

**GIRLS INCORPORATED OF JACKSONVILLE
(A NOT-FOR-PROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

GIRLS INCORPORATED OF JACKSONVILLE

YEARS ENDED JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
GIRLS INCORPORATED OF JACKSONVILLE

Report on the Financial Statements

We have audited the accompanying financial statements of Girls Incorporated of Jacksonville (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 financial statements based on our audits. We conducted the audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Jacksonville as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of awards, as required by Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2017, on our consideration of Girls Incorporated of Jacksonville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in consideration of Girls Incorporated of Jacksonville's internal control over financial reporting and compliance.

Jacksonville, Florida
September 1, 2017

Howard & Company, CPAs, P.A.

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENTS OF FINANCIAL POSITION

ASSETS

| | June 30, | |
|-----------------------------|-------------------|-------------------|
| | <u>2017</u> | <u>2016</u> |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Unrestricted | \$ 116,313 | \$ 129,274 |
| Temporarily restricted | 52,800 | 28,500 |
| Contributions receivable | 20,203 | 9,620 |
| Prepaid expenses | 7,063 | 2,039 |
| | <u>196,379</u> | <u>169,433</u> |
| | | |
| PROPERTY AND EQUIPMENT, net | <u>14,033</u> | <u>13,290</u> |
| | | |
| OTHER ASSETS | | |
| Deposit | <u>2,800</u> | <u>2,800</u> |
| | <u>\$ 213,212</u> | <u>\$ 185,523</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Line of credit | \$ 18,599 | \$ 20,484 |
| Current maturities of capital lease payable | 702 | 618 |
| Accounts payable | 289 | 2,421 |
| Accrued expenses | 15,364 | 19,536 |
| | <u>34,954</u> | <u>43,059</u> |
| | | |
| NONCURRENT LIABILITIES | | |
| Long-term capital lease payable | <u>2,735</u> | <u>3,437</u> |
| | <u>37,689</u> | <u>46,496</u> |
| | | |
| COMMITMENTS | | |
| | | |
| NET ASSETS | | |
| Unrestricted | 103,271 | 110,527 |
| Temporarily restricted | 72,252 | 28,500 |
| | <u>175,523</u> | <u>139,027</u> |
| | <u>\$ 213,212</u> | <u>\$ 185,523</u> |

See independent auditor's report and notes to financial statements.

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-------------------|
| Support and Revenues | | | |
| Contributions | \$ 51,644 | \$ - | \$ 51,644 |
| United Way grants | - | 141,132 | 141,132 |
| Other grants | - | 630,213 | 630,213 |
| Program revenue | 20,546 | - | 20,546 |
| Special events | 91,384 | - | 91,384 |
| Loss on disposition of assets | (920) | - | (920) |
| In-kind contributions | 1,512 | - | 1,512 |
| Interest income | 67 | - | 67 |
| Total support and revenues | <u>164,233</u> | <u>771,345</u> | <u>935,578</u> |
| Net assets released from restrictions | <u>727,593</u> | <u>(727,593)</u> | <u>-</u> |
| | <u>891,826</u> | <u>43,752</u> | <u>935,578</u> |
| Expenditures | | | |
| Program services | 770,405 | - | 770,405 |
| General and administrative | 85,941 | - | 85,941 |
| Fundraising | 42,736 | - | 42,736 |
| | <u>899,082</u> | <u>-</u> | <u>899,082</u> |
| Increase in net assets | (7,256) | 43,752 | 36,496 |
| Net assets at beginning of year | <u>110,527</u> | <u>28,500</u> | <u>139,027</u> |
| Net assets at end of year | <u>\$ 103,271</u> | <u>\$ 72,252</u> | <u>\$ 175,523</u> |

See independent auditor's report and notes to financial statements.

