



Girls Incorporated of Alameda County

Financial Statements with Report of Independent Auditors
June 30, 2024
(with comparative totals for June 30, 2023)

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Report of Independent Auditors

To the Board of Directors of
Girls Incorporated of Alameda County:

Opinion

We have audited the accompanying financial statements of Girls Incorporated of Alameda County, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Incorporated of Alameda County as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls Incorporated of Alameda County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Incorporated of Alameda County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Incorporated of Alameda County'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 Incorporated of Alameda County'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.

Report on Summarized Comparative Information

We have previously audited the 2023 financial statements of Girls Incorporated of Alameda County, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

San Francisco, California
December 5, 2024

GIRLS INCORPORATED OF ALAMEDA COUNTY
STATEMENTS OF FINANCIAL POSITION
June 30, 2024
(with comparative totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,682,039	\$ 1,444,416
Cash and cash equivalents - board restricted	5,621,278	3,223,024
Restricted cash	410,184	367,380
Grants receivable	870,456	682,968
Accounts receivable	12,375	11,250
Other receivables	502,500	520,000
Prepaid expenses	29,453	24,434
Investments	3,184,848	6,280,180
Split-interest agreement	313,700	279,623
Deposits	-	5,866
Operating lease right-of-use asset	-	11,425
Finance lease right-of-use asset	22,463	-
Fixed assets, net	10,896,956	10,433,523
TOTAL ASSETS	\$ 23,546,252	\$ 23,284,089
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 262,572	\$ 108,704
Accrued expenses	615,138	487,747
Operating lease liability	-	11,718
Finance lease liability	22,503	-
Deferred revenue	97,956	98,192
Total liabilities	998,169	706,361
Net assets		
Net assets without donor restrictions	18,680,809	18,762,370
Net assets with donor restrictions	3,867,274	3,815,358
Total net assets	22,548,083	22,577,728
TOTAL LIABILITIES AND NET ASSETS	\$ 23,546,252	\$ 23,284,089

see accompanying notes

GIRLS INCORPORATED OF ALAMEDA COUNTY
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2024
(with comparative totals for 2023)

	Net assets	Net assets	Totals	
	without donor restrictions	with donor restrictions	2024	2023
SUPPORT AND REVENUE				
Government grants	\$ 3,761,179	\$ -	\$ 3,761,179	\$ 2,960,070
Foundation grants	1,794,872	77,500	1,872,372	2,220,520
Contributions of cash and other financial assets	1,847,798	112,500	1,960,298	1,999,510
Special events	583,806	-	583,806	489,936
Program fees	114,804	-	114,804	134,320
Rental income	2,100	-	2,100	14,400
Miscellaneous income	9,284	-	9,284	-
Interest and dividends	273,439	79,456	352,895	141,719
Net realized and unrealized income on investments	106,910	217,288	324,198	353,181
Change in value of split-interest agreement	-	34,077	34,077	42,322
Net assets released from restrictions:				
Purpose accomplished or restricted time expired	468,905	(468,905)	-	-
TOTAL SUPPORT AND REVENUE	<u>8,963,097</u>	<u>51,916</u>	<u>9,015,013</u>	<u>8,355,978</u>
EXPENSES				
Program services	7,829,486	-	7,829,486	6,956,205
Management and general	442,021	-	442,021	402,013
Fundraising	773,151	-	773,151	703,195
TOTAL EXPENSES	<u>9,044,658</u>	<u>-</u>	<u>9,044,658</u>	<u>8,061,413</u>
OTHER				
Loss on sale of fixed asset	-	-	-	(1,086)
Change in net assets	<u>(81,561)</u>	<u>51,916</u>	<u>(29,645)</u>	<u>293,479</u>
Net assets, beginning of year	<u>18,762,370</u>	<u>3,815,358</u>	<u>22,577,728</u>	<u>22,284,249</u>
Net assets, end of year	<u>\$ 18,680,809</u>	<u>\$ 3,867,274</u>	<u>\$ 22,548,083</u>	<u>\$ 22,577,728</u>

see accompanying notes

GIRLS INCORPORATED OF ALAMEDA COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2024
(with comparative totals for 2023)

