



Inspiring all girls
to be strong,
smart, and bold

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

March 31, 2020 and 2019

GIRLS INC.

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Independent Auditors' Report

Board of Directors
Girls Inc.

We have audited the accompanying financial statements of Girls Inc., which comprise the statements of financial position as of March 31, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Inc. as of March 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2020, Girls Inc. adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Our opinion is not modified with respect to these matters.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
June 25, 2020

GIRLS INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2020 and 2019

ASSETS

	2020	2019
ASSETS		
Cash	\$ 3,353,864	\$ 3,739,356
Accrued investment income	6,238	6,416
Dues receivable	81,996	30,137
Promises to give and grants receivable, net	1,778,295	5,146,381
Investments - current	14,105,501	12,273,817
Prepaid expenses and other	307,924	290,415
Note receivable from affiliate	59,843	59,843
Investments - endowment	5,052,407	5,736,871
Property and equipment, net	1,350,075	1,398,241
Beneficial interest in perpetual trusts	<u>9,708,027</u>	<u>10,632,694</u>
TOTAL ASSETS	<u>\$ 35,804,170</u>	<u>\$ 39,314,171</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 854,261	\$ 1,735,883
Scholarships payable	1,156,809	1,123,350
Deferred revenue	313,811	258,041
Accrued pension cost	1,256,430	967,010
Deferred rent obligation	<u>100,168</u>	<u>102,451</u>
Total Liabilities	<u>3,681,479</u>	<u>4,186,735</u>
NET ASSETS		
Without donor restrictions:		
Designated by the Board for endowment	555,268	659,983
Undesignated	<u>8,366,717</u>	<u>7,881,284</u>
	<u>8,921,985</u>	<u>8,541,267</u>
With donor restrictions:		
Purpose and time restrictions	8,995,540	10,876,587
Endowment	<u>14,205,166</u>	<u>15,709,582</u>
	<u>23,200,706</u>	<u>26,586,169</u>
Total Net Assets	<u>32,122,691</u>	<u>35,127,436</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,804,170</u>	<u>\$ 39,314,171</u>

See accompanying notes.

GIRLS INC.

STATEMENTS OF ACTIVITIES
Years Ended March 31, 2020 and 2019

	Without Donor Restrictions	2020 With Donor Restrictions	Total
REVENUE AND SUPPORT			
Special events revenue	\$ 1,184,584		\$ 1,184,584
Less: Direct costs of special events	(142,655)		(142,655)
Special events, net	1,041,929		1,041,929
Contributions and private grants	4,628,178	\$ 5,931,644	10,559,822
In-kind contributions	107,940		107,940
Government grants and contracts		657,655	657,655
Program revenue	721,016		721,016
Other income	86,560		86,560
	6,585,623	6,589,299	13,174,922
Net assets released from restrictions	9,173,529	(9,173,529)	
	15,759,152	(2,584,230)	13,174,922
EXPENSES			
Program Services:			
Affiliate services/growth	5,108,356		5,108,356
Program, research and training	5,392,385		5,392,385
Public education and advocacy	1,663,077		1,663,077
Total Program Services	12,163,818		12,163,818
Supporting Services:			
Management and general	376,438		376,438
Fundraising	2,284,575		2,284,575
Total Supporting Services	2,661,013		2,661,013
Total Expenses	14,824,831		14,824,831
CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN	934,321	(2,584,230)	(1,649,909)
INVESTMENT RETURN			
Net appreciation (depreciation) on investments and funds held by trustees	(346,107)	(1,404,531)	(1,750,638)
Investment income, net	179,013	603,298	782,311
Total Investment Return	(167,094)	(801,233)	(968,327)
CHANGE IN NET ASSETS BEFORE PENSION CHANGES OTHER THAN NET PERIODIC COSTS	767,227	(3,385,463)	(2,618,236)
Pension changes other than net periodic costs	(386,509)		(386,509)
CHANGE IN NET ASSETS	380,718	(3,385,463)	(3,004,745)
NET ASSETS			
Beginning of Year	8,541,267	26,586,169	35,127,436
End of Year	\$ 8,921,985	\$ 23,200,706	\$ 32,122,691

See accompanying notes.

<u>Without Donor Restrictions</u>	<u>2019 With Donor Restrictions</u>	<u>Total</u>
\$ 1,483,872		\$ 1,483,872
<u>(149,633)</u>		<u>(149,633)</u>
1,334,239		1,334,239
4,502,595	\$ 7,423,038	11,925,633
326,074		326,074
	1,072,602	1,072,602
747,437		747,437
<u>82,913</u>		<u>82,913</u>
6,993,258	<u>8,495,640</u>	15,488,898
<u>12,197,302</u>	<u>(12,197,302)</u>	
<u>19,190,560</u>	<u>(3,701,662)</u>	<u>15,488,898</u>
9,055,280		9,055,280
5,048,790		5,048,790
1,954,953		1,954,953
<u>16,059,023</u>		<u>16,059,023</u>
323,457		323,457
<u>2,119,896</u>		<u>2,119,896</u>
<u>2,443,353</u>		<u>2,443,353</u>
<u>18,502,376</u>		<u>18,502,376</u>
<u>688,184</u>	<u>(3,701,662)</u>	<u>(3,013,478)</u>
51,421	1,001,176	1,052,597
<u>228,090</u>	<u>582,245</u>	<u>810,335</u>
<u>279,511</u>	<u>1,583,421</u>	<u>1,862,932</u>
967,695	(2,118,241)	(1,150,546)
<u>(205,776)</u>		<u>(205,776)</u>
761,919	(2,118,241)	(1,356,322)
<u>7,779,348</u>	<u>28,704,410</u>	<u>36,483,758</u>
<u>\$ 8,541,267</u>	<u>\$ 26,586,169</u>	<u>\$ 35,127,436</u>

