

**GIRLS  
LEADERSHIP**

**Girls Leadership Institute**

**Financial Statements**

*For the years ended*  
*August 31, 2018 and 2017*  
With Independent Auditors' Report Thereon

## GIRLS LEADERSHIP

(A California Not-For-Profit Corporation)

August 31, 2018 and 2017

### Our Mission

Girls Leadership equips girls with the skills to exercise the power of their voice.

**Vision.** A society where girls embrace the power of their voice to shape the world.

**Values.** We structure our work around four central values: Play, Authentic Communication, Equity, and Courageous Growth.

**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 life-time: self-advocacy, negotiation, compromise, personal responsibility and conflict as an opportunity for change.

**Strategy.** We teach in-person programs across the US, produce free educational content and conduct original research, such as our upcoming project, “Closing the Gap: Understanding How Girls of Color Become Leaders.” Our in-person programs teach girls, educators, and parents the core practices of emotional intelligence, healthy relationships, and assertive self-expression. Taught by professional, salaried instructors, all Girls Leadership programs use interactive lessons and educational theatre-based techniques to help girls connect with their emotions and practice the tools of building healthy, authentic relationships. The courses are age-appropriate and progressive, following girls’ developmental needs from grade school through high school.

**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 The Cate School in Carpinteria, California, 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, 2018

Name	Position
Joyce DeLucca	Board Chair
Amie Thuener O'Toole	Treasurer
Regan Solmo	Development Chair
Maria Kiskis	Trustee
Anna Fieler	Trustee
Regina Manzana-Sawhney	Trustee
Mala Singh-Force	Trustee
Mimi Gurbst	Trustee
Stephanie Joe	Trustee
Tina Knauss	Trustee
Danielle Merida	Trustee
Simone Marean	CEO

# GIRLS LEADERSHIP

(A California Not-For-Profit Corporation)  
August 31, 2018 and 2017

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## INDEPENDENT AUDITORS' REPORT

### **The Board of Directors Girls Leadership Institute, Inc. ("Girls Leadership")**

We have audited the accompanying financial statements of Girls Leadership (a California nonprofit organization) which comprise the statement of financial position as of August 31, 2018, 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 as of August 31, 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Report on Summarized Comparative Information*

We have previously audited Girls Leadership's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, is consistent, in all material respects, with the audited financial information from which it has been derived.

*Danville, California  
March 25, 2019*

*Regalia & Associates*

**GIRLS LEADERSHIP INSTITUTE**

**Statements of Financial Position  
August 31, 2018 and 2017**

**ASSETS**

	<b>2018</b>	<b>2017</b>
Assets:		
Cash and cash equivalents	\$ 289,141	\$ 721,449
Accounts, grants and pledges receivable, net of allowance	257,581	470,867
Inventories	3,251	2,942
Prepaid expenses	15,823	21,833
Deposits and other assets	3,234	3,234
Property and equipment, net	84,431	87,124
	<b>\$ 653,461</b>	<b>\$ 1,307,449</b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued liabilities	\$ 8,257	\$ 165,718
Accrued payroll liabilities	49,220	40,388
Deferred revenue	109,343	86,742
	<b>166,820</b>	<b>292,848</b>
Net assets:		
Unrestricted	302,974	416,778
Temporarily restricted	183,667	597,823
	<b>486,641</b>	<b>1,014,601</b>
	<b>\$ 653,461</b>	<b>\$ 1,307,449</b>

