

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

**Consolidated Financial Statements
For the Year Ended March 31, 2021
With Summarized Financial Information
For the Year Ended March 31, 2020**

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

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For the Year Ended March 31, 2021**

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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, 2021**

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 2020, we provided services to over 3,000 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, Shelby, and Walker Counties. 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.

BORLAND
BENEFIELD**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, 2021, 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, 2021 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 2020 consolidated financial statements, and our report dated November 5, 2020, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Borland Benefield, P.C.
Birmingham, Alabama
November 4, 2021

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

**Consolidated Statement of Financial Position
For The Year Ended March 31, 2021
With Summarized Financial Information
For The Year Ended March 31, 2020**

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 686,856 | \$ 112,804 |
| Investments, fair value | 864,910 | 652,661 |
| Contribution receivable | 25,000 | - |
| Other receivables, net | 6,198 | - |
| Note receivable | <u>2,577</u> | <u>2,403</u> |
| Total Current Assets | <u>1,585,541</u> | <u>767,868</u> |
| Noncurrent Assets | | |
| Note receivable | 92,940 | 94,942 |
| Property and equipment, net | <u>703,565</u> | <u>733,549</u> |
| Total Noncurrent Assets | <u>796,505</u> | <u>828,491</u> |
| Total Assets | <u>\$ 2,382,046</u> | <u>\$ 1,596,359</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 14,605 | \$ 14,598 |
| PPP Loan | <u>226,839</u> | <u>-</u> |
| Total Liabilities | <u>241,444</u> | <u>14,598</u> |
| Net Assets | | |
| Without donor restrictions | 2,073,102 | 1,304,923 |
| With donor restrictions | <u>67,500</u> | <u>276,838</u> |
| Total Net Assets | <u>2,140,602</u> | <u>1,581,761</u> |
| Total Liabilities and Net Assets | <u>\$ 2,382,046</u> | <u>\$ 1,596,359</u> |

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, 2021
With Summarized Financial Information
For the Year Ended March 31, 2020**

| | <u>Without Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | <u>2020</u> |
|--|---------------------------------|------------------------------------|---------------------|---------------------|
| Support and Revenue | | | | |
| United Way allocation | \$ 780,817 | \$ - | \$ 780,817 | \$ 814,140 |
| Foundations/trusts | 73,000 | 195,559 | 268,559 | 339,743 |
| Program fees | 4,502 | - | 4,502 | 108,350 |
| Contributions | 210,714 | 45,196 | 255,910 | 227,686 |
| Investment income, net | 234,328 | 73,247 | 307,575 | (66,065) |
| Miscellaneous income | 4,305 | - | 4,305 | 13,921 |
| Government grants | 274,717 | 66,310 | 341,027 | 129,573 |
| Special events | 104,548 | - | 104,548 | 67,466 |
| Membership dues | 1,154 | - | 1,154 | 4,579 |
| In-kind donations | 15,955 | - | 15,955 | 135,696 |
| Net assets released from restrictions | <u>589,650</u> | <u>(589,650)</u> | <u>-</u> | <u>-</u> |
| Total Support and Revenue | <u>2,293,690</u> | <u>(209,338)</u> | <u>2,084,352</u> | <u>1,775,089</u> |
| Expenses | | | | |
| Program Services | | | | |
| Center based programs | 759,323 | - | 759,323 | 994,760 |
| Outreach | 352,500 | - | 352,500 | 465,059 |
| Teen and operation SMART | <u>164,830</u> | <u>-</u> | <u>164,830</u> | <u>220,227</u> |
| Total Program Services | <u>1,276,653</u> | <u>-</u> | <u>1,276,653</u> | <u>1,680,046</u> |
| Support Services | | | | |
| Administrative | 122,602 | - | 122,602 | 200,796 |
| Fund development | <u>126,256</u> | <u>-</u> | <u>126,256</u> | <u>132,553</u> |
| Total Support Services | <u>248,858</u> | <u>-</u> | <u>248,858</u> | <u>333,349</u> |
| Total Expenses | <u>1,525,511</u> | <u>-</u> | <u>1,525,511</u> | <u>2,013,395</u> |
| Change in Net Assets | 768,179 | (209,338) | 558,841 | (238,306) |
| Net Assets, Beginning of Year | <u>1,304,923</u> | <u>276,838</u> | <u>1,581,761</u> | <u>1,820,067</u> |
| Net Assets, End of Year | <u>\$ 2,073,102</u> | <u>\$ 67,500</u> | <u>\$ 2,140,602</u> | <u>\$ 1,581,761</u> |