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

| | Unrestricted | Temporarily Restricted | Total |
|--|-------------------|---------------------------|-------------------|
| Support and Revenues | | | |
| Contributions | \$ 39,787 | \$ - | \$ 39,787 |
| United Way grants | - | 140,180 | 140,180 |
| Other grants | - | 530,982 | 530,982 |
| Program revenue | 18,141 | - | 18,141 |
| Special events | 60,773 | - | 60,773 |
| Gain on disposition of assets | 10,747 | - | 10,747 |
| In-kind donations | 3,500 | - | 3,500 |
| Interest income | 28 | - | 28 |
| Total support and revenues | <u>132,976</u> | <u>671,162</u> | <u>804,138</u> |
| | | | |
| Net assets released from restrictions | 720,148 | (720,148) | - |
| | <u>853,124</u> | <u>(48,986)</u> | <u>804,138</u> |
| Expenditures | | | |
| Program services | 722,962 | - | 722,962 |
| General and administrative | 72,841 | - | 72,841 |
| Fundraising | 41,999 | - | 41,999 |
| | <u>837,802</u> | <u>-</u> | <u>837,802</u> |
| | | | |
| (Decrease) increase in net assets | 15,322 | (48,986) | (33,664) |
| | | | |
| Net assets at beginning of year | <u>95,205</u> | <u>77,486</u> | <u>172,691</u> |
| | | | |
| Net assets at end of year | <u>\$ 110,527</u> | <u>\$ 28,500</u> | <u>\$ 139,027</u> |

See independent auditor's report and notes to financial statements.

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

| | Program Services | General and Administrative | Fundraising | Total |
|--------------------------------|---------------------|-------------------------------|------------------|-------------------|
| Personnel Expenses | | | | |
| Salaries and wages | \$ 596,445 | \$ 33,903 | \$ 21,621 | \$ 651,969 |
| Payroll taxes and benefits | 69,961 | 5,900 | 2,143 | 78,004 |
| | <u>666,406</u> | <u>39,803</u> | <u>23,764</u> | <u>729,973</u> |
| Operating Expenses | | | | |
| Travel and automobile expenses | 9,719 | 2,888 | 70 | 12,677 |
| Marketing and fund development | 126 | 533 | 10,808 | 11,467 |
| Occupancy | 29,469 | 10,257 | 2,008 | 41,734 |
| Office expenses | 14,922 | 6,440 | 1,897 | 23,259 |
| Depreciation | - | 2,975 | - | 2,975 |
| Staff expenses | 235 | 206 | 780 | 1,221 |
| Professional fees | 3,941 | 12,566 | 278 | 16,785 |
| Insurance | 8,506 | 2,851 | 453 | 11,810 |
| Interest and bank fees | 1,379 | 3,168 | 2,087 | 6,634 |
| License and permits | 3,161 | 525 | - | 3,686 |
| Program expenses | 27,540 | 61 | 96 | 27,697 |
| Dues and subscriptions | 5,001 | 3,668 | 495 | 9,164 |
| | <u>103,999</u> | <u>46,138</u> | <u>18,972</u> | <u>169,109</u> |
| Total Expenses | <u>\$ 770,405</u> | <u>\$ 85,941</u> | <u>\$ 42,736</u> | <u>\$ 899,082</u> |

See independent auditor's report and notes to financial statements.

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

| | Program Services | General and Administrative | Fundraising | Total |
|--------------------------------|---------------------|-------------------------------|------------------|-------------------|
| Personnel Expenses | | | | |
| Salaries and wages | \$ 585,989 | \$ 29,679 | \$ 17,245 | \$ 632,913 |
| Payroll taxes and benefits | 60,634 | 2,865 | 1,792 | 65,291 |
| | <u>646,623</u> | <u>32,544</u> | <u>19,037</u> | <u>698,204</u> |
| Operating Expenses | | | | |
| Marketing and fund development | - | 709 | 15,507 | 16,216 |
| Occupancy | 11,036 | 5,206 | - | 16,242 |
| Office expenses | 14,322 | 3,920 | 2,554 | 20,796 |
| Depreciation | - | 7,875 | - | 7,875 |
| Staff expenses | 5,074 | 4,195 | - | 9,269 |
| Professional fees | 4,324 | 10,022 | 140 | 14,486 |
| Insurance | 9,436 | 2,869 | 907 | 13,212 |
| Interest and bank charges | 698 | 2,179 | 3,592 | 6,469 |
| License and permits | - | 1,024 | - | 1,024 |
| Program - miscellaneous | 23,400 | 64 | 50 | 23,514 |
| Dues and subscriptions | 4,595 | 1,192 | - | 5,787 |
| Travel | 3,454 | 1,042 | 212 | 4,708 |
| | <u>76,339</u> | <u>40,297</u> | <u>22,962</u> | <u>139,598</u> |
| Total Expenses | <u>\$ 722,962</u> | <u>\$ 72,841</u> | <u>\$ 41,999</u> | <u>\$ 837,802</u> |

See independent auditor's report and notes to financial statements.