GIRLS INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended March 31, 2020 and 2019

	Affiliate Services/Growth		Program, Research and Training		Public Education and Advocacy	
	2020	2019	2020	2019	2020	2019
Salaries	\$ 1,147,469	\$ 1,112,006	\$ 1,808,409	\$ 1,566,936	\$ 769,305	\$ 783,304
Payroll taxes and employee benefits	361,199	349,539	569,606	492,538	243,660	246,217
Consultants and professional fees	388,932	264,184	1,002,882	853,104	414,674	383,809
Supplies	3,673	5,686	11,121	10,745	2,508	3,404
Telephone and computer expense	6,676	6,427	91,478	97,992	4,069	2,891
Postage and shipping expense	2,706	3,180	1,529	3,263	2,036	1,684
Occupancy	47,937	45,198	87,627	80,588	86,103	94,029
Insurance	9,567	10,513	16,825	18,403	5,774	8,128
Equipment rental and maintenance	3,072	3,488	25,316	24,709	1,854	2,697
Travel and meetings expense	249,443	357,617	126,496	121,773	48,254	52,438
Printing and publications expense	22,950	28,531	13,168	38,161	43,513	309,160
Subscriptions	664	1,120	1,167	2,098	8,687	9,376
Membership dues	11,868	8,390	10,542	8,434	2,549	5,071
Awards	355,000	316,919				
Pass-through grants to affiliates	2,454,709	6,521,676	1,593,269	1,692,287	18,783	35,640
Depreciation	18,736	14,788	32,950	25,886	11,308	11,434
Miscellaneous	23,755	6,018		11,873		5,671
TOTAL EXPENSES BY FUNCTION	5,108,356	9,055,280	5,392,385	5,048,790	1,663,077	1,954,953
Less: Expenses included with revenues on the statements of activities: Cost of direct benefits to donors						
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	\$ 5,108,356	\$ 9,055,280	\$ 5,392,385	\$ 5,048,790	\$ 1,663,077	\$ 1,954,953

See accompanying notes.

Management and General		Fundraising		Cost of Direct Benefits to Donors		Total	
2020	2019	2020	2019	2020	2019	2020	2019
\$ 197,849	\$ 155,389	\$ 1,052,476	\$ 1,059,741			\$ 4,975,508	\$ 4,677,376
62,279	48,844	331,294	333,110			1,568,038	1,470,248
25,963	33,958	146,894	134,013			1,979,345	1,669,068
1,902	1,920	3,387	5,553			22,591	27,308
	108	2,041	20,651			104,264	128,069
	679	4,200	8,672			10,471	17,478
41,460	37,117	35,691	45,498			298,818	302,430
8,275	8,633	7,123	10,582			47,564	56,259
2,657	2,864	3,017	3,570			35,916	37,328
15,559	13,257	53,901	65,356	\$ 141,975	149,333	635,628	759,774
62		106,302	93,877	680	300	186,675	470,029
574	920	42,220	21,038			53,312	34,552
3,653	2,784	8,144	5,495			36,756	30,174
		471,165	286,547			355,000	316,919
						4,537,926	8,536,150
16,205	12,144	13,950	14,886			93,149	79,138
	4,840	2,770	11,307			26,525	39,709
376,438	323,457	2,284,575	2,119,896	142,655	149,633	14,967,486	18,652,009
				(142,655)	(149,633)	(142,655)	(149,633)
<u>\$ 376,438</u>	<u>\$ 323,457</u>	<u>\$ 2,284,575</u>	<u>\$ 2,119,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,824,831</u>	<u>\$ 18,502,376</u>

GIRLS INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2020 and 2019

	2020	Adjusted 2019
OPERATING ACTIVITIES		
Decrease in net assets	\$ (3,004,745)	\$ (1,356,322)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	93,149	79,138
Net depreciation (appreciation) of investments	825,971	(274,110)
Net depreciation (appreciation) of funds held by trustees	924,667	(778,487)
(Increase) decrease in certain assets:		
Accrued investment income	178	1,656
Dues receivable	(51,859)	(219,676)
Promises to give and grants	3,368,086	4,858,181
Prepaid expenses and other	(17,509)	(48,739)
Notes receivable from affiliates		(37,621)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	(881,622)	(206,745)
Scholarships payable	33,459	50,242
Deferred revenue	55,770	18,116
Accrued pension cost	289,420	165,660
Deferred rent obligation	(2,283)	730
Net Cash Provided by Operating Activities	<u>1,632,682</u>	<u>2,252,023</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(44,983)	(84,563)
Purchases of investments	(23,806,665)	(9,284,652)
Proceeds from sales of investments	<u>14,502,735</u>	<u>16,274,269</u>
Net Cash Provided (Used) by Investing Activities	<u>(9,348,913)</u>	<u>6,905,054</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(7,716,231)	9,157,077
CASH AND EQUIVALENTS		
Beginning of Year	<u>13,486,658</u>	<u>4,329,581</u>
End of Year	<u>\$ 5,770,427</u>	<u>\$ 13,486,658</u>
CASH AND EQUIVALENTS		
Cash	\$ 3,353,864	\$ 3,739,356
Cash equivalents included in investments - current	2,416,563	9,597,117
Cash equivalents included in investments - endowment		<u>150,185</u>
TOTAL CASH AND EQUIVALENTS	<u>\$ 5,770,427</u>	<u>\$ 13,486,658</u>

See accompanying notes.

