

**GIRLS
LEADERSHIP**

Girls Leadership Institute

Financial Statements

For the year ended

August 31, 2015

With Independent Auditors' Report Thereon

GIRLS LEADERSHIP INSTITUTE, INC.

(A New York Not-For-Profit Corporation)

August 31, 2015

Our Mission

Girl's Leadership Institute's mission is to teach girls the skills to know who they are, what they believe, and how to express it, empowering them to create change in their world.

Vision. A society where girls and women engage authentically and assertively at every level of decision making in all areas of their lives.

Values. We structure our work around five central values: Inclusivity, authenticity, integrity, quality, and fun!

What makes us unique?. [1] Girls Leadership works not only with girls, but also with their primary influencers - parents, teachers, and caregivers - to create sustainable impact. Studies show parents and teachers to be the most powerful teachers for girls all the way through high school. [2] We put social and emotional learning (SEL) at the foundation of all our leadership development. [3] We see girls' real-life, every-day relationships with friends and family as the primary opportunity we have to teach girls the leadership skills that will serve them over a lifetime: self-advocacy, negotiation, compromise, personal responsibility and conflict as an opportunity for change.

Strategy. There are 25 million K-12th grade girls in the United States. If you combine the efforts of all national girl-serving organizations, we are only reaching about three million, or about 12% of girls. That means 22 million girls in the US aren't being reached. Girls Leadership's bold goal is to close that gap. Girls Leadership is collaborating with other organizations to elevate the girl-serving field, deepen our knowledge, and broaden our reach so that every single one of those 25 million girls has the awareness, skills and confidence to live as everyday leaders.

Locations. Our headquarters office is located in Oakland, California and we run in-person programs across the country. Our renowned residential summer program is held at Mount Holyoke College in South Hadley, Massachusetts, and our workshops and parent education talks take place across California, Colorado, New Jersey and New York. With our growing library of online resources, we hope to expand our work across geographic, class, and racial boundaries to impact as many girls as possible.

Board of Directors as of August 31, 2015

Name	Position
Coni Frezzo	Board Chair
Tina Knauss	Treasurer
Bret DiMarco	Trustee
Mimi Gurbst	Trustee
Nancy Huang	Trustee
Amie Thuener O'Toole	Trustee
Adene Sacks	Trustee
Rachel Simmons	Trustee
Simone Marean	Executive Director

GIRLS LEADERSHIP INSTITUTE, INC.

(A California Not-For-Profit Corporation)

August 31, 2015

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Girls Leadership Institute, Inc.

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C E R T I F I E D P U B L I C A C C O U N T A N T S
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L I S A C L O V E N , C P A L I S A P A R K E R , C P A [i n a c t i v e]
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INDEPENDENT AUDITORS' REPORT

The Board of Directors Girls Leadership Institute, Inc.

We have audited the accompanying financial statements of Girls Leadership Institute, Inc. (a California nonprofit organization) which comprise the statement of financial position as of August 31, 2015 and the related statements of activities and changes in net assets, 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, 2015, 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.

Other Matters

The financial statements of Girls Leadership Institute, Inc. as of August 31, 2014 were audited by another auditor whose report dated February 27, 2015 expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended August 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danville, California
November 30, 2015

Regalia & Associates

GIRLS LEADERSHIP INSTITUTE, INC.

**Statements of Financial Position
August 31, 2015 and 2014**

ASSETS

	2015	2014
Current assets:		
Cash and cash equivalents	\$ 335,624	\$ 318,399
Accounts receivable, net of allowance	82,844	113,299
Grants and pledges receivable	160,000	307,620
Inventories	2,398	4,378
Prepaid expenses	20,647	17,952
Total current assets	601,513	761,648
Deposits and other assets	3,234	2,200
Property and equipment, net	77,414	649
	\$ 682,161	\$ 764,497

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 109,700	\$ 112,462
Accrued payroll liabilities	44,025	14,686
Deferred revenue	99,533	72,083
Total current liabilities	253,258	199,231
Net assets:		
Unrestricted	221,403	159,911
Temporarily restricted	207,500	405,355
Total net assets	428,903	565,266
	\$ 682,161	\$ 764,497

GIRLS LEADERSHIP INSTITUTE, INC.

**Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2015**

(with Summarized Financial Information for the Year Ended August 31, 2014)

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
<i>Changes in net assets:</i>				
Revenue and support:				
Program fees	\$ 1,364,659	\$ -	\$1,364,659	\$1,434,268
Less: scholarships	(101,134)	-	(101,134)	(116,789)
Program fees, net	1,263,525	-	1,263,525	1,317,479
Merchandise sales	12,039	-	12,039	11,474
Investment income	737	-	737	321
Other	-	-	-	4,210
Total revenue	1,276,301	-	1,276,301	1,333,484
Contributions	201,563	24,790	226,353	130,098
Foundation grants	-	88,500	88,500	676,528
In-kind contributions	7,118	-	7,118	9,409
Net assets released from restriction	311,145	(311,145)	-	-
Total support	519,826	(197,855)	321,971	816,035
Total revenue and support	1,796,127	(197,855)	1,598,272	2,149,519
Expenses:				
<i>Programs:</i>				
California	274,863	-	274,863	262,619
Colorado	143,736	-	143,736	137,333
New York	134,693	-	134,693	128,693
New Jersey	120,949	-	120,949	115,561
National	688,852	-	688,852	658,166
Merchandise	15,925	-	15,925	15,215
Total programs	1,379,018	-	1,379,018	1,317,587
<i>Overhead:</i>				
General and administrative	226,163	-	226,163	205,767
Fundraising	129,454	-	129,454	125,817
Total expenses	1,734,635	-	1,734,635	1,649,171
Increase (decrease) in net assets	61,492	(197,855)	(136,363)	500,348
Net assets at beginning of year	159,911	405,355	565,266	64,918
Net assets-end of year	\$ 221,403	\$ 207,500	\$ 428,903	\$ 565,266

GIRLS LEADERSHIP INSTITUTE, INC.

**Statements of Cash Flows
For the Years Ended August 31, 2015 and 2014**

	2015	2014
<i>Operating activities:</i>		
Increase (decrease) in net assets	\$ (136,363)	\$ 500,348
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	65,001	856
Loss on disposal of property and equipment	-	35
Changes in:		
Accounts receivable	30,455	(50,174)
Grants and pledges receivable	147,620	(287,620)
Inventories	1,980	2,069
Prepaid expenses	(2,695)	(6,716)
Deposits and other assets	(1,034)	-
Accounts payable and accrued liabilities	(2,762)	(21,297)
Accrued payroll liabilities	29,339	(17,895)
Deferred revenue	27,450	(27,159)
Cash provided by operating activities	158,991	92,447
 <i>Investing activities:</i>		
Acquisition of property and equipment	(141,766)	-
Cash provided by (used for) investing activities	(141,766)	-
Increase in cash and cash equivalents	17,225	92,447
Cash and cash equivalents at beginning of year	318,399	225,952
Cash and cash equivalents at end of year	\$ 335,624	\$ 318,399
 <i>Additional cash flow information:</i>		
State registration fees and taxes paid	\$ 1,108	\$ 1,060
Interest paid	\$ -	\$ -

GIRLS LEADERSHIP INSTITUTE, INC.

**Statement of Functional Expenses
For the Year Ended August 31, 2015**

(with Summarized Financial Information for the Year Ended August 31, 2014)

