

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

GIRLS INCORPORATED OF JACKSONVILLE

YEARS ENDED JUNE 30, 2020 AND 2019

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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, 2020 and 2019, 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.

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

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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, 2020 and 2019, 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
December 13, 2020

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents:		
Without donor restrictions	\$ 203,749	\$ 147,129
With donor restrictions	-	-
Contributions receivable:		
Without donor restrictions	-	-
With donor restrictions	18,000	23,496
Prepaid expenses	1,586	7,463
	<u>223,335</u>	<u>178,088</u>
PROPERTY AND EQUIPMENT, net	<u>49,783</u>	<u>30,429</u>
OTHER ASSETS		
Deposit	<u>2,800</u>	<u>2,800</u>
	<u>\$ 275,918</u>	<u>\$ 211,317</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 36,246	\$ 45,722
Current maturities of capital leases payable	7,304	7,401
Accounts payable	-	700
Conditional contribution	118,100	-
Accrued expenses	39,874	35,584
	<u>201,524</u>	<u>89,407</u>
NONCURRENT LIABILITIES		
Long-term capital leases payable	<u>36,597</u>	<u>18,505</u>
	<u>238,121</u>	<u>107,912</u>
COMMITMENTS		
NET ASSETS		
Without donor restrictions	19,797	79,909
With donor restrictions	18,000	23,496
	<u>37,797</u>	<u>103,405</u>
	<u>\$ 275,918</u>	<u>\$ 211,317</u>

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
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 disposition of assets	22,552	-	22,552
Interest income	30	-	30
Total support and revenues	<u>170,817</u>	<u>597,731</u>	<u>768,548</u>
 Net assets released from restrictions	 <u>603,227</u>	 <u>(603,227)</u>	 <u>-</u>
	<u>774,044</u>	<u>(5,496)</u>	<u>768,548</u>
Expenditures			
Program services	725,394	-	725,394
General and administrative	93,761	-	93,761
Fundraising	15,001	-	15,001
	<u>834,156</u>	<u>-</u>	<u>834,156</u>
Decrease in net assets	(60,112)	(5,496)	(65,608)
Net assets at beginning of year	<u>79,909</u>	<u>23,496</u>	<u>103,405</u>
Net assets at end of year	<u>\$ 19,797</u>	<u>\$ 18,000</u>	<u>\$ 37,797</u>

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Contributions	\$ 71,059	\$ -	\$ 71,059
United Way grants	-	105,164	105,164
Other grants	-	585,202	585,202
Program revenue	40,932	-	40,932
Special events	61,925	-	61,925
Other income	482	-	482
Loss on disposition of assets	(215)	-	(215)
Interest income	32	-	32
Total support and revenues	<u>174,215</u>	<u>690,366</u>	<u>864,581</u>
 Net assets released from restrictions	 690,355	 (690,355)	 -
	<u>864,570</u>	<u>11</u>	<u>864,581</u>
Expenditures			
Program services	686,170	-	686,170
General and administrative	105,737	-	105,737
Fundraising	22,582	-	22,582
	<u>814,489</u>	<u>-</u>	<u>814,489</u>
Increase in net assets	50,081	11	50,092
Net assets at beginning of year	<u>29,828</u>	<u>23,485</u>	<u>53,313</u>
Net assets at end of year	<u>\$ 79,909</u>	<u>\$ 23,496</u>	<u>\$ 103,405</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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	General and Administrative	Fundraising	Total
Personnel Expenses				
Salaries and wages	\$ 521,687	\$ 44,444	\$ 7,962	\$ 574,093
Payroll taxes and benefits	59,902	7,351	787	68,040
	<u>581,589</u>	<u>51,795</u>	<u>8,749</u>	<u>642,133</u>
Operating Expenses				
Marketing and fund development	28	179	8,430	8,637
Occupancy	47,946	5,589	585	54,120
Office expenses	10,268	3,873	2,057	16,198
Depreciation	-	9,798	-	9,798
Staff expenses	6,902	1,831	-	8,733
Professional fees	8,785	9,803	86	18,674
Insurance	437	3,402	-	3,839
Interest and bank charges	854	14,112	2,425	17,391
Program - miscellaneous	20,535	-	-	20,535
Dues and subscriptions	5,648	1,212	250	7,110
Travel and automobile expense	3,177	4,144	-	7,321
	<u>104,580</u>	<u>53,943</u>	<u>13,833</u>	<u>172,356</u>
Total Expenses	<u>\$ 686,170</u>	<u>\$ 105,737</u>	<u>\$ 22,582</u>	<u>\$ 814,489</u>

