Programming	2,388,627	875,900
Diversity Programming	466,163	304,985
Virtual Learning		860,081
College Scholarships for Girls	543,654	103,865
Project Accelerate	2,084,137	1,194,395
Other	861,335	684,831
Tribute Funds	<u>137,101</u>	<u>86,301</u>
 Total Net Assets Released from Restrictions	 <u>\$9,665,809</u>	 <u>\$9,763,147</u>

**NOTE 11 - LEASES**

Girls Inc. leases office space in Indianapolis, Indiana, New York, New York, and Washington, D.C., under separate noncancelable operating leases through December 31, 2033, September 30, 2028, and June 30, 2026, respectively. The lease in Indianapolis, Indiana, includes one five-year extension option, in the sole discretion of Girls Inc., subsequent to the expiration of the original lease term, which Girls Inc. was not reasonably certain would be exercised. The leases also require Girls Inc. to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule, which range from a 3% to 10% increase each year.

Girls Inc. accounts for lease and non-lease components within a contract as a single lease component. There may be variability in future lease payments stipulated in the contracts for common area maintenance, real estate taxes, and property insurance. The lessors base these payments on actual expenses incurred by the lessor in proportion to the space leased. These charges are treated as variable lease payments, which are expensed in the period in which the related obligation was incurred and are excluded from the measurement of right-of-use assets and lease liabilities.

Girls Inc. subleased a portion of its office space in New York, New York to an affiliate under an agreement which could be cancelled by either party at any time. The agreement was terminated in July 2022. Total sublease income was \$19,536 and \$57,744 for the years ended March 31, 2023 and 2022, respectively.

## NOTE 11 - LEASES (CONTINUED)

Total lease cost for the year ended March 31, 2023 was as follows:

Operating lease cost	\$297,579
Short-term lease cost	91,323
Variable lease cost	4,660
Sublease income	<u>(19,536)</u>
Total Lease Cost	<u>\$374,026</u>

The following summarizes the weighted-average remaining lease term and weighted-average discount rate at March 31, 2023:

Weighted-average remaining lease term:	
Operating leases	8.52 years
Weighted-average discount rate:	
Operating leases	3.29%

The future minimum lease payments under noncancelable operating leases with terms greater than one year were as follows at March 31, 2023:

Payable In Fiscal Year	Operating Leases
2024	\$ 293,053
2025	433,400
2026	440,273
2027	394,331
2028	367,999
Thereafter	<u>1,317,288</u>
Total future undiscounted lease payments	3,246,344
Less: Interest	<u>(477,844)</u>
Total Lease Liabilities	<u>\$2,768,500</u>

Total rental expense relating to these leases was \$261,252 for the year ended March 31, 2022.

## NOTE 12 - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended March 31, 2023 and 2022, contributed nonfinancial assets recognized in the statements of activities consisted of the following:

	2023	2022
Advertising services	\$473,081	\$11,839
Legal, consulting, and information technology services	13,027	5,669
Other goods	<u>          </u>	<u>901</u>
Total Recognized Contributed Nonfinancial Assets	<u>\$486,108</u>	<u>\$18,409</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.



## **NOTE 12 - CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)**

Recognized contributed advertising services comprise airtime for public service announcements for public education and advocacy activities. Contributed advertising services are valued and are reported at the estimated fair value in the financial statements based on rates for similar services in the United States for national advertising campaigns and the economic benefits received by Girls Inc. In addition to providing economic benefits to Girls Inc., contributed public service announcements provide benefits to all of the member affiliates.

Recognized contributed legal, consulting, and information technology services comprise professional services for management and general activities. Contributed legal, consulting, and information technology services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services in Indianapolis, Indiana, New York, New York, and Washington, D.C., as applicable.

Contributed other goods were used in fundraising activities. In valuing other goods, Girls Inc. estimated the fair value based on wholesale values that would be received for similar items in Indianapolis, Indiana, New York, New York, and Washington, D.C., as applicable.

## **NOTE 13 - RETIREMENT PLAN**

Girls Inc. 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, and Girls Inc. contributes, on a matching basis, 100% of each participant's contribution up to 4% of each participant's annual compensation. Girls Inc. may also make a discretionary contribution to the Plan, to be determined annually, based on eligible earnings of participants. Participants become fully vested immediately upon entry into the Plan. Girls Inc. made contributions of \$185,080 and \$197,604 to the 401(k) Plan during the years ended March 31, 2023 and 2022, respectively.

## **NOTE 14 - RELATED PARTY TRANSACTIONS**

Girls Inc. recognized contributions from members of its Board of Directors of \$264,952 and \$337,740 for the years ended March 31, 2023 and 2022, respectively. Girls Inc. had gross promises to give, including promises to give related to the Growth Capital Campaign, from members of its Board of Directors of \$256,400 and \$357,000 at March 31, 2023 and 2022, respectively.

Girls Inc. has affiliates that serve as local chapters of Girls Inc. Girls Inc. has no ownership or voting interests in these local chapters. However, affiliation agreements between the local chapters and Girls Inc. give Girls Inc. control over how the chapters carry out certain activities and require the payment of affiliate dues to Girls Inc. Girls Inc. recognized dues revenue from affiliates of \$621,692 and \$623,743 for the years ended March 31, 2023 and 2022, respectively, which is included in program revenue. Girls Inc. had dues receivable from affiliates of \$69,461 and \$68,078 at March 31, 2023 and 2022, respectively. Girls Inc. provided funding to affiliates of \$6,125,614 and \$5,163,131 for the years ended March 31, 2023 and 2022, respectively. Girls Inc. had accounts payable to affiliates of \$390,717 and \$43,100 at March 31, 2023 and 2022, respectively. Girls Inc. also subleased office space to an affiliate through July 2022. See Note 11.

In March 2019, Girls Inc. entered into a note receivable with an affiliate. Under the agreement, the affiliate paid only interest through February 2020, then the note was payable in monthly installments of principal and interest through an original maturity date in May 2023. Interest on the note receivable was computed at 2.56% annually. The note receivable was paid in full during 2023. The note receivable had a balance of \$23,272 at March 31, 2022.

## **NOTE 15 - CONCENTRATIONS**

Contributions and private grants provided 90% and 94% of total revenue and support for the years ended March 31, 2023 and 2022, respectively. As part of the contributions and private grants, two donors provided 27% of total revenue and support for the year ended March 31, 2023 and one donor provided 23% of total revenue and support for the year ended March 31, 2022.

**NOTE 15 - CONCENTRATIONS (CONTINUED)**

There were no concentrations of Girls Inc.'s net promises to give and grants receivable at March 31, 2023. Two donors represented approximately 79% of Girls Inc.'s net promises to give and grants receivable at March 31, 2022.