



Inspiring all girls  
to be strong,  
smart, and bold

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

March 31, 2017 and 2016

# GIRLS INCORPORATED

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*Independent Auditors' Report*

Board of Directors  
Girls Incorporated

We have audited the accompanying financial statements of Girls Incorporated, which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated as of March 31, 2017 and 2016, 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.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana

July 20, 2017

**GIRLS INCORPORATED**  
**STATEMENTS OF FINANCIAL POSITION**  
**March 31, 2017 and 2016**

**ASSETS**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and equivalents	\$ 7,761,731	\$ 5,444,525
Accrued investment income	5,736	5,409
Dues and other receivables	1,701	33,247
Grants, contracts and contributions receivables, net	14,677,863	1,932,074
Investments - current	2,646,372	2,552,284
Prepaid expenses and other	361,577	245,083
Note receivable from affiliate	48,889	75,556
Cash and equivalents - endowment	380,607	398,524
Investments - endowment	4,984,804	4,601,603
Property and equipment, net	1,467,236	1,556,190
Funds held by trustees	<u>9,066,291</u>	<u>8,532,712</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 41,402,807</b></u>	<u><b>\$ 25,377,207</b></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 896,930	\$ 560,461
Scholarships payable	1,006,825	1,125,115
Deferred revenue	209,209	226,904
Accrued pension cost	964,820	1,131,149
Deferred rent obligation	<u>90,461</u>	<u>80,754</u>
Total Liabilities	<u>3,168,245</u>	<u>3,124,383</u>
<b>NET ASSETS</b>		
Unrestricted:		
Board designated	645,145	620,843
Undesignated	<u>6,217,518</u>	<u>5,297,544</u>
Total Unrestricted	6,862,663	5,918,387
Temporarily restricted	18,672,107	4,169,257
Permanently restricted	<u>12,699,792</u>	<u>12,165,180</u>
Total Net Assets	<u>38,234,562</u>	<u>22,252,824</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 41,402,807</b></u>	<u><b>\$ 25,377,207</b></u>

*See accompanying notes.*

**GIRLS INCORPORATED**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended March 31, 2017 and 2016**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>OPERATING REVENUE, GAINS AND OTHER SUPPORT</b>				
Special events revenue	\$ 1,768,809			\$ 1,768,809
Less: Direct costs of special events	(328,999)			(328,999)
Special events, net	1,439,810			1,439,810
Contributions and private grants	3,052,955	\$ 18,346,951	\$ 1,000	21,400,906
In-kind contributions	294,373			294,373
Government grants and contracts		507,744		507,744
Program revenue	677,576			677,576
Other income	70,423			70,423
	5,535,137	18,854,695	1,000	24,390,832
Net assets released from restrictions	5,316,816	(5,316,816)		
Total Operating Revenue, Gains and Other Support	10,851,953	13,537,879	1,000	24,390,832
<b>EXPENSES</b>				
Program Services:				
Affiliate services/growth	2,398,714			2,398,714
Program, research and training	5,335,322			5,335,322
Public education and advocacy	1,347,155			1,347,155
Total Program Services	9,081,191			9,081,191
Supporting Services:				
Management and general	286,564			286,564
Fundraising	957,856			957,856
Total Supporting Services	1,244,420			1,244,420
Total Expenses	10,325,611			10,325,611
<b>CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN</b>	526,342	13,537,879	1,000	14,065,221
<b>INVESTMENT RETURN</b>				
Net appreciation (depreciation) on investments and funds held by trustees	168,255	412,335	533,612	1,114,202
Investment income, net	76,324	552,636		628,960
Total Investment Return	244,579	964,971	533,612	1,743,162
<b>CHANGE IN NET ASSETS BEFORE PENSION CHANGES OTHER THAN NET PERIODIC COSTS</b>	770,921	14,502,850	534,612	15,808,383
Pension changes other than net periodic costs	173,355			173,355
<b>CHANGE IN NET ASSETS</b>	944,276	14,502,850	534,612	15,981,738
<b>NET ASSETS</b>				
Beginning of Year	5,918,387	4,169,257	12,165,180	22,252,824
End of Year	\$ 6,862,663	\$ 18,672,107	\$ 12,699,792	\$ 38,234,562

See accompanying notes.

