



Inspiring all girls
to be strong,
smart, and bold

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

March 31, 2022 and 2021

GIRLS INC.

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Independent Auditors' Report

Board of Directors
Girls Inc.

Opinion

We have audited the accompanying financial statements of Girls Inc., which comprise the statements of financial position as of March 31, 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 Inc. as of March 31, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls 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 Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
June 23, 2022

GIRLS INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2022 and 2021

ASSETS

	2022	2021
ASSETS		
Cash	\$ 12,908,675	\$ 6,558,550
Accrued investment income		7,412
Dues receivable	68,078	82,935
Promises to give and grants receivable, net	1,190,435	1,262,301
Investments - current	22,076,769	13,480,233
Prepaid expenses and other	225,102	260,758
Note receivable from affiliate	23,272	43,220
Investments - endowment	8,265,400	7,666,669
Property and equipment, net	75,191	1,268,699
Beneficial interest in perpetual trusts	<u>13,585,207</u>	<u>13,207,960</u>
TOTAL ASSETS	<u><u>\$ 58,418,129</u></u>	<u><u>\$ 43,838,737</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 796,884	\$ 863,484
Scholarships payable	1,301,840	1,281,122
Deferred revenue	337,139	333,955
Deferred rent obligation	<u>95,603</u>	<u>97,885</u>
Total Liabilities	<u>2,531,466</u>	<u>2,576,446</u>
NET ASSETS		
Without donor restrictions:		
Designated by the Board for endowment	820,669	765,540
Undesignated	<u>17,396,368</u>	<u>11,142,773</u>
	<u>18,217,037</u>	<u>11,908,313</u>
With donor restrictions:		
Purpose and time restrictions	16,639,688	9,244,889
Endowment	<u>21,029,938</u>	<u>20,109,089</u>
	<u>37,669,626</u>	<u>29,353,978</u>
Total Net Assets	<u>55,886,663</u>	<u>41,262,291</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 58,418,129</u></u>	<u><u>\$ 43,838,737</u></u>

See accompanying notes.

GIRLS INC.
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2022 and 2021

	Without Donor Restrictions	2022 With Donor Restrictions	Total
REVENUE AND SUPPORT			
Special events revenue	\$ 916,677		\$ 916,677
Less: Direct costs of special events	(52,200)		(52,200)
Special events, net	864,477		864,477
Contributions and private grants	7,237,343	\$ 16,493,613	23,730,956
In-kind contributions	18,409		18,409
Program revenue	624,549		624,549
Other income	81,816		81,816
	<u>8,826,594</u>	<u>16,493,613</u>	<u>25,320,207</u>
Net assets released from restrictions	9,763,147	(9,763,147)	
	<u>18,589,741</u>	<u>6,730,466</u>	<u>25,320,207</u>
EXPENSES			
Program Services:			
Affiliate services/growth	4,524,043		4,524,043
Program, research and training	5,776,292		5,776,292
Public education and advocacy	946,453		946,453
Total Program Services	<u>11,246,788</u>		<u>11,246,788</u>
Supporting Services:			
Management and general	457,731		457,731
Fundraising	3,081,839		3,081,839
Total Supporting Services	<u>3,539,570</u>		<u>3,539,570</u>
Total Expenses	<u>14,786,358</u>		<u>14,786,358</u>
CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN, SALE OF PROPERTY AND EQUIPMENT AND PPP LOAN FORGIVENESS			
	<u>3,803,383</u>	<u>6,730,466</u>	<u>10,533,849</u>
INVESTMENT RETURN			
Net appreciation on investments and funds held by trustees	668,234	965,946	1,634,180
Investment income, net	85,526	619,236	704,762
	<u>753,760</u>	<u>1,585,182</u>	<u>2,338,942</u>
GAIN ON SALE OF PROPERTY AND EQUIPMENT			
	<u>1,751,581</u>		<u>1,751,581</u>
GAIN ON PPP LOAN FORGIVENESS			
CHANGE IN NET ASSETS			
	6,308,724	8,315,648	14,624,372
NET ASSETS			
Beginning of Year	<u>11,908,313</u>	<u>29,353,978</u>	<u>41,262,291</u>
End of Year	<u>\$ 18,217,037</u>	<u>\$ 37,669,626</u>	<u>\$ 55,886,663</u>

See accompanying notes.

