

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

GIRLS INCORPORATED OF JACKSONVILLE

YEARS ENDED JUNE 30, 2021 and 2020

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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, 2021 and 2020, 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 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 financial statements based on our audits. We conducted our audits 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 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 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, 2021 and 2020, 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.

Howard & Company, CPAs, P.A.

Jacksonville, Florida
October 12, 2021

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents:		
Without donor restrictions	\$ 194,824	\$ 203,749
With donor restrictions	-	-
Contributions receivable:		
Without donor restrictions	-	-
With donor restrictions	-	18,000
Prepaid expenses	2,715	1,586
	<u>197,538</u>	<u>223,335</u>
 PROPERTY AND EQUIPMENT, net	 <u>37,959</u>	 <u>49,783</u>
 OTHER ASSETS		
Beneficial interest in assets held at Community Foundation	65,778	48,476
Deposit	2,800	2,800
	<u>68,578</u>	<u>51,276</u>
	<u><u>\$ 304,075</u></u>	<u><u>\$ 324,394</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 29,726	\$ 36,246
Current maturities of capital lease payable	7,561	7,304
Conditional contributions	119,985	118,100
Accrued expenses	49,350	39,874
	<u>206,622</u>	<u>201,524</u>
 NONCURRENT LIABILITIES		
Long-term capital lease payable	29,036	36,597
	<u>235,658</u>	<u>238,121</u>
 COMMITMENTS		
 NET ASSETS		
Without donor restrictions	2,639	19,797
With donor restrictions	65,778	66,476
	<u>68,417</u>	<u>86,273</u>
	<u><u>\$ 304,075</u></u>	<u><u>\$ 324,394</u></u>

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contributions	\$ 36,270	\$ -	\$ 36,270
United Way grants	-	89,054	89,054
Other grants	-	461,029	461,029
PPP loan forgiveness grant	-	119,019	119,019
Gain on change in value of beneficial interest in assets held at Community Foundation	-	17,302	17,302
Program revenue	14,385	-	14,385
Special events	83,637	-	83,637
Interest income	14	-	14
Total support and revenues	134,306	686,404	820,710
Net assets released from restrictions	687,102	(687,102)	-
	821,408	(698)	820,710
Expenditures			
Program services	629,927	-	629,927
General and administrative	166,984	-	166,984
Fundraising	41,655	-	41,655
	838,566	-	838,566
Decrease in net assets	(17,158)	(698)	(17,856)
Net assets at beginning of year	19,797	66,476	86,273
Net assets at end of year	\$ 2,639	\$ 65,778	\$ 68,417

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contributions	\$ 33,305	\$ -	\$ 33,305
United Way grants	-	94,738	94,738
Other grants	-	502,993	502,993
Program revenue	22,025	-	22,025
Special events	92,905	-	92,905
Gain on change in value of beneficial interest in assets held at Community Foundation	-	48,476	48,476
Gain on disposition of assets	22,552	-	22,552
Interest income	30	-	30
Total support and revenues	170,817	646,207	817,024
Net assets released from restrictions	603,227	(603,227)	-
	774,044	42,980	817,024
Expenditures			
Program services	725,394	-	725,394
General and administrative	93,761	-	93,761
Fundraising	15,001	-	15,001
	834,156	-	834,156
Decrease in net assets	(60,112)	42,980	(17,132)
Net assets at beginning of year	79,909	23,496	103,405
Net assets at end of year	\$ 19,797	\$ 66,476	\$ 86,273

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Personnel Expenses				
Salaries and wages	\$ 467,876	\$ 78,009	\$ 29,530	\$ 575,415
Payroll taxes and benefits	59,682	12,808	4,866	77,356
	<u>527,558</u>	<u>90,817</u>	<u>34,396</u>	<u>652,771</u>
Operating Expenses				
Marketing and fund development	-	-	5,822	5,822
Occupancy	7,333	16,667	-	24,000
Office expenses	7,039	7,393	454	14,886
Depreciation	-	12,470	-	12,470
Staff expenses	-	-	-	-
Professional fees	42,298	15,964	292	58,554
Insurance	5,307	3,642	-	8,949
Interest and bank charges	390	17,106	691	18,187
Program - miscellaneous	32,425	1,132	-	33,557
Dues and subscriptions	7,572	1,793	-	9,365
Travel and automobile expense	5	-	-	5
	<u>102,369</u>	<u>76,167</u>	<u>7,259</u>	<u>185,795</u>
Total Expenses	<u>\$ 629,927</u>	<u>\$ 166,984</u>	<u>\$ 41,655</u>	<u>\$ 838,566</u>