	Program	Management	Fundraising	Totals	
	Services	and General		2024	2023
Salaries	\$ 4,503,829	\$ 247,154	\$ 441,891	\$ 5,192,874	\$ 4,568,008
Program expenses	917,282	21,304	102,220	1,040,806	967,052
Employee benefits	706,929	43,746	56,157	806,832	689,166
Depreciation and amortization	315,238	28,450	18,429	362,117	419,916
General office expenses	274,089	18,300	19,557	311,946	339,795
Professional fees	274,068	26,982	69,103	370,153	276,693
Repair and maintenance	206,273	15,375	31,120	252,768	224,961
Utilities	211,727	18,182	11,556	241,465	205,363
Insurance	164,913	12,881	9,232	187,026	152,434
Information technology support	139,001	8,521	4,394	151,916	104,837
Stipends	59,499	-	-	59,499	50,954
Printing	12,906	-	7,103	20,009	25,191
Training	31,877	499	2,010	34,386	22,528
Travel	11,855	627	379	12,861	14,515
TOTAL	<u>\$ 7,829,486</u>	<u>\$ 442,021</u>	<u>\$ 773,151</u>	<u>\$ 9,044,658</u>	<u>\$ 8,061,413</u>

see accompanying notes

GIRLS INCORPORATED OF ALAMEDA COUNTY

STATEMENTS OF CASH FLOWS

For the year ended June 30, 2024

(with comparative totals for 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (29,645)	\$ 293,479
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	362,117	419,916
Net change in value of split-interest agreement	(34,077)	(42,322)
Net realized and unrealized income on investments	(324,198)	(353,181)
Changes in operating assets and liabilities:		
Grants receivable	(187,488)	(362,117)
Accounts receivable	(1,125)	3,750
Other receivables	17,500	(279,920)
Prepaid expenses	(5,019)	18,404
Deposits	5,866	500
Operating lease right-of-use asset	11,425	(11,425)
Accounts payable	153,868	20,440
Accrued expenses	127,391	(19,636)
Operating lease liability	(11,718)	11,718
Deferred revenue	(236)	(30,859)
Net cash provided by (used in) operating activities	84,661	(331,253)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	3,419,530	(4,007,340)
Purchases of fixed assets	(825,169)	(15,665)
Net cash provided by (used in) investing activities	2,594,361	(4,023,005)
CASH FLOWS FROM FINANCING ACTIVITY		
Principal payments on finance lease liability	(341)	-
Net cash used in financing activities	(341)	-
Net increase (decrease) in cash, cash equivalents, and restricted cash	2,678,681	(4,354,258)
Cash, cash equivalents, and restricted cash at beginning of year	5,034,820	9,389,078
Cash, cash equivalents, and restricted cash at end of year	\$ 7,713,501	\$ 5,034,820
Cash and cash equivalents	\$ 1,682,039	\$ 1,444,416
Cash and cash equivalents - board restricted	5,621,278	3,223,024
Restricted cash	410,184	367,380
Total cash, cash equivalents, and restricted cash	\$ 7,713,501	\$ 5,034,820
Supplemental disclosure of noncash investing and financing activities		
Operating lease right-of-use asset and lease liability	\$ -	\$ 78,790
Finance lease right-of-use asset and lease liability	\$ 22,844	\$ -

see accompanying notes

GIRLS INCORPORATED OF ALAMEDA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. Organization

Girls Incorporated of Alameda County (“Girls Inc.” or the “Organization”), a California nonprofit organization dedicated to inspiring all girls to be strong, smart, and bold, is a local affiliate of the national Girls Inc. organization. Serving 7,228 girls, families, and community members, Girls Inc. provides vital year-round educational programs, enrichment, and skill-building at 13 school and community sites in Alameda County.

The Organization’s proven programs cover every aspect of a girl’s development to help her grow into her best self, physically, mentally, and emotionally. Girls Inc. evaluates its offerings through continuous quality improvement practices to best fit the changing needs of today’s girls. We continue to partner with Seneca Families of Agencies to provide bi-monthly consultation to all direct service staff. Girls Inc. continues our unwavering commitment to mental health and mental health resources for our program participants, their families and our program staff.