	California	Colorado	New York	New Jersey	National	Merchandise	Total Programs	General and Administrative	Fund-raising	2015 Total	2014 Total
Salaries and wages	\$ 183,948	\$ 103,771	\$ 97,157	\$ 84,941	\$ 227,031	\$ 6,886	\$ 703,734	\$ 141,726	\$ 70,661	\$ 916,121	\$ 836,694
Payroll taxes	12,767	8,911	7,431	7,881	26,964	647	64,601	12,857	5,890	83,348	76,496
Benefits	9,377	6,046	4,286	4,132	13,934	392	38,167	13,563	6,259	57,989	39,203
Total personnel	206,092	118,728	108,874	96,954	267,929	7,925	806,502	168,146	82,810	1,057,458	952,393
Advertising and promotion	1,469	1,424	927	1,480	3,091	69	8,460	3,673	2,376	14,509	35,432
Bad debts	-	-	-	-	-	-	-	3,098	-	3,098	-
Cost of merchandise sold	147	57	41	43	2,563	6,172	9,023	96	48	9,167	5,843
Depreciation	426	486	280	438	13,414	44	15,088	600	313	16,001	856
Dues, licenses, and service fees	11,747	4,165	2,477	3,778	20,949	291	43,407	88	2,608	46,103	51,197
Equipment rental and maintenance	1,356	937	829	810	2,512	130	6,574	2,361	858	9,793	9,835
Information technology	639	443	343	388	1,640	41	3,494	673	287	4,454	6,067
Insurance	5,658	1,657	2,511	2,862	8,488	44	21,220	2,291	408	23,919	19,147
Legal and accounting	-	-	-	-	-	-	-	27,708	-	27,708	22,330
Miscellaneous	17	13	12	12	31	16	101	1,877	2,010	3,988	1,694
Occupancy	19,610	4,091	4,915	5,444	266,808	377	301,245	6,627	2,946	310,818	264,731
Outside consulting fees	9,212	4,013	3,616	2,086	40,031	527	59,485	4,540	24,483	88,508	168,104
Postage	1,286	553	606	554	1,221	133	4,353	732	539	5,624	6,088
Printing	4,542	1,855	903	1,566	1,536	5	10,407	334	1,057	11,798	15,019
Supplies and office	4,632	3,390	4,522	2,080	12,388	102	27,114	700	6,494	34,308	23,267
Telephone	365	218	201	198	560	28	1,570	610	200	2,380	3,477
Travel and meals	7,665	1,706	3,636	2,256	45,691	21	60,975	2,009	2,017	65,001	63,691
Totals	\$ 274,863	\$ 143,736	\$ 134,693	\$ 120,949	\$ 688,852	\$ 15,925	\$ 1,379,018	\$ 226,163	\$ 129,454	\$ 1,734,635	\$ 1,649,171

Notes to Financial Statements
August 31, 2015

1. Organization

Girls Leadership Institute, Inc. ("GLI") is based in Oakland, California and is a national educational nonprofit entity organized in 2008 which runs in-person programs across the country. The mission of GLI is to teach girls the skills to know who they are, what they believe, and how to express it, empowering them to create change in their world. GLI envisions a society where girls and women engage authentically and assertively at every level of decision making in all areas of their lives.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of GLI have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, GLI is required to report 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.

Support and Revenue Recognition

GLI records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions, donations and grants restricted by the donor for particular purposes are deemed to be earned and are reported as revenue and support when GLI has incurred expenditures in compliance with the specific restrictions or when time restrictions have lapsed. Program fees are recognized as income upon completion of the activity for which the fees were collected in accordance with ASC 605.20.25, *Recognition*.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash, savings and deposits that have a maturity of less than three months when acquired.

Grants Receivable

Grants receivable are recognized as unrestricted or temporarily restricted contributed revenue when the contractual obligation is received. All receivables are reflected at fair value.

Inventories

Inventories are carried at lower of cost or market using the first-in first-out method and consist of various merchandise items. GLI maintains its inventory in accordance with ASC 330.10.30 *Inventory*.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment purchased by GLI is stated at cost. Property and equipment donated to GLI is recorded at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, GLI is required to report information regarding its exposure to various tax positions taken by GLI and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that GLI has adequately evaluated its current tax positions and has concluded that as of August 31, 2015, GLI does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

GLI has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that GLI continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. GLI may periodically receive unrelated business income requiring GLI to file separate tax returns under federal and state statutes. Under such conditions, GLI will calculate, accrue and remit the applicable taxes.

Advertising Expense

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense amounted to \$14,509 and \$35,432 for the years ended August 31, 2015 and 2014, respectively, and is reflected on the statement of functional expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

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

Reclassifications

Certain reclassifications have been made to the 2014 financial statements in order to conform to the presentation used in 2015.

Notes to Financial Statements

3. Cash and Cash Equivalents

Cash and cash equivalents at August 31, 2015 and 2014 include all funds in checking, savings, and money market accounts maintained at local financial institutions. The composition of cash and cash equivalents is as follows at August 31:

	2015	2014
Checking accounts (noninterest-bearing)	\$ 266,674	\$ 190,410
Savings and money market accounts (interest-bearing)	68,950	128,029
Total cash and cash equivalents	\$ 355,624	\$ 318,399

Funds in savings and money market accounts bear interest at rates ranging from 0.05% per annum to 0.10% per annum.