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, 2021
With Summarized Financial Information
For the Year Ended March 31, 2020**

| | <u>Center Based Programs</u> | <u>Outreach</u> | <u>Teen and Operation SMART</u> | <u>Administrative</u> | <u>Fund Development</u> | <u>Total</u> | <u>2020</u> |
|-------------------------------|--------------------------------------|-------------------|---|-----------------------|-----------------------------|---------------------|---------------------|
| Salaried staff | \$ 359,339 | \$ 232,192 | \$ 92,743 | \$ 64,418 | \$ 86,234 | \$ 834,926 | \$ 992,415 |
| Employee benefits | 56,906 | 36,770 | 14,687 | 10,202 | 13,656 | 132,221 | 142,386 |
| In-kind donations | 6,542 | 3,510 | 5,903 | - | - | 15,955 | 135,696 |
| Occupancy | 61,504 | 6,560 | 6,560 | 6,561 | 820 | 82,005 | 91,442 |
| Contract transportation | - | - | - | - | - | - | 76,434 |
| Payroll taxes | 25,859 | 16,709 | 6,674 | 4,637 | 6,206 | 60,085 | 74,695 |
| Insurance | 54,542 | 8,000 | 3,636 | 5,818 | 727 | 72,723 | 69,375 |
| Building repairs/maintenance | 37,104 | 3,958 | 3,958 | 3,957 | 495 | 49,472 | 62,221 |
| Depreciation | 66,533 | 449 | - | 825 | - | 67,807 | 60,358 |
| Program supplies | 14,660 | 7,866 | 13,229 | - | - | 35,755 | 52,219 |
| Van expense | 12,111 | - | - | - | - | 12,111 | 31,726 |
| Travel/meals/lodging | 474 | 1,280 | 142 | 379 | 95 | 2,370 | 25,589 |
| Telephone | 11,498 | 1,418 | 945 | 1,731 | 158 | 15,750 | 24,531 |
| Professional fees | 16,619 | 11,871 | 4,748 | 9,497 | 4,749 | 47,484 | 23,711 |
| Development supplies | - | - | - | - | 10,460 | 10,460 | 18,687 |
| Equipment repairs/maintenance | 9,829 | 1,049 | 1,049 | 1,048 | 131 | 13,106 | 16,336 |
| Food | 657 | 394 | 986 | 1,150 | 99 | 3,286 | 15,905 |
| Scholarships | - | - | 6,000 | - | - | 6,000 | 15,000 |
| Dues/subscriptions | 9,720 | 1,037 | 1,037 | 1,036 | 378 | 13,208 | 14,516 |
| Equipment/technology | 7,239 | 1,114 | 1,114 | 1,113 | 557 | 11,137 | 13,556 |
| Field trip | - | - | - | - | - | - | 12,345 |
| Contract workers | 1,630 | 14,668 | - | - | - | 16,298 | 8,065 |
| Miscellaneous | 1,816 | 1,386 | 462 | 2,242 | - | 5,906 | 7,685 |
| Office supplies | 1,915 | 1,064 | 426 | 638 | 213 | 4,256 | 7,445 |
| Conferences/conventions | - | - | - | - | - | - | 5,875 |
| Bank fees | - | - | - | 6,243 | - | 6,243 | 5,138 |
| Printing/publications | 973 | 804 | 130 | 154 | 546 | 2,607 | 4,279 |
| Household/janitorial supplies | 1,161 | 124 | 124 | 124 | 15 | 1,548 | 3,796 |
| Postage/shipping | 692 | 277 | 277 | 829 | 692 | 2,767 | 1,969 |
| Advertising | - | - | - | - | 25 | 25 | - |
| | <u>\$ 759,323</u> | <u>\$ 352,500</u> | <u>\$ 164,830</u> | <u>\$ 122,602</u> | <u>\$ 126,256</u> | <u>\$ 1,525,511</u> | <u>\$ 2,013,395</u> |

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, 2021
With Summarized Financial Information
For the Year Ended March 31, 2020**

