
GIRLS LEADERSHIP INSTITUTE, INC.

FINANCIAL STATEMENTS

August 31, 2013

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Girls Leadership Institute, Inc.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Girls Leadership Institute, Inc.
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Girls Leadership Institute, Inc., which comprise the statement of financial position as of August 31, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Leadership Institute, Inc. as of August 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Crosby & Kaneda".

Certified Public Accountants
Oakland, California
January 30, 2014

Girls Leadership Institute, Inc.

**Statement of Financial Position
August 31, 2013**

Assets

Current Assets	
Cash	\$ 225,952
Accounts receivable	63,125
Pledges receivable	20,000
Prepaid expenses	11,236
Inventory	6,447
Total Current Assets	<u>326,760</u>
Property and equipment, net (Note 3)	1,540
Deposits	<u>2,200</u>
Total Assets	<u>\$ 330,500</u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 148,445
Vacation accrual	17,895
Deferred revenue	99,242
Total Liabilities	<u>265,582</u>
Contingencies (Note 4)	
Net Assets	
Unrestricted	37,451
Temporarily restricted (Note 5)	27,467
Total Net Assets	<u>64,918</u>
Total Liabilities and Net Assets	<u>\$ 330,500</u>

See Notes to the Financial Statements

Girls Leadership Institute, Inc.

**Statement of Activities
For the Year Ended August 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 90,988	\$ 68,940	\$ 159,928
Foundation grants	135,760	70,000	205,760
In-kind contributions (Note 6)	25,528		25,528
Total Support	<u>252,276</u>	<u>138,940</u>	<u>391,216</u>
Revenue			
Program fees	1,181,481		1,181,481
Less: Scholarships (Note 7)	<u>(99,319)</u>		<u>(99,319)</u>
Program fees, net	1,082,162	-	1,082,162
Merchandise sales, net	9,889		9,889
Interest	123		123
Total Revenue	<u>1,092,174</u>	<u>-</u>	<u>1,092,174</u>
Net assets released from donor restrictions (Note 5)	111,473	<u>(111,473)</u>	<u>-</u>
Total Support and Revenue	<u>1,455,923</u>	<u>27,467</u>	<u>1,483,390</u>
Expenses			
Program	1,084,432		1,084,432
General and administrative	198,279		198,279
Fundraising	113,570		113,570
Total Expenses	<u>1,396,281</u>	<u>-</u>	<u>1,396,281</u>
Change in Net Assets	59,642	27,467	87,109
Net Assets, beginning of year	<u>(22,191)</u>	<u>-</u>	<u>(22,191)</u>
Net Assets, end of year	<u>\$ 37,451</u>	<u>\$ 27,467</u>	<u>\$ 64,918</u>

See Notes to the Financial Statements

Girls Leadership Institute, Inc.
Statement of Cash Flows
For the Year Ended August 31, 2013

Cash flows from operating activities:

Change in net assets	\$	87,109
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation		1,637
Change in assets and liabilities:		
Accounts receivable		(27,383)
Pledges receivable		(20,000)
Prepaid expenses		90
Inventory		3,822
Deposits		(2,200)
Accounts payable		(26,515)
Vacation accrual		(8,521)
Deferred revenue		54,093
Net cash provided by operating activities		62,132
Net change in cash		62,132
Cash, beginning of year		163,820
Cash, end of year	\$	225,952

See Notes to the Financial Statements

Girls Leadership Institute, Inc.

**Statement of Functional Expenses
For the Year Ended August 31, 2013**

	Programs							Total Program	General and Administrative	Fundraising	Total
	Day Camps	Parent-Daughter Programs	Education and Outreach	Residential Camp	Teacher Training	Total Program	General and Administrative				
Salaries	\$ 33,497	\$ 249,792	\$ 31,186	\$ 194,308	\$ 10,591	\$ 519,374	\$ 114,243	\$ 80,808	\$ 714,425		
Payroll taxes	1,994	18,827	2,142	25,097	778	48,838	14,299	7,465	70,602		
Employee benefits	1,421	14,769	2,013	8,641	191	27,035	11,274	5,565	43,874		
Total Personnel	36,912	283,388	35,341	228,046	11,560	595,247	139,816	93,838	828,901		
Occupancy	565	7,023	1,196	272,580	731	282,095	4,830	2,823	289,748		
Supplies	2,185	15,085	2,219	48,563	4,746	72,798	2,030	1,479	76,307		
Dues, licenses, service fees	1,119	14,376	861	22,271	1,145	39,772	5,581	1,854	47,207		
Other professional fees	3,455	1,890	275	13,503	5,500	24,623	13,738	813	39,174		
Travel and transportation	1,274	6,427	1,365	11,852	2,567	23,485	4,462	1,123	29,070		
Advertising and promotion	200	2,106	253	2,723	300	5,582	5,082	6,121	16,785		
Accounting fees						-	13,120		13,120		
Insurance	765	5,791	127	2,915	22	9,620	1,314	143	11,077		
Copy and printing	444	6,512	7	206	2,185	9,354	408	1,290	11,052		
Postage	384	2,124	1,754	1,044	144	5,450	1,181	758	7,389		
Equipment rental and maintenance	127	1,305	193	2,830	139	4,594	1,174	1,223	6,991		
Information technology	172	1,698	223	2,689	93	4,875	1,062	861	6,798		
Miscellaneous			3,383			3,383	2,910	21	6,314		
Telephone	133	1,342	287	691	140	2,593	1,193	925	4,711		
Depreciation	51	505	146	195	64	961	378	298	1,637		
Total Expenses	\$ 47,786	\$ 349,572	\$ 47,630	\$ 610,108	\$ 29,336	\$ 1,084,432	\$ 198,279	\$ 113,570	\$ 1,396,281		