From early literacy to college and career prep, Girls Inc. equips girls with the skills and self-confidence to achieve academic success. Girls improve their study habits, sharpen their intellectual curiosity, and learn to think and speak for themselves. Debunking the myth that girls cannot excel at math and science, the Organization inspires girls to take on these subjects with hands-on projects. The girls also enhance their technological fluency and coding skills.

As essential as academics are to a girl’s success in life, she also needs to stay physically and mentally healthy. Girls Inc. knows if a girl participates in athletics, she is less likely to drop out of school or abuse drugs and alcohol. Girls Inc.’s year-round fitness programs get girls involved in team sports. Additionally, during the summer months, we expose the participants to swimming and other water activities. The Organization promotes proper nutrition and discusses challenging issues like personal safety, health, and sexuality in age-appropriate ways. If a girl needs additional mental health support, we can provide referrals to Pathways Counseling Center at Seneca for her and her family.

In over sixty-five years of serving girls in Alameda County, Girls Inc. has watched many of our girls graduate college and enjoy successful careers. Girls Inc. has been delighted that some of them are choosing to give back by volunteering with Girls Inc., showing the next generation just how far a girl can go if she is strong, smart, and bold.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

GIRLS INCORPORATED OF ALAMEDA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Basis of presentation (continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization 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 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.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The carrying amounts of cash and cash equivalents approximate their fair values.

Contributions and pledges receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Comparative financial information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Girls Inc.'s financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Concentrations of credit risk

Girls Inc. has identified its financial instruments which are potentially subject to risk as cash, investments, and receivables.

The Organization invests in various investment instruments which are driven by a defined investment policy designed to mitigate concentrations of risk in specific investments and industries.

The Organization invests its cash with various financial institutions. These deposits include amounts over federally insured limits. Investments are diversified in order to limit market risk. Accounts receivables represent primarily unsecured amounts due from federal agencies, other government agencies, foundations, and various organizations and individuals. Girls Inc. maintains an allowance for doubtful accounts at a level considered adequate to cover anticipated credit losses on outstanding receivable balances. The Organization has not previously experienced significant credit losses.

Economic concentrations

The Organization is dependent upon government grants, donations, bequests, and other support from individuals, foundations, and other entities in addition to program fees and contracts. If the level of this support varies, there may

GIRLS INCORPORATED OF ALAMEDA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Economic concentrations (continued)

be a resulting effect upon the level and types of activities and program services offered by the Organization. For the year ended June 30, 2024, government grants, consisting of federal and Alameda county grants and program revenue represented 43% of the Organization's revenue; foundation grants represented 21% of the Organization's revenue; and individual giving represented 22% of the Organization's revenue. The Organization receives most of its revenue from the San Francisco Bay Area that consists of the following counties: Alameda, Contra Costa, Marin, San Francisco, and San Mateo and from government agencies at the local, county, state, and federal level.

The Organization, as a direct owner, has an economic interest in 510 16th Street, Oakland (the "Property") that is subject to business risks associated with the economy and level of unemployment in California, which affects occupancy, as well as the tenant's ability to make rental payments.

Endowment funds

In August 2008, Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). This guidance also improves disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Organization is subject to the required disclosures in that the Organization classifies its unrealized gains and losses on donor-restricted endowed funds as net assets with donor restrictions.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair value measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as 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, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

GIRLS INCORPORATED OF ALAMEDA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Fair value measurements (continued)

Level 3: Unobservable inputs that reflect the Organization’s own assumptions.

The following methods and assumptions were used to estimate the fair value of financial instruments:

- (a) Investments (Level 1). Investment securities traded on security exchanges are valued at closing market prices on the date closest to June 30. Government obligations are valued based upon the most recent bid quotation for identical or similar obligations provided by independent pricing services and from broker quotations.
- (b) Investments (Level 2). Investment securities in real estate are valued at the redemption or stated price on the measurement day.
- (c) Contributions receivable – split-interest agreement (Level 3). The split-interest agreement is valued based on factors which include the current fair value of the investments, future expected investment returns and the present value discount rate.

