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

Consolidated Financial Statements
For the Year Ended March 31, 2019
With Summarized Financial Information
For the Year Ended March 31, 2018

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

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For the Year Ended March 31, 2019

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

Nature of Operations
For the Year Ended March 31, 2019

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 2018, we provided services to over 5,000 youth in the five-county area through our Center-based Programs, Community Impart 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, Shelby, and Walker County. The agency offers an after-school program at our Crestwood Center in Birmingham and Girls Inc. Empowerment Center at Marks Village Housing Community 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, 2019, 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, 2019 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.

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Report on Summarized Comparative Information

We have previously audited the Girls Incorporated of Central Alabama and Affiliate's 2018 consolidated financial statements, and our report dated September 5, 2018, 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, 2018, 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 4, 2019

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

Consolidated Statement of Financial Position
For The Year Ended March 31, 2019
With Summarized Financial Information
For The Year Ended March 31, 2018

	2019	2018
Assets		
Current Assets		
Cash	$ 201,019	$ 209,781
Investments, fair value	775,784	796,468
Note receivable	2,241	2,090
Total Current Assets	979,044	1,008,339
Noncurrent Assets		
Notes receivable	97,927	100,168
Property and equipment, net	758,987	760,991
Total Noncurrent Assets	856,914	861,159
Total Assets	$ 1,835,958	$ 1,869,498
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 15,079	$ 23,854
Accrued payroll and payroll taxes	812	4,502
Total Liabilities	15,891	28,356
Net Assets		
Without donor restrictions	1,729,013	1,739,551
With donor restrictions	91,054	101,591
Total Net Assets	1,820,067	1,841,142
Total Liabilities and Net Assets	$ 1,835,958	$ 1,869,498

See accompanying notes to financial statements.

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

Consolidated Statement of Activities
For the Year Ended March 31, 2019
With Summarized Financial Information
For the Year Ended March 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total	2018
Support and Revenue				
United Way allocation	$ 823,666	$ -	$ 823,666	$ 831,001
Foundations/trusts	-	224,517	224,517	197,365
Program fees	105,389	-	105,389	98,708
Contributions	260,574	50,098	310,672	170,607
Investment income	42,905	8,565	51,470	39,275
Miscellaneous income	235	-	235	8,748
Government grants	-	83,058	83,058	92,261
Special events	105,454	-	105,454	134,944
Membership dues	13,045	-	13,045	10,724
In-kind donations	6,605	-	6,605	32,476
Unrealized gain/(loss) on investments, net	(19,835)	(5,566)	(25,401)	46,056
Gain on sale of fixed assets	-	-	-	4,326
Net assets released from restrictions	371,209	(371,209)	-	-
Total Support and Revenue	1,709,247	(10,537)	1,698,710	1,666,491
Expenses				
Program Services				
Center based programs	736,672	-	736,672	705,300
Outreach	401,465	-	401,465	369,702
Teen & operation SMART	177,389	-	177,389	169,621
Total Program Services	1,315,526	-	1,315,526	1,244,623
Support Services				
Administrative	244,878	-	244,878	225,706
Fund development	159,381	-	159,381	174,592
Total Support Services	404,259	-	404,259	400,298
Total Expenses	1,719,785	-	1,719,785	1,644,921
Change in Net Assets	(10,538)	(10,537)	(21,075)	21,570
Net Assets, Beginning of Year	1,739,551	101,591	1,841,142	1,819,572
Net Assets, End of Year	$ 1,729,013	$ 91,054	$ 1,820,067	$ 1,841,142

See accompanying notes to financial statements.

