

February 7, 2023

Ms. Alexis Howard, Interim CEO
Girls Incorporated of Jacksonville
100 Festival Park Avenue
Jacksonville, Florida 32202

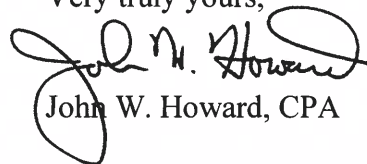
Dear Ms. Howard:

Enclosed is one (1) bound copy of the report for Girls Incorporated of Jacksonville. We will be pleased to discuss any questions relative to this report at your convenience.

If you intend to reproduce or publish additional copies of this report or any portion thereof with which our name is to be associated, we request that printer's proofs of all such materials be submitted to us so that we may consent to the use of our name before distribution.

We appreciate the opportunity to be of service to you.

Very truly yours,


John W. Howard, CPA

JWH/lmb
Enclosure
14600

*American Institute of
Certified Public Accountants*

*Florida Institute of
Certified Public Accountants*

CPACONNECT

**4745 Sutton Park Court
Suite 102
Jacksonville, FL 32224**

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

GIRLS INCORPORATED OF JACKSONVILLE

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
GIRLS INCORPORATED OF JACKSONVILLE

Opinion

We have audited the accompanying financial statements of Girls Incorporated of Jacksonville, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022, and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Jacksonville, Inc. as of June 30, 2022, and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls Incorporated of Jacksonville, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Incorporated of Jacksonville, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Girls Incorporated of Jacksonville, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Incorporated of Jacksonville, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Howard & Company, CPAs, P.A.

Jacksonville, Florida
January 20, 2023

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents:		
Without donor restrictions	\$ 99,182	\$ 194,824
With donor restrictions	-	-
Contributions receivable:		
Without donor restrictions	-	-
With donor restrictions	-	-
Prepaid expenses	8,874	2,715
	<u>108,056</u>	<u>197,539</u>
PROPERTY AND EQUIPMENT, net	<u>25,892</u>	<u>37,959</u>
OTHER ASSETS		
Beneficial interest in assets held at Community Foundation	57,613	65,778
Deposit	2,800	2,800
	<u>60,413</u>	<u>68,578</u>
	<u>\$ 194,361</u>	<u>\$ 304,076</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 40,888	\$ 29,727
Current maturities of capital lease payable	8,996	7,561
Accounts payable	1,792	-
Conditional contributions	-	119,985
Accrued expenses	39,314	49,350
	<u>90,990</u>	<u>206,623</u>
NONCURRENT LIABILITIES		
Long-term capital lease payable	<u>20,040</u>	<u>29,036</u>
	<u>111,030</u>	<u>235,659</u>
COMMITMENTS		
NET ASSETS		
Without donor restrictions	25,719	2,639
With donor restrictions	57,613	65,778
	<u>83,331</u>	<u>68,417</u>
	<u>\$ 194,361</u>	<u>\$ 304,076</u>

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

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Contributions	\$ 39,306	-	\$ 39,306
United Way grants	-	86,208	86,208
Kids Hope Alliance grants	-	203,212	203,212
Other grants	-	135,624	135,624
PPP loan forgiveness grant	-	120,715	120,715
Employee Retention Credit	123,000	-	123,000
Program revenue	18,707	-	18,707
Special events, net	96,893	-	96,893
Loss on change in value of beneficial interest in assets held at Community Foundation	-	(8,165)	(8,165)
Interest income	6	-	6
Total support and revenues	<u>277,912</u>	<u>537,594</u>	<u>815,506</u>
Net assets released from restrictions	<u>545,759</u>	<u>(545,759)</u>	<u>-</u>
	<u>823,671</u>	<u>(8,165)</u>	<u>815,506</u>
Expenditures			
Program services	596,652	-	596,652
General and administrative	109,488	-	109,488
Fundraising	94,451	-	94,451
	<u>800,591</u>	<u>-</u>	<u>800,591</u>
Increase in net assets	23,080	(8,165)	14,915
Net assets at beginning of year	<u>2,639</u>	<u>65,778</u>	<u>68,417</u>
Net assets at end of year	<u>\$ 25,719</u>	<u>\$ 57,613</u>	<u>\$ 83,331</u>

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

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
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	<u>134,306</u>	<u>686,404</u>	<u>820,710</u>
 Net assets released from restrictions	 <u>687,102</u>	 <u>(687,102)</u>	 <u>-</u>
	<u>821,408</u>	<u>(698)</u>	<u>820,710</u>
Expenditures			
Program services	629,927	-	629,927
General and administrative	166,984	-	166,984
Fundraising	41,655	-	41,655
	<u>838,566</u>	<u>-</u>	<u>838,566</u>
Decrease in net assets	(17,158)	(698)	(17,856)
Net assets at beginning of year	<u>19,797</u>	<u>66,476</u>	<u>86,273</u>
Net assets at end of year	<u>\$ 2,639</u>	<u>\$ 65,778</u>	<u>\$ 68,417</u>