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	General and Administrative	Fundraising	Total
Personnel Expenses				
Salaries and wages	\$ 541,036	\$ 29,522	\$ 8,040	\$ 578,598
Payroll taxes and benefits	61,924	9,629	1,838	73,391
	<u>602,960</u>	<u>39,151</u>	<u>9,878</u>	<u>651,989</u>
Operating Expenses				
Travel and automobile expenses	4,182	3,292	-	7,474
Marketing and fund development	-	351	642	993
Occupancy	47,681	4,680	384	52,745
Office expenses	17,098	5,197	2,150	24,445
Depreciation	-	11,557	-	11,557
Staff expenses	5,560	319	344	6,223
Professional fees	10,773	9,370	102	20,245
Insurance	6,890	2,613	-	9,503
Interest and bank fees	12,897	12,590	663	26,150
License and permits	-	431	-	431
Program expenses	7,984	-	825	8,809
Dues and subscriptions	9,369	4,210	13	13,592
	<u>122,434</u>	<u>54,610</u>	<u>5,123</u>	<u>182,167</u>
Total Expenses	<u>\$ 725,394</u>	<u>\$ 93,761</u>	<u>\$ 15,001</u>	<u>\$ 834,156</u>

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net decrease in net assets	\$ (17,856)	\$ (17,132)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	12,470	11,557
Change in value of beneficial interest in assets held at Community Foundation	(17,302)	(48,476)
Gain on disposal and sale of assets	-	(22,552)
Change in financial position accounts:		
Contributions receivable	18,000	5,496
Prepaid expenses	(1,129)	5,877
Accounts payable and accrued expenses	9,476	3,590
Conditional contributions	1,885	118,100
Net cash provided by operating activities	<u>5,544</u>	<u>56,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	40,204
Purchases of property and equipment	(646)	(2,826)
Net cash (used in) provided by investing activities	<u>(646)</u>	<u>37,378</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on capital leases payable, net	(7,303)	(27,742)
Repayments on line of credit, net	(6,520)	(9,476)
Net cash used in financing activities	<u>(13,823)</u>	<u>(37,218)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,925)	56,620
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>203,749</u>	<u>147,129</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 194,824</u>	<u>\$ 203,749</u>
CASH AND CASH EQUIVALENTS - UNRESTRICTED	\$ 194,824	\$ 203,749
CASH AND CASH EQUIVALENTS - TEMPORARILY RESTRICTED	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 194,824</u>	<u>\$ 203,749</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 18,187</u>	<u>\$ 21,817</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment acquired with capital lease payable	<u>\$ -</u>	<u>\$ 45,737</u>

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-12

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.

After-School High School Programs – Our high school after-school programs are delivered to girls in grade 9-12 in partnership with Duval County public high schools. These programs are heavily concentrated in academic enrichment, healthy living, risk behaviors prevention, social and emotional learning, and college and career readiness. Girls receive approximately 340 hours of programming throughout the school year.

Summer Learning Programs – Girls in grades K-12 can participate in the summer camp learning programs that help prevent summer learning loss and provide educational and fun field trip experiences to local businesses and colleges to support college and career readiness. Elementary summer learning programs are offered for six weeks, and middle and high school summer learning programs are offered up to four weeks.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

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

Our Strong, Smart and Bold Program Delivery Model – (Continued)

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.

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 financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958 – Not-For-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The assets, liabilities, and net assets of the Organization are reported in net asset classes as follows:

- a. Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations and represent resources over which the Board of Directors (the "Board") has discretionary control.
- b. Net assets with donor restrictions - 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; (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 or (4) 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.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

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

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

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Organization has adopted Accounting Standards Update (ASU) NO. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The Organization had conditional contributions for the years ended June 30, 2021 and 2020 which are classified as conditional contributions liability in the accompanying financial statements.