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|--------------------|
| Cash Flows From Operating Activities | | |
| Cash received from contributors and grantors | \$ 1,721,491 | \$ 1,581,431 |
| Cash received from programs and other | 5,657 | 112,929 |
| Cash received from rentals and other | 4,305 | 13,921 |
| Cash paid to suppliers and employees | (1,441,743) | (1,818,635) |
| Interest received | 20,679 | 18,788 |
| Net Cash Provided/(Used) by Operating Activities | <u>310,389</u> | <u>(91,566)</u> |
| Cash Flows From Investing Activities | | |
| Purchase of investments | (735,362) | (123,851) |
| Proceeds from sale of investments | 810,010 | 162,122 |
| Purchase of property and equipment | (37,824) | (34,920) |
| Net Cash Provided by Investing Activities | <u>36,824</u> | <u>3,351</u> |
| Cash Flows From Financing Activities | | |
| Proceeds from PPP loan | 226,839 | - |
| Net Cash Provided by Financing Activities | <u>226,839</u> | <u>-</u> |
| Net Change in Cash and Cash Equivalents | 574,052 | (88,215) |
| Cash and Cash Equivalents, Beginning of Year | <u>112,804</u> | <u>201,019</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 686,856</u> | <u>\$ 112,804</u> |
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 558,841 | \$ (238,306) |
| Adjustments to reconcile change in net assets: | | |
| Depreciation | 67,807 | 60,358 |
| Unrealized holding loss | (286,897) | 84,852 |
| Change in operating assets and operating liabilities: | | |
| Notes receivable | 1,828 | 2,823 |
| Contribution receivable | (25,000) | - |
| Other receivables | (6,198) | - |
| Accounts payable | 8 | (1,293) |
| Net Cash Provided/(Used) by Operating Activities | <u>\$ 310,389</u> | <u>\$ (91,566)</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, 2021**

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, 2020, 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, 2021, the cash balances for the Organization and the Trust were \$684,296 and \$2,560, respectively.

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, 2021**

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, 2021.

Note Receivable

Note receivable is reported at its 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. Note receivable is 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

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. . All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from 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, 2021 was \$15,955.

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, 2021**

Note 1 – Summary of Significant Accounting Policies (continued)

Revenue from Contracts with Customers

The Organization has adopted ASC Topic 606, Revenue from Contracts with Customers (“ASC 606”), which provides guidance for reporting revenue from the Organization’s contracts to provide goods or services to customers. The guidance requires recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. A significant portion of the Center’s revenue-generating transactions are excluded from the scope of ASC 606, including revenue generated from financial instruments, such as securities, and from donor contributions.

Revenue-generating transactions that are within the scope of ASC 606 are described as follows:

Program Fees – revenue from program fees are recorded at the completion of the program.

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, 2021, 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 2017 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.

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, 2021**

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Pronouncements

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, 2021. 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.

The fair values of assets, measured on a reoccurring basis, were as follows at March 31, 2021:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Quoted Prices in Active Markets for Identical Asset (Level 1)</u> | <u>Significant Unobservable Inputs (Level 2)</u> |
|-------------------------------------|-------------------|-------------------|--|--|
| Girl's Inc. Investments | | | | |
| Equities | \$ 339,981 | \$ 355,616 | \$ 355,616 | \$ - |
| Corporate bonds | 146,167 | 143,818 | - | 143,818 |
| Treasury notes | 4,262 | 4,044 | - | 4,044 |
| Mutual funds | <u>106,000</u> | <u>106,238</u> | <u>106,238</u> | <u>-</u> |
| Total Operating Investments | <u>\$ 596,410</u> | <u>\$ 609,716</u> | <u>\$ 461,854</u> | <u>\$ 147,862</u> |
| Girls Inc. Trust Investments | | | | |
| Equities | \$ 108,742 | \$ 157,141 | \$ 157,141 | \$ - |
| Fixed income | <u>95,263</u> | <u>98,053</u> | <u>-</u> | <u>98,053</u> |
| Total Trust Investments | <u>\$ 204,005</u> | <u>\$ 255,194</u> | <u>\$ 157,141</u> | <u>\$ 98,053</u> |
| Total Investment Securities | <u>\$ 800,415</u> | <u>\$ 864,910</u> | <u>\$ 618,995</u> | <u>\$ 245,915</u> |