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses				
Salaries and wages	\$ 431,467	\$ 49,231	\$ 32,035	\$ 512,733
Payroll taxes and benefits	61,508	9,758	6,241	77,507
	<u>492,975</u>	<u>58,989</u>	<u>38,276</u>	<u>590,240</u>
Operating Expenses				
Travel and automobile expenses	-	-	-	-
Marketing and fund development	23	-	51,675	51,698
Occupancy	26,330	7,270	-	33,600
Office expenses	6,999	4,752	202	11,953
Depreciation	-	12,067	-	12,067
Staff expenses	230	134	-	364
Professional fees	42,092	10,226	333	52,651
Insurance	5,774	829	374	6,977
Interest and bank fees	1,461	11,922	3,275	16,658
License and permits	-	404	-	404
Program expenses	13,499	819	316	14,634
Dues and subscriptions	7,269	2,076	-	9,345
	<u>103,677</u>	<u>50,499</u>	<u>56,175</u>	<u>210,351</u>
Total Expenses	<u>\$ 596,652</u>	<u>\$ 109,488</u>	<u>\$ 94,451</u>	<u>\$ 800,591</u>

GIRLS INCORPORATED OF JACKSONVILLE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
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

STATEMENTS OF CASH FLOWS

	<u>Years Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ 14,915	\$ (17,856)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:		
Depreciation	12,067	12,470
Change in value of beneficial interest in assets held at Community Foundation	8,165	(17,302)
Gain on disposal and sale of assets	-	-
Change in financial position accounts:		
Contributions receivable	-	18,000
Prepaid expenses	(6,160)	(1,129)
Accounts payable and accrued expenses	(8,244)	9,476
Conditional contributions	(119,985)	1,885
Net cash (used in) provided by operating activities	<u>(99,242)</u>	<u>5,544</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(646)
Net cash used in investing activities	<u>-</u>	<u>(646)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on capital leases payable, net	(7,561)	(7,303)
Proceeds (repayments) on line of credit, net	11,162	(6,520)
Net cash provided by (used in) financing activities	<u>3,601</u>	<u>(13,823)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(95,641)	(8,925)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>194,824</u>	<u>203,749</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 99,182</u>	<u>\$ 194,824</u>
CASH AND CASH EQUIVALENTS - UNRESTRICTED	\$ 99,182	\$ 194,824
CASH AND CASH EQUIVALENTS - TEMPORARILY RESTRICTED	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 99,182</u>	<u>\$ 194,824</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>

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

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)

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, 2022, and 2021 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, 2022 and 2021 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	\$ 99,182
Receivables	<u>-</u>
	<u>\$ 99,182</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 February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations.

This new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

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.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

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

New Accounting Pronouncements – (Continued)

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.

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.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

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

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 2018, 2019, 2020, and 2021 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>2022</u>	<u>2021</u>
Equipment and furnishings	5-10	\$ 77,105	\$ 77,105
		<u>77,105</u>	<u>77,105</u>
Less: accumulated depreciation		<u>(51,213)</u>	<u>(39,146)</u>
		<u>\$ 25,892</u>	<u>\$ 37,959</u>

Depreciation expense for the years ended June 30, 2022, and 2021 was \$12,067 and \$12,470, 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, 2022, and 2021.

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, 2022, and 2021, 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.

GIRLS INCORPORATED OF JACKSONVILLE

NOTES TO FINANCIAL STATEMENTS

4. **COMMITMENTS** – (Continued)

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> 2023	\$ 44,341
	<u><u>\$ 44,341</u></u>

Lease expense for each years ending June 30, 2022, and 2021 was \$33,600 and \$24,000, respectively.

5. **RELATED PARTY TRANSACTIONS**

The Organization is required to pay national club dues to Girls Incorporated. The Organization paid Girls Incorporated \$8,895 and \$8,593 of dues for the years ended June 30, 2022, and 2021, respectively. At June 30, 2022 and 2021, 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 Lucy Gooding Foundation. Total support from these donors was as follows at June 30:

	<u>2022</u>	<u>2021</u>
United Way	10.5%	14.3%
Kids Hope Alliance	27.8%	35.5%
Lucy Gooding Foundation	4.9%	12.0%
	<u><u>43.3%</u></u>	<u><u>61.8%</u></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 2022. 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 \$40,888 and \$29,726 for the years ended June 30, 2022, and 2021, respectively. Amount available for borrowing against the line of credit at June 30, 2022 was \$59,112.

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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 2022 and 2021.

As of June 30, 2022 and 2021, the amount of the property held under the capital lease is \$45,738 and \$45,738 with accumulated depreciation of \$23,632 and \$14,484 at June 30, 2022 and 2021, respectively. The net book value of the equipment is \$22,106 and \$31,254 as of June 30, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>
Future minimum lease payments	\$ 33,453	\$ 50,091
Less: Amount representing interest	<u>(4,417)</u>	<u>(13,494)</u>
Present value of net minimum lease payments	29,036	36,597
Less: Current portion due within one year	<u>(8,996)</u>	<u>(7,561)</u>
Long-term capital lease obligation	<u>\$ 20,040</u>	<u>\$ 29,036</u>

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

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9. **KIDS HOPE ALLIANCE**

The Organization was awarded support for the Summer Camp Program. For the year ended June 30, 2022, the award was \$36,000 of which the Organization received \$26,070 with the remaining balance payable when earned by the Organization. For the year ended June 30, 2021, the Organization was awarded \$36,000 and was paid \$19,140 which was earned at June 30, 2021. In September 2021, the Organization was paid \$16,860. 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>2022</u>	<u>2021</u>
Summer Camp Program	\$ -	\$ -
Beneficial interest in assets held at Community Foundation	57,613	65,778
	<u>\$ 57,613</u>	<u>\$ 65,778</u>

11. **SUBSEQUENT EVENTS**

The line of credit revolves annually and was renewed in July 2022.

The date to which events occurring after June 30, 2022, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is January 20, 2023, 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

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12. **PPP LOAN PAYABLE - (Continued)**

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 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 \$119,985 as grant revenue for the year ended June 30, 2022.

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.