See Notes to the Financial Statements

GIRLS LEADERSHIP INSTITUTE, INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

NOTE 1: NATURE OF ACTIVITIES

Girls Leadership Institute, Inc. (the Organization) is a national educational nonprofit serving girls, their parents and caregivers, and their educational communities. The Organization's mission is to teach girls the skills to know who they are, what they believe, and how to express it, empowering them to make change in their world.

The Organization offers parent/daughter workshops, day camps, summer camps, public presentations, and after-school programs as well as curriculum and training for educators.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets consist of resources that have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets represent contributions whose use is limited by donor-imposed stipulations that expire through the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of August 31, 2013.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. The Organization has no pledges for multiyear contributions.

GIRLS LEADERSHIP INSTITUTE, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013**

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions and Accounts Receivable

The Organization considers all contributions and accounts receivable to be fully collectible at August 31, 2013. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the New York Department of State have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the New York State Taxation Code Section 402. The Organization has evaluated its current tax positions as of August 31, 2013 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. See Note 6.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high-quality financial institutions.

Inventory

The Organization reports inventory at cost, computed on the first-in, first-out basis. Inventory consists of merchandise for sale in the camp store and on the Organization's website.

GIRLS LEADERSHIP INSTITUTE, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013**

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms as follows:

Improvements	1 year
Furniture and equipment	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Deferred Revenue

Deferred revenue consists of prepaid tuition revenue to be recognized in the periods to which the tuition relates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of January 30, 2014 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2013:

Furniture and equipment	\$ 5,999
Less accumulated depreciation	<u>(4,459)</u>
Total	<u>\$ 1,540</u>

GIRLS LEADERSHIP INSTITUTE, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013**

NOTE 4: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of August 31, 2013:

Capacity building	\$ 22,467
Workshop collaboration	<u>5,000</u>
Total	<u>\$ 27,467</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows for the year ended August 31, 2013:

Capacity building	\$ 27,533
Day camps	15,000
Scholarships	63,915
Program development	<u>5,025</u>
Total	<u>\$ 111,473</u>

NOTE 6: IN-KIND CONTRIBUTIONS

In-kind contributions include the following for the year ended August 31, 2013:

Office equipment and furniture	\$ 1,220
Travel and meals	3,758
Legal services	13,650
Other services	<u>6,900</u>
Total	<u>\$ 25,528</u>

In addition, the Organization received \$8,642 during the year ended August 31, 2013 for administration, marketing, communications, and outreach services that did not meet the criteria for revenue recognition.

GIRLS LEADERSHIP INSTITUTE, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013**

NOTE 7: SCHOLARSHIPS

The Organization awarded scholarships (financial aid) in the amount of \$99,319 to low-income participants in its programs. The amount of revenue reduction represented by scholarships is larger in magnitude than any category of the Organization's expenses except salaries and occupancy.

NOTE 8: RELATED PARTY TRANSACTIONS

The Director of Programs served as a non-voting member of the Board of Directors of the Organization until November 2012. For the year ended August 31, 2013, the Director of Programs was compensated a total of \$9,423 for her services. She left her position as Director of Programs at the end of October 2012. In December 2012 she became a voting member of the Board of Directors. She was compensated for consulting work totaling \$5,500 for the year ended August 31, 2013. She recuses herself from all discussions regarding her compensation.

In addition, the Organization's curriculum is based on books authored by this board member, which the Organization purchases and re-sells to participants.

NOTE 9: JOINT COSTS OF ACTIVITIES THAT INCLUDED FUNDRAISING APPEALS

The Organization engaged in a number of marketing activities that included a fundraising appeal. As a result, the costs of these activities were allocated between fundraising, program, and management and general services as follows for the year ended August 31, 2013:

Costs allocated to program activities	\$ 79,562
Costs allocated to management and general activities	31,228
Costs allocated to fundraising activities	<u>19,489</u>
Total	<u>\$ 130,279</u>