<u>Without Donor Restrictions</u>	<u>2021 With Donor Restrictions</u>	<u>Total</u>
\$ 799,438		\$ 799,438
<u>799,438</u>		<u>799,438</u>
5,793,526	\$ 7,866,124	13,659,650
75,481		75,481
618,873		618,873
80,569		80,569
<u>7,367,887</u>	<u>7,866,124</u>	<u>15,234,011</u>
8,253,411	(8,253,411)	
<u>15,621,298</u>	<u>(387,287)</u>	<u>15,234,011</u>
5,080,719		5,080,719
5,860,609		5,860,609
1,171,550		1,171,550
<u>12,112,878</u>		<u>12,112,878</u>
425,973		425,973
2,161,466		2,161,466
<u>2,587,439</u>		<u>2,587,439</u>
14,700,317		14,700,317
<u>920,981</u>	<u>(387,287)</u>	<u>533,694</u>
1,031,387	5,964,284	6,995,671
194,470	576,275	770,745
<u>1,225,857</u>	<u>6,540,559</u>	<u>7,766,416</u>
839,490		839,490
2,986,328	6,153,272	9,139,600
<u>8,921,985</u>	<u>23,200,706</u>	<u>32,122,691</u>
<u>\$ 11,908,313</u>	<u>\$ 29,353,978</u>	<u>\$ 41,262,291</u>

GIRLS INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended March 31, 2022 and 2021

	Affiliate Services/Growth		Program, Research and Training		Public Education and Advocacy	
	2022	2021	2022	2021	2022	2021
Salaries	\$ 761,051	\$ 474,545	\$ 2,377,430	\$ 2,463,444	\$ 443,958	\$ 642,589
Payroll taxes and employee benefits	206,118	200,848	644,058	1,042,636	121,966	271,971
Consultants and professional fees	140,245	378,708	984,770	825,330	251,454	95,444
Supplies		365	43,405	13,849		
Telephone and computer expense	9,761	9,991	116,300	95,931	2,169	1,337
Postage and shipping expense	2,364	665	5,791	2,926	745	295
Occupancy	35,818	19,796	119,245	107,103	78,002	81,084
Insurance	9,030	5,271	29,954	29,322	4,783	6,941
Equipment rental and maintenance	5,822	2,994	27,778	23,373	307	
Travel and meetings expense	75,044	1,633	32,490	2,327	5,259	554
Printing and publications expense	5,415	1,871	9,786	6,325	13,634	30,584
Subscriptions	773	768	2,663	2,933	7,057	5,651
Membership dues	2,646	8,497	9,466	14,669	3,005	3,870
Awards	409,882	370,000				
Pass-through grants to affiliates	2,822,547	3,565,355	1,287,029	1,116,890	3,553	4,927
Depreciation	10,151	7,979	33,672	44,388	5,377	10,507
Miscellaneous	27,376	31,433	52,455	69,163	5,184	15,796
TOTAL EXPENSES BY FUNCTION	4,524,043	5,080,719	5,776,292	5,860,609	946,453	1,171,550
Less: Expenses included with revenues on the statements of activities:						
Cost of direct benefits to donors						
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	\$ 4,524,043	\$ 5,080,719	\$ 5,776,292	\$ 5,860,609	\$ 946,453	\$ 1,171,550

See accompanying notes.