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (decrease) increase in net assets	\$ (65,608)	\$ 50,092
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	11,557	9,798
(Gain) loss on disposal and sale of assets	(22,552)	618
Change in financial position accounts:		
Contributions receivable	5,496	739
Prepaid expenses	5,877	(527)
Accounts payable and accrued expenses	3,590	(15,124)
Conditional contribution	118,100	-
Net cash provided by operating activities	<u>56,460</u>	<u>45,596</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	40,204	-
Purchases of property and equipment	(2,826)	(1,608)
Net cash provided by (used in) investing activities	<u>37,378</u>	<u>(1,608)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on capital leases payable	(27,742)	(5,373)
(Repayments) proceeds on line of credit, net	(9,476)	15,026
Net cash (used in) provided by financing activities	<u>(37,218)</u>	<u>9,653</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	56,620	53,641
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>147,129</u>	<u>93,488</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 203,749</u>	<u>\$ 147,129</u>
CASH AND CASH EQUIVALENTS - UNRESTRICTED	\$ 203,749	\$ 147,129
CASH AND CASH EQUIVALENTS - TEMPORARILY RESTRICTED	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 203,749</u>	<u>\$ 147,129</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 21,817</u>	<u>\$ 10,820</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment acquired with capital lease payable	<u>\$ 45,737</u>	<u>\$ -</u>

See independent auditor's report and notes to financial statements.
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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 year ended June 30, 2020 which are classified as conditional contribution 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, 2020 and 2019 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	\$	203,749
Receivables		<u>18,000</u>
	\$	<u>221,749</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

In August 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expense and liquidity and availability of resources. The standard is effective for not-for-profit organizations for periods beginning after December 15, 2017. In 2018, the Organization applied this standard retrospectively in the accompanying financial statements. In 2019, the Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

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

New Accounting Pronouncements – (Continued)

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.

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.

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 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.

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>Years</u>	<u>2020</u>	<u>2019</u>
Equipment and furnishings	5-10	<u>\$ 76,459</u>	<u>\$ 59,991</u>
		76,459	59,991
Less: accumulated depreciation		<u>(26,676)</u>	<u>(29,562)</u>
		<u>\$ 49,783</u>	<u>\$ 30,429</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$11,557 and \$8,962, 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 \$0 of in-kind contributions for the years ended June 30, 2020 and 2019.

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, 2020 and 2019, 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.

Future minimum lease payments required under the above operating lease as of June 30, 2020 are as follows:

<u>June 30,</u> 2020	\$ 12,000
	<u><u>\$ 12,000</u></u>

Lease expense for each years ending June 30, 2020 and 2019 was \$50,883 and \$47,082, respectively.

5. RELATED PARTY TRANSACTIONS

The Organization is required to pay national club dues to Girls Incorporated. The Organization paid Girls Incorporated \$12,662 and \$5,930 of dues for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, 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, 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:

	<u>2020</u>	<u>2019</u>
United Way	12.1%	15.0%
Kids Hope Alliance	38.9%	26.5%
Ounce of Prevention	0.0%	17.8%
	<u>51.1%</u>	<u>59.3%</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 2020. 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 \$36,246 and \$45,722 for the years ended June 30, 2020 and 2019, respectively. Amount available for borrowing against the line of credit at June 30, 2020 was \$63,754.

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 2020 and 2019.

As of June 30, 2020 and 2019, the amount of the property held under the capital lease is \$49,793 and \$36,150 with accumulated depreciation of \$7,701 and \$13,554 at June 30, 2020 and 2019, respectively. The net book value of the equipment is \$42,092 and \$22,596 as of June 30, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Future minimum lease payments	\$ 64,572	\$ 44,261
Less: Amount representing interest	<u>(20,671)</u>	<u>(12,982)</u>
Present value of net minimum lease payments	43,901	31,279
Less: Current portion due within one year	<u>(7,304)</u>	<u>(5,829)</u>
Long-term capital lease obligation	<u>\$ 36,597</u>	<u>\$ 25,450</u>

Interest rates on the capital leases are 12.86% and 17.51% 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, 2020, 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, 2019, the Organization was awarded \$36,000 and was paid \$18,000 which was earned at June 30, 2020. In September 2019, 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.

10. **WITH DONOR RESTRICTION NET ASSETS**

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

<u>Program</u>	<u>2020</u>	<u>2019</u>
Middle School Health Program	\$ -	\$ 4,621
Summer Camp Program	18,000	-
Mentoring Program	<u>-</u>	<u>18,875</u>
	<u>\$ 18,000</u>	<u>\$ 23,496</u>

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

11. **SUBSEQUENT EVENTS**

The line of credit revolves annually and was renewed in July 2020.

The date to which events occurring after June 30, 2020, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 13, 2020, which is the date on which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.

12. **CONDITIONAL CONTRIBUTION**

The Organization received a loan of \$118,100 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. Professional guidance states to treat the loan as a conditional contribution until loan forgiveness has been determined. At that time, the amount of the loan forgiven will be an unrestricted contribution. The unforgiven amount, if any, will bear interest at 1%. Management expects the total loan to be forgiven as of the date of these financial statements.