# GIRLS LEADERSHIP INSTITUTE

## Statement of Activities and Changes in Net Assets For the Year Ended August 31, 2018

*(with Summarized Financial Information for the Year Ended August 31, 2017)*

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total 2018</b>	<b>Total 2017</b>
<i>Changes in net assets:</i>				
Revenue and support:				
Program fees	\$ 1,421,427	\$ -	\$ 1,421,427	\$ 1,516,454
Less: scholarships	(63,254)	-	(63,254)	(86,207)
Program fees, net	1,358,173	-	1,358,173	1,430,247
Merchandise sales	2,174	-	2,174	11,515
Investment interest	222	-	222	578
Total revenue	1,360,569	-	1,360,569	1,442,340
Contributions	634,136	57,313	691,449	771,254
Foundation grants	-	18,000	18,000	691,800
In-kind contributions	37,393	-	37,393	41,240
Net assets released from restriction	489,469	(489,469)	-	-
Total support	1,160,998	(414,156)	746,842	1,504,294
Total revenue and support	2,521,567	(414,156)	2,107,411	2,946,634
Expenses:				
<i>Programs:</i>				
California	497,265	-	497,265	369,291
Colorado	211,035	-	211,035	174,863
New York	313,551	-	313,551	206,324
New Jersey	205,180	-	205,180	180,128
National	823,441	-	823,441	772,855
Merchandise	4,106	-	4,106	16,886
Total programs	2,054,578	-	2,054,578	1,720,347
<i>Overhead:</i>				
General and administrative	215,526	-	215,526	252,816
Fundraising	365,267	-	365,267	274,366
Total expenses	2,635,371	-	2,635,371	2,247,529
Increase (decrease) in net assets	(113,804)	(414,156)	(527,960)	699,105
Net assets at beginning of year	416,778	597,823	1,014,601	315,496
Net assets-end of year	\$ 302,974	\$ 183,667	\$ 486,641	\$ 1,014,601

See accompanying auditors' report and notes to financial statements.

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# GIRLS LEADERSHIP INSTITUTE

## Statements of Cash Flows For the Years Ended August 31, 2018 and 2017

	2018	2017
<i>Operating activities:</i>		
Increase (decrease) in net assets	\$ (527,960)	\$ 699,105
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	32,243	19,427
Changes in:		
Accounts, grants and pledges receivable	213,286	(420,924)
Inventories	(309)	462
Prepaid expenses	6,010	(1,866)
Accounts payable and accrued liabilities	(157,461)	14,782
Accrued payroll liabilities	8,832	(2,755)
Deferred revenue	22,601	23,292
Cash provided by (used for) operating activities	(402,758)	331,523
<i>Investing activities:</i>		
Acquisition of property and equipment	(29,550)	(47,730)
Cash used for investing activities	(29,550)	(47,730)
Increase (decrease) in cash and cash equivalents	(432,308)	283,793
Cash and cash equivalents at beginning of year	721,449	437,656
Cash and cash equivalents at end of year	\$ 289,141	\$ 721,449
<i>Additional cash flow information:</i>		
State registration fees and taxes paid	\$ 670	\$ 345
Interest paid	\$ -	\$ -