Unrestricted	2016		Total
	Temporarily Restricted	Permanently Restricted	
\$ 1,560,954			\$ 1,560,954
<u>(321,436)</u>			<u>(321,436)</u>
1,239,518			1,239,518
3,448,161	\$ 3,491,457	\$ 1,000	6,940,618
629,849			629,849
652,935			652,935
<u>63,011</u>			<u>63,011</u>
6,033,474	3,491,457	1,000	9,525,931
<u>4,550,310</u>	<u>(4,550,310)</u>		
10,583,784	(1,058,853)	1,000	9,525,931
2,701,175			2,701,175
4,444,250			4,444,250
<u>1,265,198</u>			<u>1,265,198</u>
<u>8,410,623</u>			<u>8,410,623</u>
276,299			276,299
<u>877,664</u>			<u>877,664</u>
<u>1,153,963</u>			<u>1,153,963</u>
9,564,586			9,564,586
1,019,198	(1,058,853)	1,000	(38,655)
(98,296)	(64,979)	(750,845)	(914,120)
<u>76,132</u>	<u>557,445</u>		<u>633,577</u>
<u>(22,164)</u>	<u>492,466</u>	<u>(750,845)</u>	<u>(280,543)</u>
997,034	(566,387)	(749,845)	(319,198)
<u>(337,181)</u>			<u>(337,181)</u>
659,853	(566,387)	(749,845)	(656,379)
5,258,534	4,735,644	12,915,025	22,909,203
<u>\$ 5,918,387</u>	<u>\$ 4,169,257</u>	<u>\$ 12,165,180</u>	<u>\$ 22,252,824</u>

**GIRLS INCORPORATED**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended March 31, 2017 and 2016**

	<b>Affiliate Services/Growth</b>		<b>Program, Research and Training</b>		<b>Public Education and Advocacy</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Salaries	\$ 889,560	\$ 944,571	\$ 1,754,603	\$ 1,701,527	\$ 554,504	\$ 386,309
Payroll taxes and employee benefits	276,889	281,712	546,128	539,969	207,082	115,214
Consultants and professional fees	119,578	259,276	354,790	303,677	176,775	159,372
Supplies	4,682	11,522	18,123	18,841	4,308	2,246
Telephone and computer expense	6,255	7,938	151,376	142,731	6,869	2,519
Postage and shipping expense	4,591	2,050	9,531	4,660	1,649	1,369
Occupancy	44,496	50,601	117,912	115,136	53,453	38,138
Insurance	9,120	10,329	22,079	22,486	5,896	4,540
Equipment rental and maintenance	3,749	9,263	47,572	51,626	4,149	2,121
Travel and meetings expense	198,663	155,961	186,720	191,455	61,006	25,828
Printing and publications expense	16,517	17,160	43,131	36,295	236,430	512,426
Subscriptions	486	976	1,138	1,953	12,444	3,334
Membership dues	16,760	6,824	11,034	10,970	2,431	2,376
Scholarships	204,876	385,124	16,453	27,828		
Pass-through grants to affiliates	581,893	536,327	2,005,490	1,228,595	4,452	
Depreciation	14,831	19,943	35,904	43,416	9,587	8,766
Miscellaneous	5,768	1,598	13,338	3,085	6,120	640
Direct costs of special events						
<b>TOTAL EXPENSES</b>	<b><u>\$ 2,398,714</u></b>	<b><u>\$ 2,701,175</u></b>	<b><u>\$ 5,335,322</u></b>	<b><u>\$ 4,444,250</u></b>	<b><u>\$ 1,347,155</u></b>	<b><u>\$ 1,265,198</u></b>

See accompanying notes.



