

**GIRLS INCORPORATED
OF CENTRAL ALABAMA AND GIRLS CLUB
INCORPORATED OF BIRMINGHAM TRUST**

**Consolidated Financial Statements
For the Year Ended March 31, 2018
With Summarized Financial Information
For the Year Ended March 31, 2017**

**GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB INCORPORATED OF
BIRMINGHAM TRUST**

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GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB INCORPORATED OF BIRMINGHAM TRUST

Nature of Operations For the Year Ended March 31, 2018

Girls Inc. of Central Alabama (formerly Girls Club) has provided programs for thousands of school-age girls of diverse racial and economic backgrounds since our organization was founded in 1938. The agency is a local affiliate of Girls Inc. National and became a local United Way partner in 1954. The mission of Girls Inc. is "to inspire all girls to be strong, smart, and bold." In 2017, we provided services to over 5,000 youth in the five-county area through our Center-based Programs, Community Impact Department, and Operation SMART.

Girls Inc. of Central Alabama offers in-school, after-school and summer programs. Community Impact Programs are provided in Jefferson, Shelby, Walker, Blount and St. Clair Counties. Summer Programs operate in Jefferson and Walker County. The agency offers an after-school program at our Crestwood Center in Birmingham.

Whether a girl participates in one program or several, she will receive academic support, learn about health and wellness and develop her life skills. Through all of our programs, the goal for Girls Inc. is to help girls achieve at their highest level.

At Girls Inc. we believe that girls excel in a gender-specific and age-appropriate environment with programs developed for their specific style of learning and behavior. Nationally researched and tested curricula are the core of Girls Inc. programming. Structured to augment what a girl should know socially and academically at a specific age, each program offers innovative, experiential approaches to new information about familiar and unfamiliar areas. These programs are delivered by trained staff and volunteers who provide mentoring and support for the girls in our programs.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girls Incorporated of Central Alabama

We have audited the accompanying consolidated financial statements of Girls Incorporated of Central Alabama and Girls Club Incorporated of Birmingham Trust (the Organization), which comprise the consolidated statement of financial position as of March 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Central Alabama and Girls Club Incorporated of Birmingham Trust as of March 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Girls Incorporated of Central Alabama and Affiliate's 2017 consolidated financial statements, and our report dated November 1, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Borland Benefield P.C.

Borland Benefield, P.C.
Birmingham, Alabama
September 5, 2018

**GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB
INCORPORATED OF BIRMINGHAM TRUST**

**Consolidated Statements of Financial Position
For The Year Ended March 31, 2018
With Summarized Financial Information
For The Year Ended March 31, 2017**

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash	\$ 209,781	\$ 256,368
Investments, fair value	796,468	741,003
Note receivable	2,090	1,695
Prepaid expenses	-	434
Total Current Assets	<u>1,008,339</u>	<u>999,500</u>
Noncurrent Assets		
Notes receivable	100,168	102,511
Property and equipment, net	<u>760,991</u>	<u>747,614</u>
Total Noncurrent Assets	<u>861,159</u>	<u>850,125</u>
Total Assets	<u>\$ 1,869,498</u>	<u>\$ 1,849,625</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 23,854	\$ 26,859
Accrued payroll and payroll taxes	<u>4,502</u>	<u>3,194</u>
Total Liabilities	<u>28,356</u>	<u>30,053</u>
Net Assets		
Unrestricted	1,739,551	1,677,653
Temporarily restricted	51,591	91,919
Permanently restricted	<u>50,000</u>	<u>50,000</u>
Total Net Assets	<u>1,841,142</u>	<u>1,819,572</u>
Total Liabilities and Net Assets	<u>\$ 1,869,498</u>	<u>\$ 1,849,625</u>

See accompanying notes to financial statements.

**GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB
INCORPORATED OF BIRMINGHAM TRUST**

**Consolidated Statements of Activities
For the Year Ended March 31, 2018
With Summarized Financial Information
For the Year Ended March 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>2017</u>
Support and Revenue					
United Way allocation	\$ 831,001	\$ -	\$ -	\$ 831,001	\$ 835,040
Foundations/trusts	-	197,365	-	197,365	128,062
Program fees	98,708	-	-	98,708	107,418
Contributions	100,517	70,090	-	170,607	124,363
Investment income	32,643	6,632	-	39,275	28,008
Miscellaneous income	8,748	-	-	8,748	8,122
Government grants	-	92,261	-	92,261	105,365
Special events	134,944	-	-	134,944	111,019
Membership dues	10,724	-	-	10,724	10,939
In-kind donations	32,476	-	-	32,476	-
Unrealized gain on investments	36,746	9,310	-	46,056	62,621
Gain on sale of fixed assets	4,326	-	-	4,326	-
Net assets released from restrictions	415,986	(415,986)	-	-	-
Total Support and Revenue	<u>1,706,819</u>	<u>(40,328)</u>	<u>-</u>	<u>1,666,491</u>	<u>1,520,957</u>
Expenses					
Program Services					
Center based programs	705,300	-	-	705,300	777,066
Outreach	369,702	-	-	369,702	350,115
Teen & Operation SMART	169,621	-	-	169,621	113,653
Total Program Services	<u>1,244,623</u>	<u>-</u>	<u>-</u>	<u>1,244,623</u>	<u>1,240,834</u>
Support Services					
Administrative	225,706	-	-	225,706	206,783
Fund development	174,592	-	-	174,592	86,277
Total Support Services	<u>400,298</u>	<u>-</u>	<u>-</u>	<u>400,298</u>	<u>293,060</u>
Total Expenses	<u>1,644,921</u>	<u>-</u>	<u>-</u>	<u>1,644,921</u>	<u>1,533,894</u>
Change in Net Assets	61,898	(40,328)	-	21,570	(12,937)
Net Assets, Beginning of Year	<u>1,677,653</u>	<u>91,919</u>	<u>50,000</u>	<u>1,819,572</u>	<u>1,832,509</u>
Net Assets, End of Year	<u>\$ 1,739,551</u>	<u>\$ 51,591</u>	<u>\$ 50,000</u>	<u>\$ 1,841,142</u>	<u>\$ 1,819,572</u>

See accompanying notes to financial statements.

**GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB
INCORPORATED OF BIRMINGHAM TRUST**

**Consolidated Statements of Functional Expenses
For the Year Ended March 31, 2018
With Summarized Financial Information
For the Year Ended March 31, 2017**

	Center Based Programs	Outreach	Teen & Operation SMART	Administrative	Fund Development	Total	2017
	\$	\$	\$	\$	\$	\$	\$
Salaried staff	335,558	218,112	83,889	125,835	75,500	838,894	815,139
Employee benefits	23,290	58,226	6,987	17,468	10,481	116,452	109,949
Contract transportation	60,837	-	11,588	-	-	72,425	80,843
Occupancy	54,430	7,983	3,629	5,805	726	72,573	70,321
Payroll taxes	25,624	16,656	6,406	9,609	5,766	64,061	62,651
Depreciation	45,992	-	-	12,841	-	58,833	53,778
Insurance	33,190	4,868	2,213	3,540	443	44,254	42,302
Program supplies	13,952	14,098	12,591	-	-	40,641	40,608
Professional fees	10,188	5,094	1,698	13,584	3,396	33,960	39,377
Building repairs/maintenance	26,419	3,774	1,029	2,745	343	34,310	32,574
In-kind donations	-	-	-	-	32,476	32,476	-
Travel/meals/lodging	6,291	16,986	1,887	5,034	1,258	31,456	31,617
Telephone	16,018	1,975	1,317	2,413	219	21,942	19,541
Field trip	8,656	-	11,018	-	-	19,674	15,405
Equipment repairs/maintenance	13,642	1,949	532	1,417	177	17,717	15,227
Contract workers	1,027	9,238	-	-	-	10,265	14,835
Dues/subscriptions	10,133	1,448	395	1,052	682	13,710	13,987
Van expense	3,667	-	-	-	-	3,667	13,294
Food	3,542	2,125	5,314	6,200	531	17,712	11,420
Development supplies	-	-	-	-	36,281	36,281	8,716
Equipment/technology	3,065	1,532	1,532	6,130	3,065	15,324	8,628
Office supplies	1,918	1,308	523	4,359	610	8,718	5,665
Conferences/conventions	2,969	2,474	2,968	990	495	9,896	5,516
Scholarships	-	-	13,250	-	-	13,250	5,355
Miscellaneous	1,460	285	95	888	-	2,728	4,499
Bank fees	-	-	-	4,291	-	4,291	3,860
Postage/shipping	107	107	22	1,045	852	2,133	2,888
Printing/publications	1,785	1,183	225	255	1,065	4,513	2,618
Household/janitorial supplies	1,540	281	513	205	26	2,565	1,931
Advertising	-	-	-	-	200	200	1,350
	\$ 705,300	\$ 369,702	\$ 169,621	\$ 225,706	\$ 174,592	\$ 1,644,921	\$ 1,533,894