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

Consolidated Statement of Functional Expenses
For the Year Ended March 31, 2019
With Summarized Financial Information
For the Year Ended March 31, 2018

	Center Based Programs	Outreach	Teen & Operation SMART	Administrative	Fund Development	Total	2018
Salaried staff	$ 370,847	$ 231,779	$ 92,712	$ 139,066	$ 92,712	$ 927,116	$ 838,894
Employee benefits	26,215	65,538	7,865	19,662	11,797	131,077	116,452
Contract transportation	36,239	-	6,903	-	-	43,142	72,425
Occupancy	46,886	6,877	3,126	5,001	625	62,515	72,573
Payroll taxes	28,931	18,082	7,233	10,849	7,233	72,328	64,061
Depreciation	45,619	337	-	15,931	-	61,887	58,833
Insurance	42,618	6,251	2,841	4,546	568	56,824	44,254
Program supplies	16,247	16,944	14,661	-	-	47,852	40,641
Professional fees	9,646	4,823	1,608	12,861	3,215	32,153	33,960
Building repairs/maintenance	33,131	4,733	1,643	4,379	547	44,433	34,310
In-kind donations	-	-	-	-	6,605	6,605	32,476
Travel/meals/lodging	7,177	19,379	2,153	5,740	1,438	35,887	31,456
Telephone	15,872	1,957	1,305	2,391	217	21,742	21,942
Field trip	8,205	-	10,444	-	-	18,649	19,674
Equipment repairs/maintenance	9,027	1,290	-	-	-	10,317	17,717
Contract workers	1,294	11,644	-	-	-	12,938	10,265
Dues/subscriptions	10,214	1,459	398	1,061	263	13,395	13,710
Van expense	12,141	-	-	-	-	12,141	3,667
Food	3,864	2,319	5,797	6,762	580	19,322	17,712
Development supplies	-	-	-	-	27,385	27,385	36,281
Equipment/technology	2,621	1,310	1,310	5,242	2,621	13,104	15,324
Office supplies	1,805	1,231	492	4,103	574	8,205	8,718
Conferences/conventions	1,327	1,106	1,327	443	221	4,424	9,896
Scholarships	-	-	14,250	-	-	14,250	13,250
Miscellaneous	1,764	730	243	1,470	-	4,207	2,728
Bank fees	-	-	-	3,433	-	3,433	4,291
Postage/shipping	117	117	24	1,144	934	2,336	2,133
Printing/publications	3,017	3,221	438	548	1,540	8,764	4,513
Household/janitorial supplies	1,848	338	616	246	31	3,079	2,565
Advertising	-	-	-	-	275	275	200
	$ 736,672	$ 401,465	$ 177,389	$ 244,878	$ 159,381	$ 1,719,785	$ 1,644,921

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, 2019
With Summarized Financial Information
For the Year Ended March 31, 2018

	March 31, 2019	March 31, 2018
Cash Flows From Operating Activities		
Cash received from contributors and grantors	$ 1,549,458	$ 1,460,602
Cash received from programs and other	118,433	109,432
Cash received from rentals and other	235	8,748
Cash paid to suppliers and employees	(1,663,761)	(1,587,351)
Interest received	51,470	39,275
Net Cash Provided by Operating Activities	55,835	30,706
Cash Flows From Investing Activities		
Purchase of investments	(168,114)	(241,689)
Proceeds from sale of investments	163,399	232,281
Purchase of property and equipment	(59,882)	(67,885)
Net Cash (Used) by Investing Activities	(64,597)	(77,293)
Net Decrease in Cash and Cash Equivalents	(8,762)	(46,587)
Cash and Cash Equivalents, Beginning of Year	209,781	256,368
Cash and Cash Equivalents, End of Year	$ 201,019	$ 209,781
Cash Flows From Operating Activities		
Change in net assets	$ (21,075)	$ 21,570
Adjustments to reconcile change in net assets:		
Depreciation	61,887	58,833
Unrealized holding (gain) loss	25,400	(46,056)
(Gain) on sale of property and equipment	-	(4,326)
Change in operating assets and operating liabilities:		
Notes receivable	2,090	1,948
Prepaid insurance	-	434
Accounts payable	(12,467)	(1,697)
Net Cash Provided by Operating Activities	$ 55,835	$ 30,706

See accompanying notes to financial statements.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent revenues and expenses related to the operation and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered without donor restrictions. Donor restricted contributions that are expended for their restricted purpose in the same accounting period as received may be recorded as without donor restrictions.