**GIRLS LEADERSHIP INSTITUTE**

**Statement of Functional Expenses  
For the Year Ended August 31, 2018**

*(with Summarized Financial Information for the Year Ended August 31, 2017)*

	California	Colorado	New York	New Jersey	National	Merchandise	Total Programs	General and Administrative	Fund-raising	2018 Total	2017 Total
Salaries and wages	\$ 339,449	\$ 144,622	\$ 203,936	\$ 142,291	\$ 259,390	\$ 3,102	\$ 1,092,790	\$ 137,686	\$ 169,502	\$ 1,399,978	\$ 1,208,999
Payroll taxes	28,804	12,222	17,282	12,033	22,410	264	93,015	11,734	14,417	119,166	104,934
Benefits	21,581	8,918	12,663	8,546	20,366	187	72,261	8,531	11,785	92,577	71,924
Total personnel	389,834	165,762	233,881	162,870	302,166	3,553	1,258,066	157,951	195,704	1,611,721	1,385,857
Advertising and promotion	2,592	1,254	4,147	1,283	2,998	18	12,292	3,487	10,699	26,478	33,190
Bad debts	-	-	2,578	-	90	-	2,668	-	-	2,668	2,910
Cost of merchandise sold	-	91	8	-	1,572	-	1,671	-	52	1,723	5,886
Depreciation	4,764	1,947	2,859	1,886	16,489	43	27,988	1,898	2,357	32,243	19,427
Dues, licenses, and service fees	17,283	7,696	10,470	6,885	9,022	86	51,442	2,172	11,596	65,210	63,377
Equipment rental and maintenance	999	438	605	391	1,606	9	4,048	567	506	5,121	10,905
Information technology	2,410	1,080	1,477	1,043	1,921	23	7,954	1,007	7,642	16,603	8,397
Insurance	9,564	3,485	5,558	4,257	9,319	42	32,225	7,191	2,244	41,660	41,971
Legal and accounting	-	-	-	-	94	-	94	23,460	-	23,554	21,568
Miscellaneous	1,427	65	6	4	444	5	1,951	713	159	2,823	1,223
Occupancy	27,047	6,878	27,289	9,040	297,482	117	367,853	5,165	6,430	379,448	338,448
Outside consulting fees	21,108	10,866	13,552	8,254	102,354	176	156,310	7,611	46,628	210,549	117,472
Postage	1,413	496	780	600	1,456	16	4,761	172	1,553	6,486	7,751
Printing	1,607	1,335	1,166	1,180	2,566	1	7,855	40	834	8,729	16,989
Special events	-	14	-	-	-	-	14	-	23,523	23,537	15,928
Supplies and office	11,129	6,393	5,148	5,210	15,615	5	43,500	245	37,821	81,566	83,251
Telephone	1,097	489	674	473	786	10	3,529	453	2,532	6,514	1,977
Travel and meals	4,991	2,746	3,353	1,804	57,461	2	70,357	3,394	14,987	88,738	71,002
Totals	\$ 497,265	\$ 211,035	\$ 313,551	\$ 205,180	\$ 823,441	\$ 4,106	\$ 2,054,578	\$ 215,526	\$ 365,267	\$ 2,635,371	\$ 2,247,529

See accompanying auditors' report and notes to financial statements.

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**Notes to Financial Statements  
August 31, 2018 and 2017**

**1. Organization**

Girls Leadership is a national, educational non-profit with a mission to equip girls with the skills to exercise the power of their voice. Founded in 2009, Girls Leadership has reached over 65,000 people, over half of whom are parents, teachers, counselors, and coaches – the most powerful influencers in girls' lives. Girls Leadership is generating impact through transformational in-person programs, online content, and original research. Girls Leadership is committed to ensuring that girls across differences of income, race, and culture come to know realize and own their power.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of Girls Leadership 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, Girls Leadership 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*

Girls Leadership 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 Girls Leadership 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, *Revenue 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.

*Accounts, Grants and Pledges Receivable*

Accounts, grants and pledges receivable are recognized as unrestricted or temporarily restricted contributed revenue when the contractual obligation is received. All receivables are reflected at estimated net realizable value.

*(continued)*

**Notes to Financial Statements**

**2. Summary of Significant Accounting Policies (continued)**

*Inventories*

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

*Property and Equipment*

Property and equipment purchased by Girls Leadership is stated at cost. Property and equipment donated to Girls Leadership 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, Girls Leadership is required to report information regarding its exposure to various tax positions taken by Girls Leadership 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 Girls Leadership has adequately evaluated its current tax positions and has concluded that as of August 31, 2018 and 2017, Girls Leadership does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

Girls Leadership 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 Girls Leadership continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. Girls Leadership may periodically receive unrelated business income requiring Girls Leadership to file separate tax returns under federal and state statutes. Under such conditions, Girls Leadership will calculate, accrue and remit the applicable taxes.

*Advertising Expense*

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense amounted to \$26,478 and \$33,190 for the years ended August 31, 2018 and 2017, 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.

*(continued)*

**Notes to Financial Statements**

**2. Summary of Significant Accounting Policies (continued)**

*Functional Allocation of Expenses*

The costs of providing Girls Leadership’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 2017 financial statements in order to conform to the presentation used in 2018.

*Comparative Financial Information*

The financial statements include certain fiscal 2017 summarized comparative information in total but not by net asset class. The prior year summarized comparative information has been derived from Girls Leadership’s August 31, 2017 financial statements.

**3. Cash and Cash Equivalents**

Cash and cash equivalents at August 31, 2018 and 2017 include all funds in checking and savings accounts maintained at local financial institutions. The composition of cash and cash equivalents is as follows at August 31:

	2018	2017
Checking and clearing accounts (noninterest-bearing)	\$ 269,072	\$ 652,388
Savings and money market accounts (interest-bearing)	20,069	69,061
Total cash and cash equivalents	\$ 289,141	\$ 721,449

Funds in savings accounts bear interest at 0.03% at August 31, 2018.