Management and General		Fundraising		Cost of Direct Benefits to Donors		Total	
2022	2021	2022	2021	2022	2021	2022	2021
\$ 222,223	\$ 204,493	\$ 1,110,463	\$ 1,011,229			\$ 4,915,125	\$ 4,796,300
61,187	86,550	300,664	427,996			1,333,993	2,030,001
80,060	28,792	285,400	146,213			1,741,929	1,474,487
						43,405	14,214
						128,230	107,259
791	519	20,379	9,291			30,070	13,696
44,405	40,808	42,423	35,693			319,893	284,484
12,870	12,598	12,296	11,020			68,933	65,152
						33,907	26,367
8,429	383	12,443	1,353	\$ 52,200		185,865	6,250
3,876	950	202,864	97,030			235,575	136,760
1,102	1,260	4,596	40,370			16,191	50,982
3,771	6,207	8,598	11,027			27,486	44,270
						409,882	370,000
3,184	1,205	1,046,818	294,667			5,163,131	4,983,044
14,469	19,072	13,822	16,682			77,491	98,628
1,364	23,136	21,073	58,895			107,452	198,423
<u>457,731</u>	<u>425,973</u>	<u>3,081,839</u>	<u>2,161,466</u>	<u>52,200</u>	<u>-</u>	<u>14,838,558</u>	<u>14,700,317</u>
				<u>(52,200)</u>		<u>(52,200)</u>	<u>-</u>
<u>\$ 457,731</u>	<u>\$ 425,973</u>	<u>\$ 3,081,839</u>	<u>\$ 2,161,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,786,358</u>	<u>\$ 14,700,317</u>

GIRLS INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Increase in net assets	\$ 14,624,372	\$ 9,139,600
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	77,491	98,628
Gain on sale of property and equipment	(1,751,581)	
Gain on PPP loan forgiveness		(839,490)
Net appreciation of investments	(1,256,933)	(3,495,738)
Net appreciation of funds held by trustees	(377,247)	(3,499,933)
(Increase) decrease in certain assets:		
Accrued investment income	7,412	(1,174)
Dues receivable	14,857	(939)
Promises to give and grants receivable	71,866	515,994
Prepaid expenses and other	35,656	47,166
Notes receivable from affiliates	19,948	16,623
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	(66,600)	9,223
Scholarships payable	20,718	124,313
Deferred revenue	3,184	20,144
Accrued pension cost		(1,256,430)
Deferred rent obligation	(2,282)	(2,283)
Net Cash Provided by Operating Activities	<u>11,420,861</u>	<u>875,704</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(62,935)	(17,252)
Proceeds from sale of property and equipment	2,930,533	
Purchases of investments	(10,554,708)	(3,353,073)
Proceeds from sales of investments	7,141,279	7,497,194
Net Cash Provided (Used) by Investing Activities	<u>(545,831)</u>	<u>4,126,869</u>
FINANCING ACTIVITIES		
Borrowings on PPP loan		839,490
Net Cash Provided by Financing Activities		<u>839,490</u>
NET INCREASE IN CASH AND EQUIVALENTS	10,875,030	5,842,063
CASH AND EQUIVALENTS		
Beginning of Year	<u>11,612,490</u>	<u>5,770,427</u>
End of Year	<u>\$ 22,487,520</u>	<u>\$ 11,612,490</u>
CASH AND EQUIVALENTS		
Cash	\$ 12,908,675	\$ 6,558,550
Cash equivalents included in investments - current	9,400,073	4,887,898
Cash equivalents included in investments - endowment	<u>178,772</u>	<u>166,042</u>
TOTAL CASH AND EQUIVALENTS	<u>\$ 22,487,520</u>	<u>\$ 11,612,490</u>
SUPPLEMENTAL DISCLOSURES		
Noncash financing activities:		
Forgiveness of PPP Loan		\$ 839,490

See accompanying notes.

GIRLS INC.

NOTES TO FINANCIAL STATEMENTS March 31, 2022 and 2021

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 72,000 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.