Fixed assets

Girls Inc. capitalizes all acquisitions of property and equipment with a cost or value in excess of \$1,000 and with an estimated useful life in excess of one year. When property or equipment is retired or sold, the cost and accumulated depreciation of dispositions are removed from the accounts, and gain or loss is reflected as a change in net assets without donor restrictions. Contributed property and equipment is recorded at fair value of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as support without restrictions.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during the year ended June 30, 2024 was \$362,117. The useful lives of the assets are estimated as follows:

Buildings and improvements	15 – 39 years
Furniture and fixtures	5 – 7 years
Computers and software	5 years
Vehicles	5 years

Functional allocation of expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services, administrative and support, and fundraising services benefited. Such allocations are determined by management on an equitable basis.

GIRLS INCORPORATED OF ALAMEDA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Functional allocation of expenses (continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Building depreciation	Square footage
FF&E depreciation and amortization	Full time equivalent
General office expenses	Full time equivalent
Professional fees	Full time equivalent
Office maintenance	Full time equivalent
Repairs and maintenance	Square footage
Building insurance	Square footage
Office insurance	Full time equivalent
Occupancy	Square footage

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during the year ended June 30, 2024.

Income taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

In-kind contributions and contributed services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as support without restrictions unless explicit donor stipulations specify how donated assets must be used. Girls Inc. recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Girls Inc. receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fund-raising campaigns, but which do not meet the criteria for financial statement recognition.

GIRLS INCORPORATED OF ALAMEDA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Investments

Investments in equity and debt securities are reported at their fair values in the statements of financial position as determined primarily by quoted market prices. Investments without quoted market prices are valued based upon management's estimates. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor.

The Organization invests in various investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Split-interest agreement

The Organization is a beneficiary of a split-interest agreement that includes a charitable remainder trust. Irrevocable split-interest agreements for the benefit of the Organization are recognized as contributions when the Organization is notified of the existence of the agreement. When the Organization is not named as the trustee, the Organization's share of the remainder interest in the trust's assets is recognized at their fair values, net of the present value of an estimated investment return and any expected payments to the beneficiaries. Any expected payments to beneficiaries are discounted using an instrument with a similar maturity at the date of recognition. Changes in the estimated remainder interest value during the term of the agreement are reported on the statements of activities.

When the Organization is the trustee, the trust's assets are recognized at their fair values. A liability is also reflected which represents the present value of any expected payments to the beneficiaries which is calculated in the same manner as described in the preceding paragraph. The net changes in the estimated remainder interest value and the liability are reported on the statements of activities.

Upon maturity of a split-interest agreement, valuation differences in asset and liability accounts related to the agreement are recognized as changes in net assets with donor restrictions.

Contributions

All contributions are considered available for Girls Inc.'s general operations unless specifically restricted by the donor. Contributions, including foundation grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with

GIRLS INCORPORATED OF ALAMEDA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Contributions (continued)

donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collections history, type of contribution and current aging of contributions receivable. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Leases

The Organization determines if an arrangement is a lease at inception and evaluates identified leases for operating or finance lease treatment at lease commencement. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the statements of financial position. Finance leases are included in finance lease ROU assets and finance lease liabilities on the statements of financial position.

Operating or finance lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate at the commencement date in determining the present value of lease payments.

At lease commencement, the ROU asset also includes any lease payments made and excludes incentives and initial direct costs. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Additionally, Organization has opted not to include leases with an initial term of less than twelve months in the lease assets and liabilities.

Restricted cash

As of June 30, 2024, restricted cash includes cash held in investments for which there are donor-imposed purpose or time restrictions on the use of the funds and falls under the criteria for net assets with donor restrictions.

Revenue recognition

Revenue resulting from special events, fees charged by the Organization, and government grants are recognized as services are performed. Miscellaneous income is recognized when performance obligations are met.

3. Liquidity and availability of financial assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or other restrictions. The Organization has \$3,096,823 of financial assets available within one year of the statement of financial position date to meet the cash needs for operating expenditures.