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GIRLS INCORPORATED OF JACKSONVILLE

STATEMENTS OF CASH FLOWS

| | Years Ended June 30, | |
|--|----------------------|-------------|
| | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net increase (decrease) in net assets | \$ 36,496 | \$ (33,664) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 2,975 | 7,875 |
| Gain on disposal and sale of assets | 920 | (10,747) |
| Property and equipment donated | - | (11,840) |
| Change in financial position accounts: | | |
| Contributions receivable | (10,583) | 314 |
| Prepaid expenses | (5,024) | 268 |
| Accounts payable and accrued expenses | (6,304) | (23,111) |
| Deposit | - | (2,800) |
| Net cash provided by (used in) operating activities | 18,480 | (73,705) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (4,638) | (495) |
| Net proceeds from the sale of assets | - | 75,000 |
| Net cash (used in) provided by investing activities | (4,638) | 74,505 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment on capital lease payable | (618) | - |
| Repayments on line of credit, net | (1,885) | (14,432) |
| Net cash used in financing activities | (2,503) | (14,432) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 11,339 | (13,632) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 157,774 | 171,406 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 169,113 | \$ 157,774 |
| CASH AND CASH EQUIVALENTS - UNRESTRICTED | \$ 116,313 | \$ 129,274 |
| CASH AND CASH EQUIVALENTS - TEMPORARILY RESTRICTED | 52,800 | 28,500 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 169,113 | \$ 157,774 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for interest | \$ 2,349 | \$ 1,554 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Property and equipment acquired with capital lease payable | \$ - | \$ 4,055 |

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

1. **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Purpose and Programs

Girls Incorporated of Jacksonville (the "Organization") was incorporated in Florida as a nonprofit corporation in December 1970. It is the mission of the Organization to serve girls from low-income families and to "Inspire all girls to be strong, smart and bold or healthy, educated and independent."

Girls Inc. Experience Programs for Girls in Grades K-8

The Girls Inc. Experience (GIE) focuses on the development of the "whole girl" through a holistic approach that addresses the social, emotional, mental and physical development of a girl. The GIE program model includes research-based age and developmentally appropriate curricula delivered in an all-girl, pro-girl environment by highly trained professionals, mentoring relationships, and interactive, experiential learning opportunities.

Our Strong, Smart and Bold programming for girls in all grades include: 1) reading literacy, 2) economic literacy, money management, investing, and financial planning, 3) adolescent health and teen pregnancy prevention, 4) career and college readiness, 5) introduction to myriad STEM career fields, 6) healthy living, violence prevention and stress management, and 7) Mentoring.

Our Strong, Smart and Bold Program Delivery Model

After –School Elementary Programs – Our elementary after-school programs are delivered to girls in grades K-5 in partnership with Duval County elementary schools. Each girl receives approximately 540 hours of programming throughout the school year.

Our School-day Middle School Programs – Our middle school programs are delivered in partnership with Duval County middle schools. Girls receive approximately 90 hours of programming in their health classes during the school day.

Mentoring – Fourth – eighth grade girls in our mentoring program receive 100 hours of Strong, Smart and Bold programming that is delivered on weekends throughout the calendar year.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Purpose and Programs – (Continued)

Summer Camps[®] - Our summer camps are designed to inspire girls, ages 6 – 14, by challenging them mentally, enhancing their physical ability, promoting creativity, and encouraging them to take risks. Summer camp includes hands-on activities, field trips, and a friendly all-girl environment.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Girls Incorporated of Jacksonville accounts for unconditional pledges in accordance with Financial Accounting Standards Board ("FASB") ASC 958 – *Not-For-Profit Entities*. Resources of Girls Incorporated of Jacksonville have also been recorded in accordance with FASB ASC 958 – *Not-For-Profit Entities*.

Professional standards require that unconditional promises to give (pledges) be recorded as receivables and revenues. It also requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions, if any.