Project Accelerate: The Equality Can't Wait Challenge (ECWC) was established in 2020 by Pivotal Ventures, with support from MacKenzie Scott and Dan Jewett, and Charles and Lynn Schusterman Family Philanthropies, and provides funding to expand women's power and influence in the United States by 2030. In August and September 2021, Girls Inc. was awarded \$10,000,000 from the ECWC to benefit its *Project Accelerate* program, which is included in contributions and private grants in the accompanying statements of activities. *Project Accelerate* addresses inequality in the workplace, particularly the absence of women of color in positions of influence and leadership. The program will accelerate young women's trajectories through college and career entry, leveraging partnerships with corporations and social impact organizations to ensure both their preparation and their access to positions of influence. *Project Accelerate* will also reduce the gender gap by working with young women starting as early as their junior year in high school to ensure they have the resources and support to thrive as leaders. Under the ECWC, funds received may be used for all *Project Accelerate* expenses through July 31, 2026. Girls Inc. is required to submit annual project reports through the end of the grant term.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor-restricted contributions that were initially classified as conditional contributions are reported as increases in net assets without donor restrictions when the conditions are met, if the restrictions expire in the same year in which the revenue is recognized. All other 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 statements of financial position. 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2022 and 2021.

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 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 and Grants 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.

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.

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. Girls Inc. received donated goods of \$901 for the year ended March 31, 2022, which is included in in-kind contributions and fundraising expenses. There were no donated goods received during the year ended March 31, 2021.

For the years ended March 31, 2022 and 2021, donated advertising services of \$11,839 and \$28,114, 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, 2022 and 2021, donated legal, consulting and IT services of \$5,669 and \$47,367, respectively, are included in in-kind contributions and in management and general expenses.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021. Dues receivable totaled \$68,078, \$82,935, and \$81,996 at March 31, 2022, 2021, and 2020, respectively. Deferred revenue totaled \$337,139, \$333,955, and \$313,811 at March 31, 2022, 2021, and 2020, respectively.

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. The value of the exchange element of these transactions was \$52,200 in 2022. There were no exchange transactions during 2021. Funds received for the exchange transaction portion of the revenue for events occurring subsequent to the statement of financial position date are 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 \$239,294 in 2022 and \$136,763 in 2021.

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, 2022 and 2021.

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, 2019. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Pronouncements:

- **ASU No. 2016-02, Leases (Topic 842)** (ASU No. 2016-02) is the result of a joint project of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board to increase transparency and comparability among entities in relation to leasing arrangements. ASU No. 2016-02 adds Topic 842 to the Accounting Standards Codification and requires a lessee to recognize a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset (lease asset) for the lease term, initially measured at the present value of the lease payments. When measuring the lease asset and liability, lessees should include payments to be made during an optional lease extension if reasonably certain that the option will be exercised. Entities are permitted to make an accounting policy election to not recognize lease assets and liabilities for leases with a term of 12 months or less. ASU No. 2016-02, as amended, is effective for Girls Inc. as of April 1, 2022. Girls Inc. is assessing the impact ASU No. 2016-02 will have on its financial statements, including the related disclosures.
- **ASU No. 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets** (ASU No. 2020-07) requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. ASU No. 2020-07 also requires enhanced disclosures, including disaggregation of the amount of contributed nonfinancial assets by category and information, by category, regarding the sale or use of such assets, donor-imposed restrictions, and valuation techniques and inputs used in measurement. ASU No. 2020-07 is effective for Girls Inc. as of April 1, 2022. Girls Inc. is assessing the impact ASU No. 2020-07 will have on its financial statements, including the related disclosures.

Reclassifications: Certain amounts in the 2021 financial statements have been reclassified to conform to the presentation of the 2022 financial statements.