4. Receivables

Accounts Receivable

Accounts receivable consist of the following at August 31:

	2015	2014
Accounts receivable	\$ 85,942	\$ 113,299
Less: allowance for estimated uncollectible balances	(3,098)	-
Accounts receivable, net	\$ 82,844	\$ 113,299

Grants Receivable

Grants receivable of \$160,000 and \$307,620 at August 31, 2015 and 2014, respectively, represent funds due from various organizations and individuals and are reflected at their net realizable value. GLI uses the direct write-off method with regards to receivables deemed uncollectible. Bad debt expense amounted to \$3,098 for the year ended August 31, 2015. There were no bad debt write-offs for the year ended August 31, 2014. Management has evaluated the grants receivable as of August 31, 2015 and determined that such amounts are collectible based on the financial health of the donors involved.

5. Property and Equipment

Property and equipment consist of the following at August 31:

	2015	2014
Furniture and equipment	\$ -	\$ 4,130
Website	92,965	-
Less: accumulated depreciation	(15,551)	(3,481)
Property and equipment, net	\$ 77,414	\$ 649

Depreciation expense amounted to \$16,001 and \$856 for the years ended August 31, 2015 and 2014, respectively. During the year ended August 31, 2015, GLI disposed of partially depreciated equipment in the amount of \$4,130 with accumulated depreciation of \$3,931.

Notes to Financial Statements

6. Inventories

Inventories of \$2,398 and \$4,378 at August 31, 2015 and 2014, respectively, consist of DVDs, books, and other general merchandise sold at various geographic locations and through the organization's website. Merchandise sales amounted to \$12,039 and \$11,474 for the years ended August 31, 2015 and 2014, respectively. Cost of merchandise sold amounted to \$9,167 and \$5,843 for the years ended August 31, 2015 and 2014, respectively.

7. Occupancy

Effective September 22, 2014, GLI is committed to leasing its corporate office space under a three-year operating lease through December 31, 2017. The lease stipulates a payment amount of \$2,772 per month as of August 31, 2015. The lease provides for an increase in the monthly rent to \$3,003 effective February 1, 2016 and then to \$3,234 effective January 1, 2017. GLI is responsible for its own property insurance, maintenance, and utilities. GLI rents program venues under specific short-term usage agreements and is obligated to pay rent based upon the terms and conditions for which the facilities are utilized. In addition, GLI leases certain office equipment under an agreement requiring periodic monthly payments.

Rent expense for all facilities amounted to \$306,886 and \$262,089 for the years ended August 31, 2015 and 2014, respectively. Minimum future lease payments for operating leases with terms of one year or more are as follows at August 31, 2015: **Year ending August 31, 2016: \$34,329; Year ending August 31, 2017: \$39,938; and Year ending August 31, 2018: \$13,628.**

8. Deferred Revenue

Deferred revenue of \$99,533 and \$72,083 at August 31, 2015 and 2014, respectively, represent program fees received in advance for activities scheduled for the following fiscal year. Such amounts have been recorded as short-term liabilities and will be reflected as program fee revenue on the statement of activities and changes in net assets in the subsequent fiscal period.

9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, GLI is required to record a liability for the estimated amounts of compensation for vacation and sick leave. Employees are permitted to accrue a specific number of hours for estimated future absences, and such accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued payroll liabilities amounted to \$44,025 and \$14,686 at August 31, 2015 and 2014, respectively.

10. Related Party Transactions

During the years ended August 31, 2015 and 2014, a voting member of the Board of Directors received compensation and reimbursed expenses totaling \$26,849 and \$5,500, respectively. Additionally, GLI's curriculum is based on books authored by this Board member, which GLI purchases and re-sells to program participants.

Notes to Financial Statements

11. Temporarily Restricted Net Assets

GLI recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following at August 31:

	2015	2014
Web site	\$ -	\$ 94,993
Workshop collaboration	-	10,362
Time restricted	207,500	300,000
Property and equipment, net	\$ 207,500	\$ 405,355

During the years ended August 31, 2015 and 2014, contributions of temporarily restricted net assets amounted to \$113,290 and \$513,006, respectively. During the years ended August 31, 2015 and 2014, GLI released \$311,145 and \$135,118, respectively, from temporarily restricted net assets to unrestricted net assets.

12. Scholarships

GLI awarded scholarships in the form of financial aid to low-income participants in its programs totaling \$101,134 and \$116,789 for the years ended August 31, 2015 and 2014, respectively. Such amounts have been reflected as a reduction of program fees on the statement of activities and changes in net assets.

13. Other Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future program activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate GLI to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond GLI'S control, such as generosity of donors and general economic conditions, (c) Employment contracts and service agreements with outside contractors, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting organizations.

14. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, GLI has evaluated subsequent events through November 30, 2015, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.