<b>Management and General</b>		<b>Fundraising</b>		<b>Total</b>	
<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
\$ 136,423	\$ 108,268	\$ 592,199	\$ 514,225	\$ 3,927,289	\$ 3,654,900
38,007	32,289	186,836	154,617	1,254,942	1,123,801
39,140	53,906	91,225	91,045	781,508	867,276
2,437	2,277	4,312	5,613	33,862	40,499
663	564	3,147	2,577	168,310	156,329
1,058	342	11,242	7,696	28,071	16,117
23,925	35,886	36,202	30,427	275,988	270,188
8,303	7,582	7,460	6,429	52,858	51,366
3,141	3,543	2,822	3,004	61,433	69,557
7,981	10,284	218,673	205,068	673,043	588,596
3,482	1,592	105,654	96,613	405,214	664,086
356	610	1,651	2,036	16,075	8,909
3,142	3,634	6,893	6,581	40,260	30,385
			9,894	221,329	412,952
				2,591,835	1,774,816
13,501	14,639	12,131	12,414	85,954	99,178
5,005	883	6,408	50,861	36,639	57,067
		(328,999)	(321,436)	(328,999)	(321,436)
<u>\$ 286,564</u>	<u>\$ 276,299</u>	<u>\$ 957,856</u>	<u>\$ 877,664</u>	<u>\$ 10,325,611</u>	<u>\$ 9,564,586</u>

**GIRLS INCORPORATED**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended March 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 15,981,738	\$ (656,379)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	85,954	99,178
Loss on disposal of equipment	3,000	
Bad debt expense	28,540	52,789
Net (appreciation) depreciation of investments	(580,589)	163,275
Net (appreciation) depreciation of funds held by trustees	(533,612)	750,845
(Increase) decrease in certain assets:		
Accrued investment income	(327)	111
Dues and other receivables	3,006	(55,804)
Grants, contracts and contributions receivables	(12,745,789)	1,256,032
Prepaid expenses and other	(116,494)	(93,912)
Note receivable from affiliate	26,667	4,444
Funds held by trustees	33	(33)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	336,469	(110,730)
Scholarships payable	(118,290)	(102,763)
Deferred revenue	(17,695)	(31,353)
Accrued pension cost	(166,329)	303,907
Deferred rent obligation	9,707	8,584
Contributions restricted for endowment	(1,000)	(1,000)
Net Cash Provided by Operating Activities	<u>2,194,989</u>	<u>1,587,191</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	(1,889,863)	(1,737,267)
Proceeds from sales of investments	1,993,163	1,449,002
Decrease in cash and equivalents - endowment	17,917	187,455
Net Cash Provided (Used) by Investing Activities	<u>121,217</u>	<u>(100,810)</u>
<b>FINANCING ACTIVITIES</b>		
Collections of contributions restricted for endowment	1,000	1,000
Net Cash Provided by Financing Activities	<u>1,000</u>	<u>1,000</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	2,317,206	1,487,381
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>5,444,525</u>	<u>3,957,144</u>
End of Year	<u>\$ 7,761,731</u>	<u>\$ 5,444,525</u>

See accompanying notes.

# GIRLS INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2017 and 2016

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General:** Girls Incorporated, 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 151,000 girls ages 6 to 18 annually across the United States and Canada. The accompanying financial statements of Girls Incorporated 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 Incorporated 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 Incorporated 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.

**Basis of Accounting:** Girls Incorporated prepares its financial statements using the accrual basis of accounting. Girls Incorporated adheres to accounting principles generally accepted in the United States of America (GAAP).

**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 and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Net Asset Classifications:** Girls Incorporated's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, its net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** include general and board designated net assets that are not subject to donor-imposed stipulations.
- **Temporarily Restricted Net Assets** are subject to donor-imposed stipulations that will be met either by actions of Girls Incorporated or the passage of time.
- **Permanently Restricted Net Assets** are subject to donor-imposed stipulations that net assets be maintained permanently by Girls Incorporated and to use all or part of the income earned from the related investments.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, other than funds held by trustees, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Gains and losses on funds held by trustees, which consist of perpetual trust assets, are reported as increases or decreases in permanently restricted net assets. Expiration or fulfillment of temporary restrictions on net assets are reported as net assets released from restrictions.