Professional standards also establish standards for external reporting by not-for-profit organizations. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- a. Unrestricted net assets – net assets that are not subject to donor-imposed stipulations and are resources over which the Board of Directors (the "Board") has discretionary control.
- b. Temporarily-restricted net assets – are from (1) contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (2) other asset enhancements and diminishments subject to the same kinds of stipulations, and (3) reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

1. **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

Basis of Accounting – (Continued)

- c. Permanently-restricted net assets – net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States requires that management make use of estimates and assumptions that may affect the reported amount of certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Revenue Recognition

Contributions received are recorded as unrestricted or temporarily-restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Girls Incorporated of Jacksonville records all other donor-restricted support as increases in temporarily-restricted net assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily-restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less. At June 30, 2017 and 2016 there were no cash equivalents.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

1. **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

Property and Equipment

Property and equipment is capitalized when the value exceeds \$200 and is stated at cost at the date of acquisition or at the fair value at the date of donation. Depreciation is recorded on the straight line method over the estimated useful lives of the assets. The estimated useful lives range from 5 to 10 years.

Income Taxes

Girls Incorporated of Jacksonville has been recognized as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Girls Incorporated of Jacksonville is subject to taxation in the United States of America and the tax years 2013, 2014, 2015, and 2016 are subject to examination by the taxing authorities. Professional standards prescribe a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest, penalties and disclosures required.

2. **PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

| | <u>Years</u> | <u>2017</u> | <u>2016</u> |
|--------------------------------|--------------|------------------|------------------|
| Equipment and furnishings | 5-10 | <u>\$ 26,346</u> | <u>\$ 23,078</u> |
| | | 26,346 | 23,078 |
| Less: accumulated depreciation | | <u>(12,313)</u> | <u>(9,788)</u> |
| | | <u>\$ 14,033</u> | <u>\$ 13,290</u> |

Depreciation expense for the years ended June 30, 2017 and 2016 was \$2,975 and \$7,875, respectively.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

3. **IN-KIND CONTRIBUTIONS**

The Organization records any donated services or equipment on the financial statements as in-kind contributions. The Organization received \$1,512 and \$3,500 of in-kind contributions for the years ended June 30, 2017 and 2016, respectively.

4. **COMMITMENTS**

The Organization has two operating leases. One lease is for a copy machine at \$440 per month. The second lease is for a postage machine with quarterly rental payments of \$138. Rental expenses under these leases were \$7,421 and \$7,791 for the years ended June 30, 2017 and 2016, respectively.

The Organization entered into a lease for office space effective June 1, 2017. The lease term is for two years with a right to terminate the lease after the first ten months.

Future minimum lease payments required under the above operating lease as of June 30, 2017 are as follows:

| | |
|---------------|------------------|
| June 30, 2018 | \$ 41,800 |
| | <u>\$ 41,800</u> |

Lease expense for each year ending June 30, 2017 and 2016 was \$37,905.

5. **RELATED PARTY TRANSACTIONS**

The Organization is required to pay national club dues to Girls Incorporated. The Organization paid Girls Incorporated \$7,080 of dues for each year ended June 30, 2017 and 2016. At June 30, 2017 and 2016, the Organization owed Girls Incorporated dues of \$-0-.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

6. **CONCENTRATION OF CREDIT RISK**

The Organization's major source of program support is from United Way the Jacksonville Children's Commission and Ounce of Prevention (State of Florida). Total support from these donors was as follows at June 30:

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|--------------|--------------|
| United Way | 14.8% | 16.7% |
| Jacksonville Children's Commission | 21.3% | 29.1% |
| Ounce of Prevention | 13.0% | 13.3% |
| | <u>49.1%</u> | <u>59.1%</u> |

7. **LINE OF CREDIT**

The Organization has a line of credit with a financial institution which is due on demand with interest equal to the prime rate plus 2%. The line matures annually and is due in July 2017. The minimum payment due is equal to: any amount past due plus the largest of (i) 3% of the principal balance, (ii) \$250, or (iii) the applicable finance charge. Amounts owed under this line of credit were \$18,599 and \$20,484 for the years ended June 30, 2017 and 2016, respectively. Amount available for borrowing against the line of credit at June 30, 2017 was \$81,401.

8. **CAPITAL LEASE PAYABLE**

In 2016, the Organization is the lessee of telephone equipment under a capital lease expiring in June 2019. The asset and liability under the capital lease are collateralized and are recorded at the lower of the present value of the minimum lease payment or the fair value of the asset. The equipment is depreciated over its estimated production life. Depreciation of this telephone equipment is included in depreciation expense for 2017 and 2016.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

8. **CAPITAL LEASE PAYABLE** – (Continued)

The amount of the property held under the capital lease is \$4,055 with accumulated depreciation of \$628 and \$48 at June 30, 2017 and 2016, respectively. The net book value of the equipment is \$3,427 and \$4,007 as of June 30, 2017 and 2016, respectively.