Net assets with donor restrictions represent resources available for use, but expendable only for the purposes specifically stated by the donor.

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, 2018, 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, 2019, the cash balances for the Organization and the Trust were $201,019 and $-0-, respectively.

Note 1 – Summary of Significant Accounting Policies (continued)

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 and are netted against investment management expenses. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions 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.

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, 2019.

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 contributions without donor restrictions, 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 without restriction or with restrictions 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, 2019 was $6,605.

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2019, 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 2016 and subsequent years remain subject to examination by tax authorities.

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, expenses are allocated based on their usage in the Organization or based on their time spent (salaries, benefits, payroll taxes) for each function.

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.

Adoption of New Principle

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 1 – Summary of Significant Accounting Policies (continued)

The new standards changes the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The restricted net asset class has been renamed net assets with donor restrictions.
- The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which we believe to be more understandable for the users of our financial statements.
- The financial statements include a new disclosure about liquidity and availability of resources (See Note 10).

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.

The fair values of assets, measured on a reoccurring basis, were as follows at March 31, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	$ 775,784	$ 775,784	$ -	$ -

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, 2019:

	Fair Value	Cost
Girls, Inc. Trust		
AC Financial Partners,mutual funds	$ 198,993	$ 185,592
Girls, Inc.		
BHK Securities, open end mutual funds	576,791	523,961
Total Investments	$ 775,784	$ 709,553

See independent auditor's report.

Note 3 – Investments (continued)

The investment income is summarized as follows for the year ending March 31, 2019:

Net unrealized loss	$	(16,707)
Broker fees		(8,693)
Real estate interest		7,091
Interest and dividends		44,378
	$	26,069

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 $7,091 in interest income on their note receivable for the Bessemer building. See Note 4 for details on the Notes Receivable.

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. As of March 31, 2019, the outstanding note balance was $100,168.

Note 5 – Property and Equipment

Property and equipment consisted of the following at March 31, 2019:

Land and improvements	$	184,593
Building		1,366,108
Furniture and equipment		226,999
Vehicles		202,827
Total Property and Equipment		1,980,527
Less: Accumulated depreciation		(1,221,540)
Property and Equipment, Net	$	758,987

Depreciation expense for the year ended March 31, 2019 was $61,887.

Note 6 – 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 $29,018 at March 31, 2019.

Note 7 – Operating Leases

The Organization leases office equipment under non-cancelable operating leases with varying expiration dates. The total lease expense for office equipment was $19,390 in 2019.

The future minimum lease payments required under the non-cancelable operating leases for the year ended March 31, 2019 are as follows:

2020	$	13,126
2021		6,999
2022		2,104
Total:	$	22,229

Note 8 – Restrictions on Net Assets

Net assets with restrictions consist of cash received and are available for the Organization's Center-based, Outreach, and Operation SMART programs at March 31, 2019. The restrictions are summarized as follows:

Donor Restricted Net Assets:		
Outreach		
Health & Wellness	$	6,329
Kidability		1,321
Mentoring		3,345
General Outreach		8,686
Graham Scholarship		50,000
Eureka!/SMART		11,373
SAIL		10,000
	$	91,054

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, 2019, the amount of cash and investment accounts that exceeded federally insured limits was $76,791.

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

Note 10 – Liquidity and Availability of Resources

The Organization has $979,044 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents, investment securities, and receivables due within a year. The amount of financial assets that are subject to donor or contractual restrictions is $91,054, leaving $887,990 available to general expenditures within one year of the statement of financial position. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 11 – Subsequent Events

The Organization has evaluated subsequent events through September 4, 2019, the date the financial statements were available to be issued.