See accompanying notes to financial statements.

**GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB
INCORPORATED OF BIRMINGHAM TRUST**

**Consolidated Statements of Cash Flows
For the Year Ended March 31, 2018
With Summarized Financial Information
For the Year Ended March 31, 2017**

	March 31, <u>2018</u>	March 31, <u>2017</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 21,570	\$ (12,937)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	58,833	53,778
Unrealized (gain) on investments	(46,056)	(62,621)
Net gain on disposal of property and equipment	(4,326)	-
Change in operating assets and operating liabilities:		
Note receivable	1,948	1,817
Program receivables	-	1,482
Prepaid expenses	434	(434)
Accounts payable	(1,697)	2,020
Net Cash Provided / (Used) by Operating Activities	<u>30,706</u>	<u>(16,895)</u>
Cash Flows From Investing Activities		
Purchase of investments	(241,689)	(216,409)
Proceeds from sale of investments	232,281	212,422
Purchase of property and equipment	(67,885)	(42,599)
Net Cash (Used) by Investing Activities	<u>(77,293)</u>	<u>(46,586)</u>
Net Decrease in Cash and Cash Equivalents	(46,587)	(63,481)
Cash and Cash Equivalents, Beginning of Year	<u>256,368</u>	<u>319,849</u>
Cash and Cash Equivalents, End of Year	<u>\$ 209,781</u>	<u>\$ 256,368</u>

See accompanying notes to financial statements.

**GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB INCORPORATED OF
BIRMINGHAM TRUST**

**Notes to Consolidated Financial Statements
For the Year Ended March 31, 2018**

Note 1 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Girls Incorporated of Central Alabama and Girls Club Incorporated of Birmingham Trust (the Organization) have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Consolidation of Related Entities

A not-for-profit organization should consolidate another not-for-profit organization if the reporting not-for-profit organization has control of the other not-for-profit organization, as evidenced by either majority ownership or a majority voting interest in the board of the other not-for-profit organization, and an economic interest in the other not-for-profit organization.

The related entity is Girls Club Incorporated of Birmingham Trust (the Trust), which operates primarily for the benefit of the Organization. All material intercompany transactions have been eliminated.

Financial Statement Presentation

The Organization has adopted Financial Accounting Standards Board in its Accounting Standards Codification 958-205, *Presentation of Financial Statements for Not-for-Profit Organizations*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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 presentation in conformity with *Generally Accepted Accounting Principles*. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2017, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of March 31, 2018, the cash balances for the Organization and the Trust were \$209,781 and \$-0-, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted market prices in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB INCORPORATED OF BIRMINGHAM TRUST

Notes to Consolidated Financial Statements (continued)
For the Year Ended March 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at the unpaid balances, less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Management estimates allowance for doubtful accounts to be \$-0- and expects to collect all program receivables at March 31, 2018.