GIRLS INCORPORATED OF ALAMEDA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3. Liquidity and availability of financial assets (continued)

The following represents the Organization’s financial assets as of June 30, 2024:

Financial assets at year end:

Cash and cash equivalents	\$	1,682,039
Cash and cash equivalents – board restricted		5,621,278
Restricted cash		410,184
Investments		3,184,848
Split-interest agreement		313,700
Grants receivable		870,456
Accounts receivable		12,375
Other receivables		502,500
Prepaid expenses		<u>29,453</u>
Total financial assets		<u>12,626,833</u>

Less amounts not available to be used within one year:

Cash and cash equivalents – board restricted		5,621,278
Restricted cash		410,184
Investments		3,184,848
Split-interest agreement		<u>313,700</u>
Total funds unavailable for general expenditures		<u>9,530,010</u>

Financial assets available to meet general expenditures

Over the next twelve months	\$	<u>3,096,823</u>
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The Organization has a goal to generally maintain financial assets, which consist of cash and short-term investments, to meet 150 days of operating expenses which are approximately \$3,592,000. The Organization has board designated operating reserves which are available for use toward general expenditures when needed and approved by the board. The Organization also has board designated funds which are set aside for major capital repairs/improvements which are available for use on general expenditures through board approval when needed. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Investments

The Organization’s investments balance, including current and noncurrent portions as of June 30, 2024 consisted of the following:

Stocks and options	\$	1,806,053
Fixed income securities		193,574
Mutual funds		<u>1,185,221</u>
Total financial assets	\$	<u>3,184,848</u>

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5. Split-interest agreement

Girls Inc. has been named a remainder beneficiary of a charitable remainder unitrust. Income beneficiaries are to receive an annuity each year payable on December 31 equal to a percentage of the net fair market value of the unitrust assets as of the first business day each year. Upon the twentieth anniversary of the unitrust settler's death, which is in 2027, twenty percent of the remaining principal is to be distributed to Girls Inc. An independent trustee administers the trust assets.

An asset for the charitable remainder trust has been recognized at the present value of the expected future cash flow payments discounted using a 20-year Treasury bond rate of 4.81%. The fair value of the charitable remainder trust as of June 30, 2024 is \$2,350,194. The discounted expected future cash flows of \$313,700 represent Girls Inc.'s twenty percent share of the fair market value of the unitrust principal at 2027.

6. Fixed assets

The Organization's fixed assets balance as of June 30, 2024 consisted of the following:

Land	\$	630,000
Building and building improvements		13,692,756
Furniture and fixtures		873,319
Computers and software		92,709
Work in progress		<u>734,978</u>
Total fixed assets		16,023,762
Less: accumulated depreciation		<u>(5,126,806)</u>
Fixed assets, net		<u>\$ 10,896,956</u>

7. Fair value measurements

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of June 30, 2024, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Items	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	2024 Total
Stocks				
Common stock	\$ 1,412,983	\$ -	\$ -	\$ 1,412,983
Real estate	-	393,070	-	393,070
Fixed income securities				
Corporate bonds	193,574	-	-	193,574
Government bonds	-	-	-	-
Mutual funds	<u>1,185,221</u>	<u>-</u>	<u>-</u>	<u>1,185,221</u>
Total investments	<u>\$ 2,791,778</u>	<u>\$ 393,070</u>	<u>\$ -</u>	<u>\$ 3,184,848</u>

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7. Fair value measurements (continued)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2024:

	Split-interest agreement
Beginning balance	\$ 279,623
Change in value/net account activity	34,077
Ending balance	\$ 313,700

8. Net assets

Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of June 30, 2024:

Board-designated	\$ 5,621,278
Undesignated	13,059,531
Total net assets without donor restrictions	\$ 18,680,809

Net assets with donor restrictions

Net assets with donor restrictions consist of the following as of June 30, 2024:

Girls programming	\$ 325,000
Scholarships	80,000
Endowments	2,991,074
Time restrictions	471,200
Total net assets with donor restrictions	\$ 3,867,274

9. Endowment funds

The Organization has two endowment funds: a scholarship endowment and a general endowment. Its endowments include only donor-restricted endowment funds; currently there are no funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of Girls Inc. has interpreted the California enacted version of the UPMIFA as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent by the Board of Directors. The remaining portion of the donor-restricted endowment fund is not classified in net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund

GIRLS INCORPORATED OF ALAMEDA COUNTY
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9. Endowment funds (continued)

Interpretation of relevant law (continued)

- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

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 the Organization to retain as a fund of perpetual duration.

In the first endowment, as of June 30, 2024, donor restricted net assets consist of \$134,000 to be held indefinitely. Income from the principal is restricted to fund scholarships. There were no such deficiencies as of June 30, 2024.