Minimum future lease payments under the capital lease as of June 30 are:

| | <u>2017</u> |
|---|-----------------|
| Future minimum lease payments | \$ 4,415 |
| Less: Amount representing interest | <u>(978)</u> |
| Present value of net minimum lease payments | 3,437 |
| Less: Current portion due within one year | <u>(702)</u> |
| Long-term capital lease obligation | <u>\$ 2,735</u> |

Interest rate on the capital lease is 12.86% and is based on the lessor's implicit rate of return.

9. **JACKSONVILLE CHILDREN'S COMMISSION**

The Organization was awarded support for the Summer Camp Program. For the year ended June 30, 2017, the award was \$36,000 of which the Organization received \$18,000 with the remaining balance payable when earned by the Organization. For the year ended June 30, 2016, the Organization was awarded \$45,000 and was paid \$22,500 which was earned at June 30, 2016. In August 2016, the Organization was paid \$22,500. All unused funds must be returned to the Jacksonville's Children's Commission within 30 days and the Organization must either maintain a separate bank account or maintain a separate accounting system. The Organization maintains a separate accounting of the income and expenses associated with the Jacksonville Children's Commission's funding.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

10. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are comprised of the following as of June 30:

| <u>Program</u> | <u>2017</u> | <u>2016</u> |
|------------------------------|------------------|------------------|
| Middle School Health Program | \$ 4,452 | \$ - |
| Afterschool Program | 52,800 | 26,000 |
| Strategic Planning | - | 2,500 |
| Mentoring Program | 15,000 | - |
| | <u>\$ 72,252</u> | <u>\$ 28,500</u> |

11. **SUBSEQUENT EVENTS**

The line of credit revolves annually and renewed in July, 2016.

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is August 18, 2016, which is the date on which the financial statements were available to be issued.

GIRLS INCORPORATED OF JACKSONVILLE

SCHEDULE OF EXPENDITURES OF AWARDS

| <u>Receipt of City Funds</u> | Arlington | Ft. Caroline | Spring Park |
|--|-------------------|-------------------|-------------------|
| | 5068-56 | 5068-55 | 5068-57 |
| | City FY 2016-2017 | City FY 2016-2017 | City FY 2016-2017 |
| | JCC Grant | JCC Grant | JCC Grant |
| Amount of Award | \$ 54,400 | \$ 54,400 | \$ 54,400 |
| Actual Funds Received from City as of 09/30/16 | (8,160) | (8,160) | (8,160) |
| Actual Amount Received 10/01/16 - 06/30/17 | (46,240) | (46,240) | (46,240) |
| Amount of Award Unused and Forfeited | \$ - | \$ - | \$ - |

GIRLS INCORPORATED OF JACKSONVILLE
SCHEDULE OF EXPENDITURES OF AWARDS

Arlington Heights Elementary

| Item | Budgeted | Actual 7/01/2016- 9/30/2016 | Actual 10/01/2016- 6/30/2017 | Total Expenditure s | Amount Returned |
|----------------------------|------------------|--|---|------------------------------------|----------------------------|
| Salaries and wages | \$ 38,006 | \$ 8,611 | \$ 29,395 | \$ 38,006 | \$ - |
| Payroll taxes and benefits | 4,401 | 1,021 | 3,380 | 4,401 | - |
| Office Expenses - Copying | 1,385 | 387 | 998 | 1,385 | - |
| Management and general | 5,800 | 1,709 | 4,091 | 5,800 | - |
| Insurance - Other | 600 | 304 | 296 | 600 | - |
| Program supplies | 528 | 179 | 349 | 528 | - |
| Leases/rent - Building | 3,680 | 1,120 | 2,560 | 3,680 | - |
| | <u>\$ 54,400</u> | <u>\$ 13,331</u> | <u>\$ 41,069</u> | <u>\$ 54,400</u> | <u>\$ -</u> |