GIRLS INC.

NOTES TO FINANCIAL STATEMENTS March 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Girls Inc., which is incorporated in the Commonwealth of Massachusetts, inspires all girls to be strong, smart, and bold through life-changing programs and experiences that help girls navigate gender, economic, and social barriers. Research-based curricula, delivered by trained, mentoring professionals in a positive all-girl environment equip girls to achieve academically; lead healthy and physically active lives; manage money; navigate media messages; and discover an interest in science, technology, engineering, and math. The network of local Girls Inc. nonprofit organizations serves 134,000 girls ages 6 to 18 annually across the United States and Canada. The accompanying financial statements of Girls Inc. do not include the financial position and operating results of affiliates, each of which has its own independent board of directors and maintains separate accounts.

The program services of Girls Inc. are as follows:

- **Affiliate Services/Growth** reflects delivery of program and management services and technical assistance to affiliates, replication of programs at affiliates, national scholarships and awards, development of delivery systems in major urban areas and the convening of regional meetings.
- **Program, Research and Training** reflects program development, field testing, evaluation, research, training, and technical assistance for Girls Inc. programs. Programs focus on science, math and technology, health and sexuality, economic and financial literacy, sports skills, leadership and advocacy and media literacy.
- **Public Education and Advocacy** reflects public education, advocacy, representation in Washington, D.C., communications with internal and external audiences and strategic alliances entered into for visibility purposes.

New Accounting Pronouncements: On April 1, 2019, Girls Inc. adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date (together, ASC 606) as prescribed by the Financial Accounting Standards Board (FASB) using the modified retrospective method of adoption. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASC 606 did not have a significant impact on Girls Inc.'s revenue recognition, financial position, results of operations or cash flows. Therefore, no cumulative-effect adjustment to net assets as of April 1, 2019 was required upon adoption.

Girls Inc. also adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 was prescribed by the FASB and clarifies and improves the scope and accounting guidance for contributions received and contributions made. The ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of ASC 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU was applied using a modified prospective basis and did not have a significant impact to the financial statements.

Girls Inc. also adopted ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the year in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. ASU No. 2016-18 was prescribed by the FASB and has been applied retrospectively to all years presented. The adoption of ASU No. 2016-18 resulted in the 2019 statement of cash flows explaining the change in cash equivalents held in investments of \$9,747,302 and \$330,248 at March 31, 2019 and 2018, respectively, that had previously not been explained on the 2019 statement of cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require Girls Inc. to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of Girls Inc.'s management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Girls Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash and Equivalents consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less for the purposes of the statements of cash flows. Cash and equivalents included in investment accounts are reflected in investments on the balance sheets. Girls Inc. maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. Girls Inc. has not experienced any losses from its bank accounts.

Promises to Give and Grants Receivable: Unconditional promises to give and grants receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Promises to give and grants receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors.

Investment Valuation and Income Recognition: Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of distributions from perpetual trusts, interest and dividends and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Distributions from perpetual trusts are recognized upon receipt. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment: Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis over the lesser of the estimated useful lives or the lease term as follows:

Building	10-40 years
Furnishings and equipment	3-10 years
Leasehold and building improvements	7-15 years

Girls Inc.'s property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2020 and 2019.

Perpetual Trusts: Girls Inc. is the beneficiary of certain perpetual trusts. Perpetual trusts are recognized as revenue when Girls Inc. is notified that it has been named as an irrevocable beneficiary of a trust.

Perpetual trusts are created by donors and are neither in the possession nor under the control of the Girls Inc. The trusts are administered by third party trustees as designated by the donors. Girls Inc. is entitled to receive all or a portion of the annual net income earned from the assets of the trusts. Girls Inc.'s beneficial interest in perpetual trusts is presented at fair value. See Note 3. Perpetual trusts are included in net assets with donor restrictions, and changes in value of perpetual trusts are recognized within net assets with donor restrictions in the statements of activities. Distributions are recognized within net assets with or without donor restrictions in the statements of activities based on any donor restrictions specified in the trust agreement.

Contributions, Grants and Contracts are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable advances.

The Organization receives financial assistance from government grants and contracts. Grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors. Management believes an adverse material outcome from those reviews and audits is unlikely. At March 31, 2020, Girls Inc. had outstanding promises to give of \$250,000, which are conditional on requirements in accordance with the respective grant agreement and applicable regulations. At March 31, 2019, there were no conditional outstanding promises to give.

In-kind Contributions: Contributions of services, which consisted primarily of professional services and advertising are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Volunteers contribute significant amounts of time to Girls Inc. activities that do not meet recognition criteria, and the value of these contributed services is not reflected in the financial statements. Contributions of food, equipment, and other goods are recorded at estimated fair value when received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the years ended March 31, 2020 and 2019, donated advertising services of \$40,608 and \$302,439, respectively, are included in in-kind contributions and in public education and advocacy expenses. The fair value of donated public service announcements is estimated on the basis of economic benefits received by Girls Inc. In addition to providing economic benefits to Girls Inc., donated public service announcements provide benefits to all of the member affiliates. In addition, for the years ended March 31, 2020 and 2019, donated legal, consulting and IT services of \$67,331 and \$23,635, respectively, are included in in-kind contributions and in management and general expenses.