**4. Accounts, Grants and Pledges Receivable**

Accounts, grants and pledges receivable consist of the following at August 31:

	2018	2017
Accounts, grants and pledges receivable	\$ 258,724	\$ 472,432
Less: allowance for estimated uncollectible balances	(1,143)	(1,565)
Accounts, grants and pledges receivable, net	\$ 257,581	\$ 470,867

Girls Leadership uses the direct write-off method with regards to receivables deemed uncollectible. Bad debt expense amounted to \$2,668 and \$2,910 for the years ended August 31, 2018 and 2017, respectively.

**Notes to Financial Statements**

**5. Property and Equipment**

Property and equipment consist of the following at August 31:

	2018	2017
Website	\$ 170,245	\$ 140,695
Less: accumulated depreciation	(85,814)	(53,571)
Property and equipment, net	\$ 84,431	\$ 87,124

Depreciation expense amounted to \$32,243 and \$19,427 for the years ended August 31, 2018 and 2017, respectively.

**6. Inventories**

Inventories of \$3,251 and \$2,942 at August 31, 2018 and 2017, respectively, consist of DVDs, books, and other general merchandise sold at various geographic locations and through the organization’s website. Merchandise sales amounted to \$2,174 and \$11,515 for the years ended August 31, 2018 and 2017, respectively. Cost of merchandise sold amounted to \$1,723 and \$5,886 for the years ended August 31, 2018 and 2017, respectively.

**7. Occupancy**

Girls Leadership leases its corporate office space under a multi-year operating lease expiring December 31, 2020. The lease stipulates a payment amount of \$4,043 per month as of August 31, 2018, with annual increases thereafter averaging 9.5% per annum for the remainder of the lease term. Girls Leadership is responsible for its own property insurance, maintenance, and utilities. Girls Leadership 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, Girls Leadership leases certain office equipment under an agreement requiring periodic monthly payments.

Rent expense for all facilities amounted to \$373,414 and \$331,200 for the years ended August 31, 2018 and 2017, respectively. At August 31, 2018, minimum future lease payments for operating leases with terms of one year or more are as follows: **Year ending August 31, 2019: \$51,284; Year ending August 31, 2020: \$56,364; and Year ending August 31, 2021: \$19,404.**

**8. Deferred Revenue**

Deferred revenue of \$109,343 and \$86,742 at August 31, 2018 and 2017, respectively, represents 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.

**Notes to Financial Statements**

**9. Compensated Absences (Accrued Payroll and Related Benefits)**

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, Girls Leadership 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 \$49,220 and \$40,388 at August 31, 2018 and 2017, respectively.

**10. Related Party Transactions**

During the years ended August 31, 2018 and 2017, a voting member of the Board of Directors received compensation and reimbursed expenses totaling \$7,650 and \$20,016, respectively.

**11. Temporarily Restricted Net Assets**

Girls Leadership 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:

	2018	2017
Foundation restricted	\$ 168,667	\$ 595,323
Individual restricted	-	2,500
Corporation restricted	15,000	-
Total temporarily restricted net assets	\$ 183,667	\$ 597,823

During the years ended August 31, 2018 and 2017, contributions of temporarily restricted net assets amounted to \$75,313 and \$884,279, respectively. During the years ended August 31, 2018 and 2017, Girls Leadership released \$489,469 and \$320,864, respectively, from temporarily restricted net assets to unrestricted net assets.

**12. Scholarships**

Girls Leadership awarded scholarships in the form of financial aid to low-income participants in its programs totaling \$63,254 and \$86,207 for the years ended August 31, 2018 and 2017, respectively. Such amounts have been reflected as a reduction of program fees on the statement of activities and changes in net assets.

**Notes to Financial Statements**

**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 Girls Leadership to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond Girls Leadership'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*, Girls Leadership has evaluated subsequent events through March 25, 2019, 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.