Notes Receivable

Notes receivable are reported at their outstanding principal adjusted for the discounts. Discounts on notes receivable are amortized to income using the interest method over the remaining period to contractual maturity. Notes receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions, unless the donor has restricted the donated asset for a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful life of each asset.

Contributions

The Organization has also adopted FASB ACS 958-605-15-2, *Revenue Recognition – Contributions Received*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Donated Items Services

Donated items services are recognized as contributions; if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, performed by people with those skills and would otherwise be purchased by the Organization. The total fair value of donated items received during the year ended March 31, 2018 was \$32,476.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

As of March 31, 2018, the Organization had no uncertain tax positions that qualify for disclosure in the financial statements. Girls Incorporated of Central Alabama files an annual Form 990 while the Girls Incorporated of Central Alabama Trust files an annual Form 990-EZ with the Internal Revenue Service and its tax returns for the year 2014 and subsequent years remain subject to examination by tax authorities.

GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB INCORPORATED OF BIRMINGHAM TRUST

Notes to Consolidated Financial Statements (continued) For the Year Ended March 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

Estimates

The preparation of financial statements in conformity with *Generally Accepted Accounting Principles* in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

The Organization made changes to their allocation percentages and combined some previously separated expense groups in the Statement of Functional Expenses in the current year. The prior year summarized expenses have been reclassified accordingly. Management felt the changes in allocation percentages were needed to more accurately spread expenses amongst the programs.

Recent Pronouncements

On August 18, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about liquidity, financial performance and cash flows. The provisions of the update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

In February 2016, the Financial Accounting Standards Board ("FASB" or "the Board") issued a new leasing standard in ASU 2016-02 ("Topic 842" or "the new standard") for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use ("ROU") assets and related lease liabilities on the balance sheet for all arrangements with terms longer than 12 months. The pattern of expense recognition in the income statement will depend on a lease's classification. The provisions of this update are effective for the fiscal years beginning after December 15, 2018. Management is evaluating the new accounting pronouncements and its applicability to the Organization.

Note 2 – Fair Value Measurements

FASB ASC 820-10-50 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level-1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

See independent auditor's report.

GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB INCORPORATED OF BIRMINGHAM TRUST

Notes to Consolidated Financial Statements (continued)
For the Year Ended March 31, 2018

Note 2 – Fair Value Measurements (continued)

The fair values of assets, measured on a reoccurring basis, were as follows at March 31, 2018:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 796,468	\$ 796,468	\$ -	\$ -

Note 3 – Investments

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value based on quoted market prices in active markets (all Level 1 measurements). Market risks could occur and are dependent upon the future changes in market prices of the various investments held. There have been no changes in valuation techniques and related inputs. Investments were comprised of the following at March 31, 2018:

	<u>Fair Value</u>	<u>Cost</u>
Girls, Inc. Trust		
AC Financial Partners, mutual funds	\$ 216,439	\$ 190,375
Girls, Inc.		
BHK Securities, open end mutual funds	580,029	513,037
Total Investments	<u>\$ 796,468</u>	<u>\$ 703,412</u>

The investment income is summarized as follows for the year ending March 31, 2018:

Net unrealized gains	\$ 54,609
Interest and dividends	32,042
	<u>\$ 86,651</u>

Interest and dividend income on the investments is included in operating activities in the statement of activities as those investment types are used for the Organization's daily cash management activities. All other investment return is considered non-operating. The Organization also earned \$7,233 in interest income on their note receivable for the Bessemer building. See Note 4 for details on the Notes Receivable.

GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB INCORPORATED OF BIRMINGHAM TRUST

Notes to Consolidated Financial Statements (continued)
For the Year Ended March 31, 2018

Note 4 – Notes Receivable

Notes receivable consisted of an interest bearing note receivable due from the purchaser of the Organization's Bessemer building. The purchaser made a down payment to the Organization on the settlement date in the amount of \$14,624. The remaining balance of \$115,000 is due to the Organization by monthly payments of \$765, beginning November 1, 2009, which includes interest payment computed with a 7% APR. On October 1, 2014, a balloon payment for the remaining outstanding note balance came due on the note. The purchaser requested and was approved a one year extension to the note through October 1, 2015 while the Church secured other financing. The Board has approved one year extensions every year since that date and most recently approved another year at their September 2017 meeting. As of March 31, 2018, the outstanding note balance was \$102,258.