Program Service Revenue is recognized when earned at the time the service is performed.

Membership Dues, which are based on a percentage of the member affiliates' annual expenditures, are recognized as revenue ratably over the membership period of one year and are included in program revenue. Deferred revenue includes membership dues received in advance of the period to which they relate. If necessary, the carrying amount of dues receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management determined that no allowance was necessary as of March 31, 2020 and 2019.

Special Events Revenue, including related sponsorship revenue and other contributions, are considered unconditional contributions, except for the portion related to the direct benefit being provided to the donors that is considered an exchange transaction. The contribution portion is recognized when received and the exchange transaction portion of the revenue is recognized upon occurrence of the event. Funds received for the exchange transaction portion of the revenue for events occurring subsequent to the statement of financial position date is reflected as deferred revenue.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs have been allocated to program and supporting services benefited. The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel related expenses	Time and effort
Office expenses	Time and effort
Information technology	Full time equivalent
Occupancy	Square footage
Travel	Time and effort
Conferences and meetings	Time and effort
Depreciation	Full time equivalent
Other	Time and effort

Grants and Other Assistance are recognized as expense when the grant is made or other assistance is provided. Promises to give to others are recognized as grants payable and expense when the promise has been communicated to the grantees and becomes unconditional.

Advertising Costs are expensed as incurred and totaled \$186,687 in 2020 and \$469,846 in 2019.

Income Taxes: Girls Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. In addition, Girls Inc. has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for the years ended March 31, 2020 and 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Girls Inc. files U.S. federal and states of New York and Indiana information tax returns. Girls Inc. is no longer subject to U.S. federal and state income tax examinations by tax authorities for the fiscal years before March 31, 2017. Management believes that Girls Inc.'s income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in material change.

Reclassifications: Certain amounts in the 2019 financial statements have been reclassified to conform to the presentation of the 2020 financial statements.

Subsequent Events: Management has evaluated the financial statements for potential recognition and disclosure of subsequent events occurring through June 25, 2020, the date the financial statements were available to be issued. See Note 14.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

Girls Inc.'s financial assets available for general expenditure within one year of March 31, 2020 and 2019 were as follows:

	2020	2019
Cash	\$ 3,353,864	\$ 3,739,356
Accrued investment income	6,238	6,416
Dues receivable	81,996	30,137
Promises to give and grants receivable, net	1,778,295	5,146,381
Investments - current	14,105,501	12,273,817
Notes receivable from affiliates	59,843	59,843
Investments - endowment	5,052,407	5,736,871
Beneficial interest in perpetual trust	<u>9,708,027</u>	<u>10,632,694</u>
Total Financial Assets	34,146,171	37,625,515
Donor-imposed Restrictions:		
Funds subject to donor restrictions	(8,995,540)	(10,876,587)
Endowment	(14,205,166)	(15,709,582)
Board-designated endowment	<u>(555,268)</u>	<u>(659,983)</u>
Total Financial Assets Available Within One Year	<u>\$10,390,197</u>	<u>\$10,379,363</u>

Girls Inc.'s endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors as endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Although Girls Inc. does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

Girls Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Girls Inc. invests cash in excess of daily requirements in short-term investments, including certificate of deposits and money market fund shares. As described in Note 9, Girls Inc. also has a committed line of credit in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 3 - FAIR VALUE MEASUREMENTS

Girls Inc. has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Girls Inc. has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, Girls Inc. makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by Girls Inc. for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at March 31, 2020 and 2019.

Money Market Fund Shares: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and transact at that price.

Common Stocks, Exchange Traded Funds, and Government Agency Bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Beneficial Interest in Perpetual Trusts: Valued using Girls Inc.'s proportionate share of the fair value of the assets in the trust, as provided by the trustee, unless there are facts and circumstances that indicate that the fair value of the beneficial interest differs from the fair value of Girls Inc.'s proportionate share of the assets held by the trust, in which case the present value of the estimated future cash flows would be used. When Girls Inc.'s proportionate share of the fair value of the assets in the trust is used to estimate fair value, these assets are not classified in the fair value hierarchy.

Accrued Pension Cost: Valued based on the difference between the fair value of the plan assets and the projected benefit obligation. The methodology used to measure the fair value of the plan assets is described in Note 12. The benefit obligation is projected using the unit credit actuarial valuation method.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

For those assets and liabilities measured at fair value, management determines the fair value measurement policies and procedures in consultation with Girls Inc.'s Fiscal Oversight Committee. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Girls Inc.'s management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different fair value measurement at the reporting date.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of Girls Inc.'s assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2020 and 2019:

2020	Level 1	Level 2	Level 3	Total	NAV
Assets					
Investments:					
Money market fund shares	\$ 166,598			\$ 166,598	
Government agency bonds	2,249,965			2,249,965	
Common Stocks:					
Financials	564,919			564,919	
Healthcare	1,433,231			1,433,231	
Technology	1,103,357			1,103,357	
Telecommunications	443,887			443,887	
Consumer goods	475,210			475,210	
Consumer discretionary	585,124			585,124	
Industrials	845,743			845,743	
Other	166,965			166,965	
Exchange traded funds	560,799			560,799	
Corporate bonds		\$288,741		288,741	
Government agency bonds	10,273,369			10,273,369	
Funds Held by Trustees:					
Beneficial interest in perpetual trusts					<u>\$9,708,027</u>
Total Assets at Fair Value	<u>\$18,869,167</u>	<u>\$288,741</u>		<u>\$19,157,908</u>	<u>\$9,708,027</u>
Liabilities					
Accrued pension cost			<u>\$1,256,430</u>	<u>\$ 1,256,430</u>	
Total Liabilities at Fair Value			<u>\$1,256,430</u>	<u>\$ 1,256,430</u>	