In the second endowment, as of June 30, 2024, donor restricted net assets consist of \$2,687,500 to be held indefinitely. Income from the principal can be used to provide support for the Organization. There were no such deficiencies as of June 30, 2024.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that maintain purchasing power and the ability to provide additional real growth in perpetuity while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate-of-return that exceeds the cost of spending plus inflation plus expenses. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The Organization may appropriate for expenditure so much of the fund as the Board determines is prudent, consistent with the provisions of UPMIFA and the intent that the fund be an endowment fund.

The Organization has a policy of considering appropriating for expenditure annually a percentage of the prior calendar year end fair market value of the fund. It is the intention of the Board that distributions do not invade original endowment capital in establishing this policy and that the Organization considers the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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9. Endowment funds (continued)

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

Endowment 1

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ -	\$ 198,284	\$ 198,284
Contributions	-	-	-
Investment return (loss)			
Investment income	-	4,983	4,983
Net appreciation (realized and unrealized)	-	17,263	17,263
Total investment return	-	22,246	22,246
Appropriation of endowment assets for expenditure	-	(8,773)	(8,773)
Endowment net assets, June 30, 2024	\$ -	\$ 211,757	\$ 211,757

Endowment 2

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ -	\$ 2,459,102	\$ 2,459,102
Contributions	-	62,500	62,500
Investment return (loss)			
Investment income	-	74,473	74,473
Net appreciation (realized and unrealized)	-	200,025	200,025
Total investment return	-	274,498	274,498
Appropriation of endowment assets for expenditure	-	(16,783)	(16,783)
Endowment net assets, June 30, 2024	\$ -	\$ 2,779,317	\$ 2,779,317

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10. Retirement plan

Girls Inc. maintains a defined contribution plan under Internal Revenue Code Section 403(b). For each plan year, the Board of Directors will determine the amount of the matching contribution (if any) that the Organization will make for all eligible participants who are actively employed with Girls Inc. on the last day of the plan year. For the year ended June 30, 2024, Girls Inc. made employer contributions of \$7,034. Elective deferrals were made by employees.

11. Contributions receivable

Contributions receivable consisting of unconditional promises as of June 30, 2024 is as follows:

Amounts due in:	
Less than one year	\$ 402,500
One to five years	100,000
Total contributions receivable	\$ 502,500

12. Leases

433 Callan lease

On May 7, 2018, the Organization entered into a lease agreement (the “433 Callan Lease Agreement”) with 433 Callan, LLC (“433 Callan”) to lease the property at 433 Callan Avenue, Suite 101, San Leandro, CA 94577. Pursuant to the 433 Callan Lease Agreement, the Organization will lease approximately 2,332 square feet from 433 Callan. Commencing on July 1, 2018, the Organization was required to make rental payments according to the schedule set forth in the 433 Callan Lease Agreement. The Organization accounted for the lease as an operating lease. The lease terminated on August 31, 2023 and had a discount rate of 3.00%.

Equipment lease

The Organization is a lessee in a noncancellable finance lease for office printers. The printer lease has a remaining lease term of approximately 4.92 years and a discount rate of 4.46% as of June 30, 2024.

Lease expense for the year ended June 30, 2024 consists of the following:

Operating lease expense	\$ 11,440
Finance lease expense:	
Amortization of right-of-use assets	381
Interest on lease liabilities	85
Total lease expense	\$ 11,906

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12. Leases (continued)

Equipment lease (continued)

As of June 30, 2024, the maturities of undiscounted lease liabilities are summarized as follows:

2025	\$	5,104
2026		5,106
2027		5,106
2028		5,106
2029		4,680
Thereafter		-
Total minimum lease payments		25,102
Less: interest		(2,599)
Lease obligations	\$	22,503

13. Subsequent events

Subsequent events have been evaluated through December 5, 2024, which is the date the financial statements were available to be issued.

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020, and the subsequent extension of the CARES Act, Girls Inc. was eligible for a refundable employee retention credit subject to certain criteria. The Organization has filed for refunds of the employee retention credits for the second and fourth quarters of 2020, as well as the first and second quarters of 2021. In September 2024, the Organization received \$684,929 for the first quarter of 2021.