Note 5 – Property and Equipment

Property and equipment consisted of the following at March 31, 2018:

Land and Improvements	\$ 184,593
Building	1,366,108
Furniture and Equipment	221,057
Vehicles	<u>148,887</u>
Total Property and Equipment	1,920,645
Less: Accumulated Depreciation	<u>(1,159,654)</u>
Property and Equipment, net	<u>\$ 760,991</u>

Depreciation expense for the year ended March 31, 2018 was \$58,833.

Note 6 – Operating Leases

The Organization leases office equipment under non-cancelable operating leases with varying expiration dates. The total lease expense for office equipment was \$10,331 in 2018.

The future minimum lease payments required under the non-cancelable operating leases for the year ended March 31, 2018 are as follows:

2019	\$ 10,097
2020	<u>3,132</u>
Total:	<u>\$ 13,229</u>

Note 7 – Retirement Plan

The Organization has a defined contribution retirement plan. All employees at least 21 years of age having at least one year of service are eligible to participate in the plan. The Organization makes contributions at 6.5% of the employees' compensation. Participants become fully vested in contributions after five years of service. The Organization's contributions amounted to \$26,596 at March 31, 2018.

GIRLS INCORPORATED OF CENTRAL ALABAMA AND GIRLS CLUB INCORPORATED OF BIRMINGHAM TRUST

Notes to Consolidated Financial Statements (continued)
For the Year Ended March 31, 2018

Note 8 – Restrictions on Net Assets

Temporarily restricted net assets consist of cash received and are available for the Organization's Center-based, Outreach, and Operation SMART programs at March 31, 2018.

Permanently restricted net assets consist of a cash contribution received from one donor, a board member, who restricted the use for Center-based program scholarships from investment income only.

Note 9 – Current Vulnerability Due to Concentrations

Cash and cash equivalent accounts and investment accounts are potentially subject to credit risk; however, the balances are in financial institutions which, from time to time, exceed the federally insured limits. As of March 31, 2018, the amount of cash and investment accounts that exceeded federally insured limits was \$80,029.

Market risk could occur and is dependent on future changes in market prices of the various investments held.

Note 10 – Subsequent Events

The Organization has evaluated subsequent events through September 5, 2018, the date the financial statements were available to be issued.

BORLAND | BENEFIELD

September 5, 2018

To the Board of Directors
Girls Incorporated of Central Alabama and Girls Club Incorporated of Birmingham Trust

We have audited the financial statements of Girls Incorporated of Central Alabama and Girls Club Incorporated of Birmingham Trust for the year ended March 31, 2018, and have issued our report thereon dated September 5, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 18, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Girls Incorporated of Central Alabama and Affiliate are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most significant disclosure would be included with Note 2 – Fair Value Measurements. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 5, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Recent Pronouncements:

On August 18, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about liquidity, financial performance and cash flows. The provisions of the update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

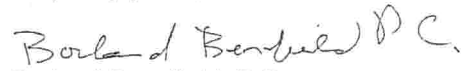
In February 2016, the Financial Accounting Standards Board ("FASB" or "the Board") issued a new leasing standard in ASU 2016-02 ("Topic 842" or "the new standard") for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use ("ROU") assets and related lease liabilities on the balance sheet for all arrangements with terms longer than 12 months. The pattern of expense recognition in the income statement will depend on a lease's classification. The provisions of this update are effective for the fiscal years beginning after December 15, 2018. Management is evaluating the new accounting pronouncements and its applicability to the Organization.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Girls Incorporated of Central Alabama and Girls Club Incorporated of Birmingham Trust and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Borland Benefield P.C.", written in a cursive style.

Borland Benefield, P.C.
Birmingham, Alabama