Ft. Caroline Elementary

| Item | Budgeted | Actual 7/01/2016- 9/30/2016 | Actual 10/01/2016- 6/30/2017 | Total Expenditures | Amount Returned |
|----------------------------|------------------|--|---|-------------------------------|----------------------------|
| Salaries and wages | \$ 38,426 | \$ 9,126 | \$ 29,300 | \$ 38,426 | \$ - |
| Payroll taxes and benefits | 4,309 | 1,073 | 3,236 | 4,309 | - |
| Office Expenses - Copying | 1,385 | 387 | 998 | 1,385 | - |
| Management and general | 5,800 | 1,709 | 4,091 | 5,800 | - |
| Insurance - Other | 600 | 304 | 296 | 600 | - |
| Program supplies | 200 | 179 | 21 | 200 | - |
| Lease/rent - Building | 3,680 | 1,120 | 2,560 | 3,680 | - |
| | <u>\$ 54,400</u> | <u>\$ 13,898</u> | <u>\$ 40,502</u> | <u>\$ 54,400</u> | <u>\$ -</u> |

GIRLS INCORPORATED OF JACKSONVILLE
 SCHEDULE OF EXPENDITURES OF AWARDS

Spring Park Elementary

| Item | Budgeted | Actual 7/01/2016- 9/30/2016 | Actual 10/01/2016- 6/30/2017 | Total Expenditure s | Amount Returned |
|----------------------------|------------------|-----------------------------------|------------------------------------|---------------------------|--------------------|
| Salaries and wages | \$ 38,098 | \$ 9,571 | \$ 28,527 | \$ 38,098 | \$ - |
| Payroll taxes and benefits | 4,172 | 1,105 | 3,067 | 4,172 | - |
| Lease/Rent - Building | 3,680 | 1,120 | 2,560 | 3,680 | - |
| Office Expenses - Copying | 1,385 | 387 | 998 | 1,385 | - |
| Management and general | 5,800 | 1,709 | 4,091 | 5,800 | - |
| Insurance - Other | 600 | 304 | 296 | 600 | - |
| Program supplies | 665 | 179 | 486 | 665 | - |
| | <u>\$ 54,400</u> | <u>\$ 14,375</u> | <u>\$ 40,025</u> | <u>\$ 54,400</u> | <u>\$ -</u> |

GIRLS INCORPORATED OF JACKSONVILLE

SCHEDULE OF EXPENDITURES OF AWARDS

STATE RESOURCES AWARDED TO THE RECIPIENT PURSUANT TO THIS AGREEMENT CONSIST OF THE FOLLOWING:

State financial assistance subject to Sec. 215.97, F.S.

CSFA #64.035

Title: Girls Inc. of Jacksonville is \$124,712.

| <u>Item</u> | <u>Budgeted</u> | <u>Actual Expenditures</u> | <u>Amount Unexpended</u> |
|---|-------------------|----------------------------|--------------------------|
| Salaries and wages | \$ 130,200 | \$ 130,200 | \$ - |
| Payroll taxes and benefits | 18,565 | 18,565 | - |
| Participant educational materials | 6,000 | 6,000 | - |
| Program supplies | 3,000 | 3,000 | - |
| Office Expenses | 4,940 | 4,940 | - |
| Building lease | 8,279 | 8,279 | - |
| Insurance | 1,300 | 1,300 | - |
| Staff travel | 200 | 200 | - |
| Conferences and training | 1,500 | 1,500 | - |
| Dues and subscriptions | 2,487 | 2,487 | - |
| Allocated management and general expenses | 17,447 | 17,447 | - |
| | <u>\$ 193,918</u> | <u>\$ 193,918</u> | <u>\$ -</u> |

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

BOARD OF DIRECTORS
GIRLS INCORPORATED OF JACKSONVILLE
JACKSONVILLE, FLORIDA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Girls Incorporated of Jacksonville (a non-profit corporation) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Girls Incorporated of Jacksonville's internal control over financial reporting to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Girls Incorporated of Jacksonville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Girls Incorporated of Jacksonville's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify

any deficiencies in internal control that we considered to be a material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions and are discussed at the end of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Girls Incorporated of Jacksonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Howard & Company, CPAs, P.A.

Jacksonville, Florida
September 1, 2017

GIRLS INCORPORATED OF JACKSONVILLE, INC.

SCHEDULE OF FINDINGS

- A. We noted that not all vendor invoices were stamped for classification among program, management and general, and fundraising expenses, account code or approval. We recommend that vendor invoices should be noted with approval from personnel other than the person paying the invoice as well as general ledger account number and classification among program, management and general, and fundraising expenses.
- B. Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Company does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in companies of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.
- C. We noted in the accounting detail, transactions would be entered with a dollar amount but no vendor or payee listed and no memo entry describing transaction. We recommend that each accounting entry in QuickBooks include a vendor/payee, a description of expense including an invoice number when applicable.