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, 2021**

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, 2021:

| | <u>Fair Value</u> | <u>Cost</u> |
|--------------------------------|-------------------|-------------------|
| Girls, Inc. Trust | | |
| AC Financial Partners | \$ 255,194 | 204,005 |
| Girls, Inc. of Central Alabama | | |
| Raymond James | <u>609,716</u> | <u>596,410</u> |
| Total | <u>\$ 864,910</u> | <u>\$ 800,415</u> |

The investment income is summarized as follows for the year ending March 31, 2021:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|------------------------|---------------------------------------|------------------------------------|-------------------|
| Interest and dividends | \$ 9,525 | \$ 3,800 | \$ 13,325 |
| Unrealized gains | 187,636 | 60,710 | 248,346 |
| Realized gains | 33,139 | 11,797 | 44,936 |
| Real estate interest | 7,354 | - | 7,354 |
| Investment fees | <u>(3,326)</u> | <u>(3,060)</u> | <u>(6,386)</u> |
| Total | <u>\$ 234,328</u> | <u>\$ 73,247</u> | <u>\$ 307,575</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 \$7,354 in interest income on their note receivable for the Bessemer building. See Note 4.

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, 2021, the outstanding note balance was \$95,517.

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, 2021**

Note 5 – Property and Equipment

Property and equipment consisted of the following at March 31, 2021:

| | |
|-----------------------------------|--------------------|
| Buildings | \$ 1,399,009 |
| Land and improvements | 184,593 |
| Furniture and equipment | 257,639 |
| Vehicles | <u>212,030</u> |
| Total Property and Equipment | 2,053,271 |
| Less: Accumulated Depreciation | <u>(1,349,706)</u> |
| Total Property and Equipment, net | <u>\$ 703,565</u> |

Depreciation expense for the year ended March 31, 2021 was \$67,807.

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 \$27,634 at March 31, 2021.

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 \$9,864 in 2021.

The future minimum lease payments required under the non-cancelable operating leases for the year ended March 31, 2021 are as follows:

| | |
|------|------------------|
| 2022 | \$ 9,052 |
| 2023 | 6,948 |
| 2024 | <u>4,053</u> |
| | <u>\$ 20,053</u> |

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, 2021. The restrictions are summarized as follows:

| | |
|--|------------------|
| With Donor Restrictions | |
| Graham scholarship | \$ 50,000 |
| Health and Wellness | 12,500 |
| Operation SMART / Eureka! | <u>5,000</u> |
| Total Donor Restricted Net Assets | <u>\$ 67,500</u> |

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

**Notes to Consolidated Financial Statements (continued)
For the Year Ended March 31, 2021**

Note 9 – Contribution Receivable

The amount due from unconditional promises to give at March 31, 2021 consists of the following:

| | | |
|-------------------------------------|----|---------------|
| Receivable in less than one year | \$ | 25,000 |
| Less: Discount to net present value | | <u>-</u> |
| Net unconditional promise to give | \$ | <u>25,000</u> |

Note 10 – Current Vulnerability Due to Concentrations

Cash and cash equivalent accounts and investment accounts are potentially subject to credit risk when the balances at the financial institutions exceed the federally insured limits. As of March 31, 2021, the Organization had cash and investment balances totaling \$234,881 in excess of the insured limits.

However, the Organization has not experienced any losses on such amounts, nor does management believe these amounts are exposed to any significant risks.

Note 11 – Liquidity and Availability of Resources

The Organization has \$1,585,541 of total 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 \$67,500, leaving \$1,518,041 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 12 – Payroll Protection Program Loan

In April 2020, the Organization received loan proceeds in the amount of \$226,839 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four- week period.

The Organization received confirmation of forgiveness for the proceeds on November 5, 2020 and recognized the proceeds as governmental grant income for the current audit period.

On February 22, 2021, the Organization applied and received a second draw of loan proceeds in the amount of \$226,839 under the Paycheck Protection Program (“PPP”). The Second Draw PPP Loan can be used to help fund payroll costs including benefits, mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism, and certain supplier costs and expenses for operations. The maximum loan amount of the Second Draw PPP Loan is 2.5 times the average monthly 2019 or 2020 payroll costs. The Organization expects to be in compliance with the PPP’s eligibility requirements for the full amount of the loan to be forgiven. The proceeds are show as a note payable on the balance sheet as of the current year-end date.

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, 2021**

Note 13 – Subsequent Events

The Organization has evaluated subsequent events through November 4, 2021, the date the financial statements were available to be issued.

See independent auditor's report.