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, 2021 and 2020 there were no cash equivalents.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

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

Asset and Liability Liquidity

On the Statements of Financial Position, the assets have been presented in a sequence according to their nearness of conversion to cash and the liabilities have been sequenced according to their nearness of their maturity and resulting use of cash. Financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 194,824
Receivables	<u>-</u>
	<u>\$ 194,824</u>

As part of liquidity management, it is policy to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. Although there is no intention of drawing on the line of credit for general expenditures as part of its annual budget approval and appropriation process, amounts from the line of credit could be made available if necessary.

New Accounting Pronouncements

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard is intended to address questions stemming from FASB ASU No. 2014-09, Revenue from Contracts with Customers, regarding its implications on the grants and contracts of not-for-profit organizations.

ASU 2018-08 applies to resource recipients. It includes decision trees to assist in evaluating a transaction. The first decision for both parties to consider is whether each party directly receives commensurate value. If the transaction is reciprocal (i.e., an exchange), the recipient would follow ASU 2014-09. If the transaction is nonreciprocal (i.e., a contribution), the recipient would apply contribution guidance.

For nonreciprocal transactions (contributions), the next point to consider for both parties is whether conditions have been placed on the resources provided. The presence of conditions affects the timing of revenue and expense recognition by the resource recipient and resource provider, respectively.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

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

New Accounting Pronouncements – (Continued)

Conditional contributions are recognized as liabilities if assets are transferred in advance or not recognized at all until the conditions have been substantially met or explicitly waived by the donor, at which point the contributions are recognized as unconditional and classified as net assets with or without donor restrictions. Unconditional contributions are recognized immediately and classified as net assets with or without donor restrictions.

Staff Related Expenses

This category includes background screening, drug testing, payroll services, staff recruitment, staff training, DCF training, staff uniforms, temporary labor (through Action Labor), and volunteer/staff appreciation.

Functional Expenses

The costs of providing the various programs, special events, and other activities have been summarized on a functional basis in each Statement of Functional Expenses. Accordingly, certain costs have been allocated among the general, program, and fundraising activities benefited. Therefore, these expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, payroll taxes and employee benefits, which are allocated on the basis of estimates of time, effort, and clients served. Other expenses such as occupancy, office, professional fees, dues, and subscriptions among others are allocated based upon estimated percentage of usage.

Property and Equipment

Property and equipment 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 2016, 2017, 2018, and 2019 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.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>Years</u>	<u>2021</u>	<u>2020</u>
Equipment and furnishings	5-10	\$ 77,105	\$ 76,459
		<u>77,105</u>	<u>76,459</u>
Less: accumulated depreciation		(39,146)	(26,676)
		<u>\$ 37,959</u>	<u>\$ 49,783</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$12,470 and \$11,557, respectively.

3. IN-KIND CONTRIBUTIONS

The Organization records any donated services or equipment on the financial statements as in-kind contributions. The Organization received \$0 of in-kind contributions for the years ended June 30, 2021 and 2020.

4. COMMITMENTS

The Organization has a lease for a postage machine with quarterly rental payments of \$138. Rental expense under the lease were \$552 for each year ended June 30, 2021 and 2020, respectively.

The Organization entered into a lease for office space effective June 1, 2017. The lease term was for two years with a right to terminate the lease after the first ten months. Effective June 1, 2018 the lease was extended for two years. This lease was extended on June 1, 2020 to December 31, 2020 with rent payments of \$2,000 per month.

In June 2021, a new lease agreement was executed through May 31, 2023. The lease calls for base rent of \$2,800 per month increasing to \$4,031 per month in July 2021.

Future minimum lease payments required under the above operating lease as of June 30, 2021 are as follows:

<u>June 30,</u>	
2022	\$ 33,600
2023	\$ 44,341
	<u>\$ 77,941</u>

Lease expense for each years ending June 30, 2021 and 2020 was \$50,883 and \$47,082, respectively.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

5. RELATED PARTY TRANSACTIONS

The Organization is required to pay national club dues to Girls Incorporated. The Organization paid Girls Incorporated \$8,593 and \$12,662 of dues for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, the Organization owed Girls Incorporated dues of \$-0-.