Subsequent Events: Management has evaluated the financial statements for potential recognition and disclosure of subsequent events occurring through June 23, 2022, the date the financial statements were available to be issued. See Note 11.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

Girls Inc.'s financial assets available for general expenditure within one year of March 31, 2022 and 2021 were as follows:

	2022	2021
Cash	\$ 12,908,675	\$ 6,558,550
Accrued investment income		7,412
Dues receivable	68,078	82,935
Promises to give and grants receivable, net	1,190,435	1,262,301
Investments - current	22,076,769	13,480,233
Notes receivable from affiliate	23,272	43,220
Investments - endowment	8,265,400	7,666,669
Beneficial interest in perpetual trusts	<u>13,585,207</u>	<u>13,207,960</u>
Total Financial Assets	58,117,836	42,309,280
Donor-imposed Restrictions:		
Funds subject to donor restrictions	(16,639,688)	(9,244,889)
Endowment	(21,029,938)	(20,109,089)
Board-designated endowment	<u>(820,669)</u>	<u>(765,540)</u>
Total Financial Assets Available Within One Year	<u>\$ 19,627,541</u>	<u>\$ 12,189,762</u>

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

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 certificates of deposit and money market fund shares. As described in Note 9, Girls Inc. also has a committed line of credit in the amount of \$1,000,000, 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, 2022 and 2021.

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 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.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 2022 and 2021:

2022	Level 1	Level 2	Total	NAV
Assets				
Investments:				
Money market fund shares	\$ 9,528,908		\$ 9,528,908	
Government agency bonds - short-term	49,937		49,937	
Common Stocks:				
Financials	1,434,430		1,434,430	
Healthcare	2,818,999		2,818,999	
Technology	4,233,723		4,233,723	
Telecommunications	2,731,162		2,731,162	
Consumer goods	763,533		763,533	
Consumer discretionary	2,853,971		2,853,971	
Industrials	2,789,798		2,789,798	
Other	481,804		481,804	
Corporate bonds		\$565,427	565,427	
Government agency bonds - long-term	2,090,477		2,090,477	
Funds Held by Trustees:				
Beneficial interest in perpetual trusts				<u>\$13,585,207</u>
Total Assets at Fair Value	<u>\$29,776,742</u>	<u>\$565,427</u>	<u>\$30,342,169</u>	<u>\$13,585,207</u>
2021				
Assets				
Investments:				
Money market fund shares	\$ 5,053,940		\$ 5,053,940	
Common Stocks:				
Financials	1,618,829		1,618,829	
Healthcare	2,368,195		2,368,195	
Technology	2,953,462		2,953,462	
Telecommunications	1,958,456		1,958,456	
Consumer goods	1,986,171		1,986,171	
Consumer discretionary	843,842		843,842	
Industrials	2,239,744		2,239,744	
Other	646,159		646,159	
Corporate bonds		\$324,681	324,681	
Government agency bonds	1,153,423		1,153,423	
Funds Held by Trustees:				
Beneficial interest in perpetual trusts				<u>\$13,207,960</u>
Total Assets at Fair Value	<u>\$20,822,221</u>	<u>\$324,681</u>	<u>\$21,146,902</u>	<u>\$13,207,960</u>

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2022 and 2021:

	Fair Value		Unfunded	Redemption	Redemption
	2022	2021	Commitments	Frequency	Notice Period
Beneficial interest in perpetual trusts (a)	<u>\$13,585,207</u>	<u>\$13,207,960</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, 2022 and 2021:

	2022	2021
Money market fund shares	\$ 9,528,908	\$ 5,053,940
Common stocks	18,107,420	14,614,858
Corporate bonds	565,427	324,681
Government agency bonds	<u>2,140,414</u>	<u>1,153,423</u>
	<u>\$30,342,169</u>	<u>\$21,146,902</u>

Investments are included in the statements of financial position as of March 31, 2022 and 2021 as follows:

	2022	2021
Investments - current	\$22,076,769	\$13,480,233
Investments - endowment	<u>8,265,400</u>	<u>7,666,669</u>
	<u>\$30,342,169</u>	<u>\$21,146,902</u>

Girls Inc.'s investment return consisted of the following for the years ended March 31, 2022 and 2021:

	2022	2021
Distributions from perpetual trusts	\$ 578,032	\$ 521,565
Interest and dividends	231,104	323,509
Realized and unrealized gains	1,634,180	6,995,671
Broker expenses	<u>(104,374)</u>	<u>(74,329)</u>
Total Investment Return	<u>\$2,338,942</u>	<u>\$7,766,416</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

Unconditional Promises to Give and Grants Receivable

Unconditional promises to give and grants receivable were as follows at March 31, 2022 and 2021:

	2022	2021
Without donor restrictions	<u>\$ 286,608</u>	<u>\$ 382,880</u>
With donor restrictions:		
Restricted for specific purposes	750,400	525,000
Restricted for Growth Capital Campaign	<u>153,427</u>	<u>354,421</u>
Total with Donor Restrictions	<u>903,827</u>	<u>879,421</u>
 Total Promises to Give and Grants Receivable, net	 <u>\$1,190,435</u>	 <u>\$1,262,301</u>

All unconditional promises to give and grants receivable at March 31, 2022 and 2021 are due to be received in less than one year. At March 31, 2022 and 2021, management recorded an allowance for uncollectible amounts of \$148,130 and \$168,717, respectively.

Girls Inc. conducted a Growth Capital Campaign (GCC) to significantly grow the number of girls served. Uses of the GCC included one-time targeted seed grants to local affiliates; investments 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.

Conditional Promises to Give and Grants Receivable

At March 31, 2022 and 2021, Girls Inc. had outstanding promises to give of \$4,995,046 and \$4,679,940, respectively, which were conditional on requirements in accordance with the respective grant agreement and applicable regulations. These funds will be recognized as revenue in the periods in which the conditions are fulfilled.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2022 and 2021:

	2022	2021
Land		\$ 209,205
Building		2,499,387
Furnishings and equipment	\$ 475,770	522,531
Leasehold and building improvements	<u>49,256</u>	<u>233,631</u>
	525,026	3,464,754
Less: Accumulated depreciation	<u>(449,835)</u>	<u>(2,196,055)</u>
 Total Property and Equipment, net	 <u>\$ 75,191</u>	 <u>\$ 1,268,699</u>

In March 2022, Girls Inc. sold the National Resource Center (NRC) in Indianapolis, Indiana as owning the property was no longer considered to be in Girls Inc.'s strategic or operational interest. Girls Inc. recognized a gain on sale of \$1,751,581.

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.

NOTE 7 - ENDOWMENT (CONTINUED)

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:

- 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, 2022 and 2021, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2022			
Board-designated funds	\$820,669		\$ 820,669
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors including beneficial interest in perpetual trusts		\$17,218,704	17,218,704
Accumulated investment gains		<u>3,811,234</u>	<u>3,811,234</u>
Total Endowment Funds	<u>\$820,669</u>	<u>\$21,029,938</u>	<u>\$21,850,607</u>
2021			
Board-designated funds	\$765,540		\$ 765,540
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors including beneficial interest in perpetual trusts		\$16,841,457	16,841,457
Accumulated investment gains		<u>3,267,632</u>	<u>3,267,632</u>
Total Endowment Funds	<u>\$765,540</u>	<u>\$20,109,089</u>	<u>\$20,874,629</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, 2022 and 2021.

NOTE 7 - ENDOWMENT (CONTINUED)

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.

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 2022 and 2021 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at March 31, 2020	\$555,268	\$14,205,166	\$14,760,434
Investment return	210,272	6,540,559	6,750,831
Appropriations for expenditure	<u> </u>	<u>(636,636)</u>	<u>(636,636)</u>
Endowment at March 31, 2021	765,540	20,109,089	20,874,629
Investment return	55,129	1,585,182	1,640,311
Appropriations for expenditure	<u> </u>	<u>(664,333)</u>	<u>(664,333)</u>
Endowment at March 31, 2022	<u>\$820,669</u>	<u>\$21,029,938</u>	<u>\$21,850,607</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, 2022 and 2021, was \$13,585,207 and \$13,207,960, respectively. The funds appreciated by \$377,247 in 2022 and by \$3,499,933 in 2021. Income distributions from such trusts amounted to \$578,032 in 2022 and \$521,565 in 2021 and are reflected as investment income in the accompanying statements of activities.