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

2019	Level 1	Level 2	Level 3	Total	NAV
Assets					
Investments:					
Money market fund shares	\$ 9,747,302			\$ 9,747,302	
Common Stocks:					
Financials	770,602			770,602	
Healthcare	1,189,066			1,189,066	
Technology	1,386,604			1,386,604	
Energy	401,603			401,603	
Consumer goods	441,460			441,460	
Consumer discretionary	911,754			911,754	
Industrials	1,012,157			1,012,157	
Other	421,825			421,825	
Exchange traded funds	790,586			790,586	
Corporate bonds		\$333,718		333,718	
Government agency bonds	604,011			604,011	
Funds Held by Trustees:					
Beneficial interest in perpetual trusts					<u>\$10,632,694</u>
Total Assets at Fair Value	<u>\$17,676,970</u>	<u>\$333,718</u>		<u>\$18,010,688</u>	<u>\$10,632,694</u>
Liabilities					
Accrued pension cost			<u>\$967,010</u>	<u>\$967,010</u>	
Total Liabilities at Fair Value			<u>\$967,010</u>	<u>\$967,010</u>	

At March 31, 2020 and 2019, Girls Inc. had no other assets or liabilities that are measured at fair value on a recurring basis.

Changes in the fair value of the Level 3 accrued pension cost for the years ended March 31, 2020 and 2019 and additional information about the valuation techniques and inputs are included in the details of the change in pension benefit obligation and the change in plan assets in Note 12.

Assets Measured Using Net Asset Value per Share (or Equivalent) Practical Expedient

The following table summarizes assets measured at fair value based on the NAV per share (or equivalent) as of March 31, 2020 and 2019:

	Fair Value 2020	Fair Value 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Beneficial interest in perpetual trusts (a)	<u>\$9,708,027</u>	<u>\$10,632,694</u>	N/A	Illiquid	Illiquid

(a) Underlying investments are managed by trustees using diversified portfolios.

NOTE 4 - INVESTMENTS

Girls Inc.'s investments consisted of the following as of March 31, 2020 and 2019:

	2020	2019
Money market fund shares	\$ 166,598	\$ 9,747,302
Common stocks	5,618,436	6,535,071
Exchange traded funds	560,799	790,586
Corporate bonds	288,741	333,718
Government agency bonds	<u>12,523,334</u>	<u>604,011</u>
	<u>\$19,157,908</u>	<u>\$18,010,688</u>

Investments are included in the statements of financial position as of March 31, 2020 and 2019 as follows:

	2020	2019
Investments - current	\$14,105,501	\$12,273,817
Investments - endowment	<u>5,052,407</u>	<u>5,736,871</u>
	<u>\$19,157,908</u>	<u>\$18,010,688</u>

Girls Inc.'s investment return consisted of the following for the years ended March 31, 2020 and 2019:

	2020	2019
Distributions from perpetual trusts	\$ 479,235	\$ 457,504
Interest and dividends	403,908	443,424
Realized and unrealized gains (losses)	(1,750,638)	1,052,597
Broker expenses	<u>(100,832)</u>	<u>(90,593)</u>
Total Investment Return	<u>\$ (968,327)</u>	<u>\$1,862,932</u>

Girls Inc.'s investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 5 - PROMISES TO GIVE AND GRANTS RECEIVABLE

Promises to give and grants receivable were as follows at March 31, 2020 and 2019:

	2020	2019
Without donor restrictions	<u>\$1,009,790</u>	<u>\$1,576,558</u>
With donor restrictions:		
Restricted for specific purposes	100,000	1,575,000
Restricted for Growth Capital Campaign	<u>668,505</u>	<u>1,994,823</u>
Total with donor restriction	<u>768,505</u>	<u>3,569,823</u>
Total Promises to Give and Grants Receivable, net	<u>\$1,778,295</u>	<u>\$5,146,381</u>

NOTE 5 - PROMISES TO GIVE AND GRANTS RECEIVABLE (CONTINUED)

	2020	2019
Expected to be collected in:		
Less than one year	\$1,828,344	\$4,651,586
One to five years	<u>20,000</u>	<u>577,639</u>
	1,848,344	5,229,225
Allowance for uncollectible accounts	(69,983)	(69,983)
Unamortized discounts	<u>(66)</u>	<u>(12,861)</u>
	\$1,778,295	\$5,146,381
Total Promises to Give and Grants Receivable, net	<u>\$1,778,295</u>	<u>\$5,146,381</u>

Promises to give and grants receivable are discounted at a rate of 0.33% and 2.22% at March 31, 2020 and 2019, respectively.