6. CONCENTRATION OF CREDIT RISK

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

	2021	2020
United Way	14.3%	12.1%
Kids Hope Alliance	35.5%	38.9%
Lucy Gooding Foundation	12.0%	0.0%
	<u>61.9%</u>	<u>51.0%</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 2021. 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 \$29,726 and \$36,246 for the years ended June 30, 2021 and 2020, respectively. Amount available for borrowing against the line of credit at June 30, 2021 was \$70,274.

8. CAPITAL LEASES PAYABLE

In 2016, the Organization is the lessee of telephone equipment under a capital lease expiring in May 2021. In August 2017, the Organization leased a copier under a capital lease expiring in August 2022. In January 2020, the Organization terminated the copier lease and executed another lease expiring in March 2025. The assets and liabilities under the capital leases are collateralized and are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The equipment is depreciated over its estimated production life. Depreciation of this leased equipment is included in depreciation expense for 2021 and 2020.

As of June 30, 2021 and 2020, the amount of the property held under the capital lease is \$32,095 and \$49,793 with accumulated depreciation of \$14,484 and \$5,336 at June 30, 2021 and 2020, respectively. The net book value of the equipment is \$31,254 and \$40,402 as of June 30, 2021 and 2020, respectively.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL LEASES PAYABLE – (Continued)

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

	2021	2020
Future minimum lease payments	\$ 50,091	\$ 64,572
Less: Amount representing interest	(13,494)	(20,671)
Present value of net minimum lease payments	36,597	43,901
Less: Current portion due within one year	(7,561)	(7,304)
Long-term capital lease obligation	<u>\$ 29,036</u>	<u>\$ 36,597</u>

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

9. KIDS HOPE ALLIANCE

The Organization was awarded support for the Summer Camp Program. For the year ended June 30, 2021, the award was \$36,000 of which the Organization received \$19,140 with the remaining balance payable when earned by the Organization. For the year ended June 30, 2020, the Organization was awarded \$36,000 and was paid \$18,000 which was earned at June 30, 2020. In September 2020, the Organization was paid \$18,000. All unused funds must be returned to the Kids Hope Alliance 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 Kids Hope Alliance funding.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

10. WITH DONOR RESTRICTION NET ASSETS

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

Program	2021	2020
Summer Camp Program	\$ -	\$ 18,000
Beneficial interest in assets held at Community Foundation	65,778	48,476
	<u>\$ 65,778</u>	<u>\$ 66,476</u>

11. SUBSEQUENT EVENTS

The line of credit revolves annually and was renewed in July 2021.

The date to which events occurring after June 30, 2021, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 12, 2021, which is the date on which the financial statements were available to be issued.

12. PPP LOAN PAYABLE

The Organization was granted a \$118,100 loan under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration (SBA) approved partner. Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the businesses’ average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight to 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a conditional contribution and subsequently recognized grant revenue in accordance with the guidance for conditional contributions; that is, once the measurable performance of other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$118,100 as grant revenue for the year ended June 30, 2021.

On March 17, 2021, the Organization received a second loan of \$119,985 from the U.S. Small Business Administration as part of the Paycheck Protection Program (“PPP”) under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The loan bears interest at 1%. After a deferral period and taking into account any loan forgiveness, the remaining balance is payable in equal monthly installments. The Organization has recorded the loan as a conditional contribution liability in the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS

13. **BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

The Organization has assets held in an endowment fund at the Community Foundation of Northeast Florida (the "Foundation") which is holding them as an agency fund ("Fund") for the benefit of the Organization. The Organization has granted the Foundation variance power which give the Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies which result in distributions to the Organization based upon the Fund's earnings without affecting the principal. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held at the Foundation in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities.

The beneficial interest in assets held at the Community Foundation of Northeast Florida has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date, utilizing valuations provided by the investment funds. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held at the Foundation is not redeemable by the Organization and therefore these assets are considered Perpetually Restricted Net Assets with Donor Restrictions.