NOTE 9 - DEBT AND CREDIT ARRANGEMENTS

Girls Inc. has a \$1,000,000 line of credit with a bank that expires on August 25, 2022. As of March 31, 2022 and 2021, there were no borrowings outstanding on the line of credit. The interest rate on any borrowings is computed at the bank's Prime rate less 0.5%, subject to a floor of 3.0% (3.0% at March 31, 2022). The line of credit is collateralized with Girls Inc.'s current investment accounts. Management expects the line of credit to be extended under similar terms.

On April 14, 2020, Girls Inc. received loan proceeds of \$839,490 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans, including accrued interest, are forgivable as long as Girls Inc. used the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. Girls Inc. believes it used the proceeds for purposes consistent with the PPP and has received forgiveness from the bank. Girls Inc. recognized a gain on loan forgiveness upon legal release of the obligation by the bank on January 19, 2021.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of March 31, 2022 and 2021:

	2022	2021
Subject to Expenditures for Specific Purpose:		
Affiliate Growth Investments	\$ 875,112	\$ 2,971,716
STEM Programming (science, technology, engineering, math)	1,145,711	1,259,719
Economic Literacy Programming	301,935	490,555
Health & Self Esteem Programming	989,648	486,182
Reading Literacy Programming		9,565
Diversity Programming	470,015	250,000
Virtual Learning		860,081
Reaching More Girls Through Mentoring and Affiliates	600,000	290,569
College Scholarships for Girls	2,447,498	1,723,603
Project Accelerate	9,007,809	
Other	801,960	902,899
Subject to Endowment Spending Policy and Appropriation:		
Endowment appreciation	3,811,234	3,267,632
Original endowment gift	3,633,497	3,633,497
Beneficial interest in perpetual trust	<u>13,585,207</u>	<u>13,207,960</u>
Total Net Assets With Donor Restrictions	<u>\$37,669,626</u>	<u>\$29,353,978</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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, 2022 and 2021:

	2022	2021
Satisfaction of Purpose Restrictions:		
Affiliate Growth Investments	\$3,460,096	\$3,547,957
STEM Programming (science, technology, engineering, math)	1,689,508	986,252
Economic Literacy Programming	503,185	526,548
Health & Self Esteem Programming	875,900	1,497,312
Diversity	304,985	
Virtual Learning	860,081	282,141
College Scholarships for Girls	103,865	430,285
Outcomes Measurement and Management Information System		40,839
Project Accelerate	1,194,395	
Other	684,831	827,009
Tribute Funds	<u>86,301</u>	<u>115,068</u>
Total Net Assets Released from Restrictions	<u>\$9,763,147</u>	<u>\$8,253,411</u>

NOTE 11 - LEASES

Girls Inc. leases office space in New York, New York, and Washington, D.C., under separate long-term operating leases through September 30, 2028, and June 30, 2026, respectively. In June 2022, Girls Inc. entered into an agreement to lease office space in Indianapolis, Indiana, under a long-term operating lease through December 31, 2033. The future minimum rental payments of the lease are included in the table below. 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 \$261,252 in 2022 and \$228,560 in 2021.

At March 31, 2022, the future minimum rental payments required by all long-term noncancellable operating leases were as follows:

Payable in Fiscal Year	Rental Payments
2023	\$ 223,317
2024	284,854
2025	433,401
2026	440,273
2027	394,331
Thereafter	<u>1,785,445</u>
	<u>\$3,561,621</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 \$57,744 and \$51,916 for the years ended March 31, 2022 and 2021, respectively.

Through April 2022, Girls Inc. leased office space within the NRC to an unrelated party. Total lease income was \$13,680 and \$12,540 for the years ended March 31, 2022 and 2021, respectively.