Girls Inc. is conducting a Growth Capital Campaign (GCC) to significantly grow the number of girls served. Uses of the GCC will include one-time targeted seed grants to local affiliates; investment in a learning management system to enable the national organization to bring more resources to their affiliate staff, leaders and volunteers; and, a third party evaluation to measure the difference Girls Inc. makes in the lives of girls.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2020 and 2019:

	2020	2019
Land	\$ 209,205	\$ 209,205
Building	2,499,387	2,499,387
Furnishings and equipment	520,778	522,394
Leasehold and building improvements	<u>233,631</u>	<u>233,631</u>
	3,463,001	3,464,617
Less: Accumulated depreciation	<u>(2,112,926)</u>	<u>(2,066,376)</u>
	\$ 1,350,075	\$ 1,398,241
Total Property and Equipment, net	<u>\$ 1,350,075</u>	<u>\$ 1,398,241</u>

NOTE 7 - ENDOWMENT

Girls Inc.'s endowment consists of ten individual funds established by donors for various purposes. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Interpretation of Relevant Law

Girls Inc. is subject to the Massachusetts-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Donor-restricted funds include perpetual trusts in which Girls Inc. is named a beneficiary. Most of those assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. Girls Inc. considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Girls Inc. has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, Girls Inc. considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

NOTE 7 - ENDOWMENT (CONTINUED)

- The duration and preservation of the various funds
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Girls Inc.
- Girls Inc.'s investment policies

The endowment net asset composition by type of fund as of March 31, 2020 and 2019, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2020			
Board-designated funds	\$555,268		\$ 555,268
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors including beneficial interest in perpetual trusts		\$13,341,526	13,341,526
Accumulated investment gains		<u>863,640</u>	<u>863,640</u>
Total Endowment Funds	<u>\$555,268</u>	<u>\$14,205,166</u>	<u>\$14,760,434</u>
2019			
Board-designated funds	\$659,983		\$ 659,983
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors including beneficial interest in perpetual trusts		\$14,266,192	14,266,192
Accumulated investment gains		<u>1,443,390</u>	<u>1,443,390</u>
Total Endowment Funds	<u>\$659,983</u>	<u>\$15,709,582</u>	<u>\$16,369,565</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the donor-restricted endowment or the level that the donors otherwise require Girls Inc. to retain as a fund of perpetual duration. There were no underwater endowment funds at March 31, 2020 and 2019.

Investment and Spending Policies

Girls Inc. has adopted investment and spending policies, approved by its Board of Directors, for endowment assets managed by Girls Inc. that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets managed by Girls Inc. are invested in a well-diversified asset mix, with a target asset allocation of 70% to 90% into equity and 10% to 30% into fixed income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions according to the spending policy. Other alternative investment classes may not exceed 15% of the asset mix. The remainder of the assets not invested as noted above shall be cash reserves, which are not to exceed 10% of the assets market value, unless approved by the Investment Subcommittee. Investment risk is measured in terms of the total endowment fund and managed to not expose the endowment to unacceptable levels of risk. Girls Inc. expects its endowment assets, over time, to produce a total return in excess of that generated by relevant benchmarks. Actual returns in any given year may vary from this amount.

NOTE 7 - ENDOWMENT (CONTINUED)

Girls Inc. has a policy of appropriating for distribution each year any earnings on the endowment fund in the amount of not more than 4% before fees of the three-year moving average market value of the endowment fund with a maximum increase of 6% per year over the prior year's spending amount. This approach serves to protect against volatility in the amount of gifts received and assists in maintaining intergenerational equity. In establishing this policy, Girls Inc. considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with Girls Inc.'s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

Girls Inc.'s endowment also includes the beneficial interest in perpetual trusts, which are managed by third party trustees under the investment and distribution policies of the trustees.

Activity in the endowment by net asset class for 2020 and 2019 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at March 31, 2018	\$660,136	\$14,804,594	\$15,464,730
Investment return	22,025	1,534,326	1,556,351
Appropriations for expenditure	<u>(22,178)</u>	<u>(629,338)</u>	<u>(651,516)</u>
Endowment at March 31, 2019	659,983	15,709,582	16,369,565
Investment return	(82,539)	(853,349)	(935,888)
Appropriations for expenditure	<u>(22,176)</u>	<u>(651,067)</u>	<u>(673,243)</u>
Endowment at March 31, 2020	<u>\$555,268</u>	<u>\$14,205,166</u>	<u>\$14,760,434</u>

NOTE 8 - PERPETUAL TRUSTS

Girls Inc. is a beneficiary of certain irrevocable perpetual trusts, which are managed by third party trustees. The fair value of Girls Inc.'s beneficial interest in the perpetual trusts at March 31, 2020 and 2019, was \$9,708,027 and \$10,632,694, respectively. The funds depreciated by \$924,667 in 2020 and appreciated by \$778,487 in 2019. Income distributions from such trusts amounted to \$479,235 in 2020 and \$457,504 in 2019 and are reflected as investment income in the accompanying statements of activities.

NOTE 9 - BANK LINE OF CREDIT

Girls Inc. has a \$500,000 line of credit with a bank that expires on August 25, 2020. As of March 31, 2020 and 2019, there were no borrowings outstanding on the line of credit. The interest rate on any borrowings is equal to 0.5% less than the Bank's prime lending rate (2.75% at March 31, 2020). The line of credit is collateralized with Girls Inc.'s current investment accounts.