NOTE 12 - EMPLOYEE BENEFITS

Defined Benefit Pension Plan

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

On March 25, 2021, Girls Inc. made a final contribution funding deposit to the Plan of \$31,177 to fund all required vested retirement benefits of the Plan's participants. All Plan assets were distributed as of March 26, 2021, at which time the Plan and its related trust ceased to exist. As of March 31, 2021, Girls Inc. has no benefit obligation.

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 year ended March 31, 2021:

Change in Projected and Accumulated Benefit Obligation:	
Benefit obligation at beginning of year	\$ 4,962,783
Interest cost	180,175
Actuarial net loss	1,757,972
Benefits paid	<u>(6,900,930)</u>
Benefit obligation at end of year	<u>-</u>
Change in Plan Assets:	
Fair value of Plan assets at beginning of year	\$ 3,706,353
Actual return on Plan assets	1,060,207
Employer contributions	2,134,370
Benefits paid	<u>(6,900,930)</u>
Fair value of Plan assets at end of year	<u>-</u>
Funded Status at End of Year	<u>\$ -</u>
Amount recognized in the statements of financial position	<u>\$ -</u>
Components of Net Periodic Pension Cost:	
Interest cost	\$ 145,630
Actual return on assets	1,060,207
Amortization of accumulated loss	145,657
Difference between expected and actual return on plan assets	<u>(1,207,211)</u>
Net Periodic Pension Cost	<u>\$ 144,283</u>

Girls Inc. incurred no service cost in 2021, since the Plan was 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 net assets:

Net loss previously recognized in unrestricted net assets, not yet recognized as periodic pension cost at end of fiscal year	<u>\$ -</u>
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NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)

The following assumptions were used in accounting for the Plan:

Weighted-average assumptions used to determine net periodic pension cost:

Discount rate	4.29%
Expected return on Plan assets	5.75%
Mortality rates	RP/MP-2019

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

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, and Girls Inc. contributes, on a matching basis, 100% of each participant's contribution up to 4% of each participant's annual compensation. Girls Inc. may also make a discretionary contribution to the Plan, to be determined annually, based on eligible earnings of participants. Participants become fully vested immediately upon entry into the Plan. Girls Inc. made contributions of \$197,604 and \$168,559 to the 401(k) Plan during the years ended March 31, 2022 and 2021, 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 \$623,743 and \$618,873 for the years ended March 31, 2022 and 2021, respectively, which is included in program revenue. Girls Inc. had dues receivable from affiliates of \$68,078 and \$82,935 at March 31, 2022 and 2021, respectively. Girls Inc. provided funding to affiliates of \$5,163,131 and \$4,983,044 for the years ended March 31, 2022 and 2021, respectively. Girls Inc. had accounts payable to affiliates of \$43,100 and \$11,500 at March 31, 2022 and 2021, respectively. Girls Inc. also subleases office space to an affiliate. See Note 11.

In March 2019, Girls Inc. entered into a note receivable with an affiliate. Under the agreement, the affiliate paid only interest through February 2020, then the note is payable in monthly installments of principal and interest through maturity in May 2023. Interest on the note receivable is computed at 2.56% annually. The note receivable had a balance of \$23,272 and \$43,220 at March 31, 2022 and 2021, respectively.

Girls Inc. recognized contributions from members of its Board of Directors of \$337,740 and \$119,300 for the years ended March 31, 2022 and 2021, 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 \$357,000 and \$570,311 at March 31, 2022 and 2021, respectively.

NOTE 14 - CONCENTRATIONS

Contributions and private grants provided 94% and 90% of total revenue and support for the years ended March 31, 2022 and 2021, respectively. As part of the contributions and private grants, one donor provided 23% and 13% of total revenue and support for the years ended March 31, 2022 and 2021, respectively.

Two donors represented approximately 79% of Girls Inc.'s net promises to give and grants receivable at March 31, 2022, while three donors represented approximately 93% of Girls Inc.'s net promises to give and grants receivable at March 31, 2021.