NOTE 10 - NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following as of March 31, 2020 and 2019:

	2020	2019
Designated by the Board for endowment	\$ 555,268	\$ 659,983
Undesignated	<u>8,366,717</u>	<u>7,881,284</u>
Net Assets Without Donor Restrictions	<u>\$8,921,985</u>	<u>\$8,541,267</u>

NOTE 10 - NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of March 31, 2020 and 2019:

	2020	2019
Subject to Expenditures for Specific Purpose:		
Affiliate Growth Investments	\$ 4,854,888	\$ 6,850,499
STEM Programming (science, technology, engineering, math)	693,470	735,934
Economic Literacy Programming	392,103	462,663
Health & Self Esteem Programming	785,495	879,426
Reaching More Girls Through Mentoring and Affiliates	285,423	92,069
College Scholarships for Girls	1,459,916	970,512
Outcomes Measurement and Management Information System	40,839	233,543
Other	483,406	651,941
Subject to the Passage of Time:		
Endowment appreciation	863,640	1,443,390
Subject to Endowment Spending Policy and Appropriation:		
Original endowment gift	3,633,499	3,633,498
Beneficial interest in perpetual trust	<u>9,708,027</u>	<u>10,632,694</u>
Total Net Assets With Donor Restrictions	<u>\$23,200,706</u>	<u>\$26,586,169</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended March 31, 2020 and 2019:

	2020	2019
Satisfaction of Purpose Restrictions:		
Affiliate Growth Investments	\$4,876,700	\$ 8,505,021
STEM Programming (science, technology, engineering, math)	1,082,214	808,033
Economic Literacy Programming	570,560	357,684
Health & Self Esteem Programming	798,042	479,493
Reading Literacy Programming		25,000
Reaching More Girls Through Mentoring and Affiliates	764,300	1,130,533
College Scholarships for Girls	404,249	368,884
Outcomes Measurement and Management Information System	192,704	183,701
Other	312,928	144,394
Tribute Funds	<u>171,832</u>	<u>194,559</u>
Total Net Assets Released from Restrictions	<u>\$9,173,529</u>	<u>\$12,197,302</u>

NOTE 11 - LEASES

Girls Inc. leases office space at two locations, New York, New York and Washington, D.C. under long-term operating leases through June 30, 2021. Girls Inc. also leases certain equipment under long-term operating leases through November 30, 2023. Rental expense each year under the leases is based on the total lease commitment, recognized on a straight-line basis over the term of the lease. A deferred rent obligation has been established for the cumulative difference between rent expense recognized to date and the amounts paid under the leases. Total rent expense was \$237,317 in 2020 and \$235,020 in 2019.

NOTE 11 - LEASES (CONTINUED)

At March 31, 2020, the future minimum rental payments required by all long-term noncancellable operating leases were as follows:

Payable in Fiscal Year	Rental Payments
2021	\$63,650
2022	19,701
2023	4,908
2024	<u>3,272</u>
	<u>\$91,531</u>

Girls Inc. subleases office space at the New York, New York location to an affiliate under an agreement that may be canceled by either party at any time. Total sublease income was \$52,916 and \$48,252 for the years ended March 31, 2020 and 2019, respectively.

Girls Inc. is leasing office space within the National Resource Center in Indianapolis, Indiana to an unrelated party through July 2020. Total lease income was \$12,532 and \$10,236 for the years ended March 31, 2020 and 2019, respectively. Future minimum lease payments to be received total \$4,560 in the fiscal year ending March 31, 2021.

NOTE 12 - EMPLOYEE BENEFITS

Defined Benefit Pension Plan

Girls Inc. maintains a qualified noncontributory defined benefit pension plan, which was frozen effective August 31, 2006. Since that date, Plan participants no longer accrue additional benefits, and no new employees may enter the Plan. Girls Inc.'s funding policy is to contribute annual amounts to meet minimum requirements of the Employee Retirement Income Security Act of 1974, although it may make additional contributions beyond these requirements.

The following table sets forth the amounts recognized in the statements of financial position, change in the benefit obligation, change in plan assets, funded status, and weighted-average assumptions for the Plan as of and for the years ended March 31, 2020 and 2019:

	2020	2019
Change in Projected and Accumulated Benefit Obligation:		
Benefit obligation at beginning of year	\$ 4,873,185	\$4,462,386
Interest cost	204,021	187,233
Actuarial net loss	115,038	394,048
Benefits paid	<u>(229,461)</u>	<u>(170,472)</u>
Benefit obligation at end of year	<u>4,962,783</u>	<u>4,873,185</u>
Change in Plan Assets:		
Fair value of Plan assets at beginning of year	3,906,175	3,661,036
Actual return on Plan assets	(120,361)	315,611
Employer contributions	150,000	100,000
Benefits paid	<u>(229,461)</u>	<u>(170,472)</u>
Fair value of Plan assets at end of year	<u>3,706,353</u>	<u>3,906,175</u>
Funded Status at End of Year	<u>\$(1,256,430)</u>	<u>\$ (967,010)</u>
Amount recognized in the statements of financial position	<u>\$(1,256,430)</u>	<u>\$ (967,010)</u>

NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)

	2020	2019
Components of Net Periodic Pension Cost:		
Interest cost	\$ 204,021	\$ 187,223
Actual return on assets	(120,361)	(315,611)
Amortization of accumulated loss	69,711	69,624
Difference between expected and actual return on plan assets	<u>(100,460)</u>	<u>118,648</u>
Net Periodic Pension Cost	<u>\$ 52,911</u>	<u>\$ 59,884</u>

Girls Inc. incurred no service cost in 2020 and 2019, since the Plan is frozen. Other components of net periodic pension cost are included in payroll taxes and employee benefits on the statements of functional expenses and allocated to program and supporting services consistent with the methodology used for other personnel related expenses.

Other changes in the Plan's assets and benefit obligation previously recognized in changes in unrestricted net assets, not yet recognized as periodic pension cost were a net loss of \$1,529,114 and \$1,142,605 at March 31, 2020 and 2019, respectively. The net loss that will be amortized from other changes in net assets without donor restrictions into net periodic benefit cost in fiscal year 2021 is \$69,711.

The following assumptions were used in accounting for the Plan:

	2020	2019
Weighted-average assumptions used to determine pension benefit obligation at March 31, 2020 and 2019:		
Discount rate	4.29%	4.94%
Mortality rates	RP/MP-2018	RP/MP-2014
Weighted-average assumptions used to determine net periodic pension cost for 2020 and 2019:		
Discount rate	4.29%	4.29%
Expected return on Plan assets	5.75%	5.75%
Mortality rates	RP/MP-2018	RP/MP-2014

In selecting the expected return on Plan assets, Girls Inc. considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the Plan. This included considering the Plan's asset allocation and the expected returns likely to be earned over the life of the Plan.

The Plan's investment policy is to seek primarily capital appreciation and, to a lesser extent, income for reinvestment or cash flow purposes, with the preservation of capital also being an important investment objective. Equity securities consist of investments in common stock shares and have a target asset allocation of 40-80% of total Plan assets. Debt securities (U.S. Government securities and corporate bonds) have a target asset allocation of 20-60%. Investments are purchased with the intent to hold the asset for the long-term. The Plan does not participate in hedging transactions.

The valuation methodologies used by the Plan for money market funds shares, corporate bonds, and common stocks, which are valued on a recurring basis, are consistent with the methodologies described in Note 3.

NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)

Following, is a summary, by major nature and risks class within each level of the fair value hierarchy (see Note 3), of the Plan's investment assets that are measured at fair value on a recurring basis as of March 31, 2020 and 2019:

2020	Level 1	Level 2	Total
Money market fund shares	\$ 114,993		\$ 114,993
Government agency bonds	603,686		603,686
Corporate bonds		\$46,794	46,794
Common stocks	<u>2,940,880</u>	<u></u>	<u>2,940,880</u>
Total Plan Investments at Fair Value	<u>\$3,659,559</u>	<u>\$46,794</u>	<u>\$3,706,353</u>
2019			
Money market fund shares	\$ 23,869		\$ 23,869
Government agency bonds	643,781		643,781
Corporate bonds		\$51,563	51,563
Common stocks	<u>3,161,962</u>	<u></u>	<u>3,161,962</u>
Total Plan Investments at Fair Value	<u>\$3,829,612</u>	<u>\$51,563</u>	<u>\$3,881,175</u>

The fair value of Plan assets includes a contribution in transit of \$25,000 as of March 31, 2019, that is not included in the above table.

Girls Inc. expects to make contributions to the Plan of approximately \$100,000 in fiscal year 2020. No Plan assets are expected to be returned to Girls Inc. during fiscal year 2020.

The following benefits are expected to be paid by the Plan:

Year Ended March 31,	Amount
2021	\$ 194,305
2022	283,189
2023	308,000
2024	307,809
2025	307,225
2026-2030	1,563,077

Defined Contribution 401(k) Plan

Girls Inc. also sponsors a defined contribution 401(k) retirement savings plan for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the Plan. Girls Inc. may make a discretionary contribution to the Plan, determined annually based on eligible earnings of participants. Participants become fully vested immediately upon entry into the Plan. Girls Inc. made contributions of \$175,306 and \$157,450 to the 401(k) Plan during the years ended March 31, 2020 and 2019, respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

Girls Inc. has affiliates that serve as local chapters of Girls Inc. Girls Inc. has no ownership or voting interests in these local chapters. However, affiliation agreements between the local chapters and Girls Inc. give Girls Inc. control over how the chapters carry out certain activities and require the payment of affiliate dues to Girls Inc. Girls Inc. recognized dues revenue from affiliates of \$605,124 and \$586,818 for the years ended March 31, 2020 and 2019, respectively, which is included in program revenue. Girls Inc. had dues receivable from affiliates of \$81,996 and \$30,137 at March 31, 2020 and 2019, respectively. Girls Inc. provided funding to affiliates of \$4,537,925 and \$8,536,150 for the years ended March 31, 2020 and 2019, respectively. Girls Inc. had accounts payable to affiliates of \$126,800 and \$1,260,046 at March 31, 2020 and 2019, respectively. Girls Inc. also subleases office space to an affiliate. See Note 11.

Girls Inc. has a note receivable with an affiliate. The note receivable had a balance of \$59,843 at March 31, 2020 and 2019, respectively.

Girls Inc. recognized contributions from members of its Board of Directors of \$182,685 and \$414,533 for the years ended March 31, 2020 and 2019, respectively. Girls Inc. had promises to give, including promises to give related to the Growth Capital Campaign, from members of its Board of Directors of \$906,104 and \$1,035,607 for the years ended March 31, 2020 and 2019, respectively.

NOTE 14 - UNCERTAINTY RELATED TO CORONAVIRUS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on Girls Inc.'s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its networks of affiliates, employees and ability to provide programming, all of which are uncertain and cannot be predicted. The outbreak has adversely affected global market activity and caused increased volatility and uncertainty in financial markets. Because of the value of Girls Inc.'s individual investments and funds held by trustees have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The ultimate impact of the outbreak to Girls Inc.'s financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to Girls Inc.

On April 14, 2020, Girls Inc. received a loan of \$839,490 under the Paycheck Protection Program of the CARES Act. The loan bears interest at 1.00% and matures in April 2022. The loan will be fully or partially forgiven if Girls Inc. meets certain conditions, including use of the funds for qualifying purposes.