**Cash and Equivalents:** Girls Incorporated considers money market fund shares and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Girls Incorporated maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. Girls Incorporated has not experienced any losses from its bank accounts.

**Membership Dues:** Membership dues, which are based on a percentage of the member affiliates' annual expenditures, are recognized as revenue when earned and are included in program related revenue. Deferred revenue includes membership dues received in advance of the period to which they relate. If necessary, the carrying amount of membership 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, 2017 and 2016.

**Promises to Give:** Unconditional promises to give are recorded at net realizable value. If material, contributions to be received after one year are recorded at their present value or their estimated future cash flows, with the change in the balance of unamortized discount reflected as an adjustment to contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Government grants and contracts are recorded as temporarily restricted revenue, and as the expenditures are incurred, net assets are released from restrictions. Historically, Girls Incorporated has not experienced significant bad debt losses. Girls Incorporated determines its allowance for doubtful grants, contracts and contributions on its historical loss experience considering the age of the receivables. Management determined that no allowance was necessary as of March 31, 2017 and 2016.

**Investment Valuation and Income Recognition:** Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

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. Realized and unrealized gains and losses on investments are included in the statements of activities.

**Property and Equipment:** Expenditures for property and equipment are reflected at cost, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the remaining life of the lease or the estimated useful life of the asset, whichever is shorter. The estimated useful lives of other assets are 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 Incorporated'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. To date, no adjustments to the carrying amount of property and equipment have been required.

***In-Kind Contributions:*** Contributed goods and services are recorded at their fair value on the date of receipt. Donated supplies and gifts for attendees of special events for the year ended March 31, 2016 was \$1,850, and are included in in-kind contributions and special event expenses. There were no donated supplies and gifts for attendees of special events during the year ended March 31, 2017. Donated supplies and goods for program purposes for the years ended March 31, 2017 and 2016 were \$7,801 and are included as in-kind contributions and public education and advocacy expenses. For the years ended March 31, 2017 and 2016, donated advertising services of \$238,649 and \$507,877, 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 Incorporated. In addition to providing economic benefits to Girls Incorporated, donated public service announcements provide benefits to all of the member affiliates. For the years ended March 31, 2017 and 2016, donated legal, consulting and IT services of \$47,923 and \$112,321, respectively, are included in in-kind contributions and in management and general expenses.

***Expense Allocation:*** The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Girls Incorporated.

***Special Events:*** The direct costs of special events include the cost of labor and equipment rental, as well as expenses for the benefit of the donor. The Internal Revenue Service considers meals, beverages and gift bags as examples of expenses for the benefit of the donor.

***Income Taxes:*** Girls Incorporated is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, Girls Incorporated 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 for the years ended March 31, 2017 and 2016.

Girls Incorporated files U.S. federal and states of New York and Indiana information tax returns. Girls Incorporated is no longer subject to U.S. federal and state income tax examinations by tax authorities for the fiscal years before March 31, 2014.

***Subsequent Events:*** Management has evaluated the financial statements for potential recognition and disclosure of subsequent events occurring through July 20, 2017, the date the financial statements were available to be issued.

## NOTE 2 - FAIR VALUE MEASUREMENTS

Girls Incorporated 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.

## NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

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 Incorporated 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 Incorporated makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. Also included in Level 3 are assets measured using a practical expedient that can never be redeemed at the practical expedient.

Following is a description of the valuation methodologies used by Girls Incorporated 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, 2017 and 2016.

**Mutual Fund Shares and 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 the value on yields currently available on comparable securities of issues with similar credit ratings.

**Beneficial Interest in Perpetual Trusts:** Valued using the fair value of the assets in the trust, as a practical expedient, since no facts and circumstances indicate that the fair value of the assets in the trusts differs from the fair value of the beneficial interest. Due to the nature of perpetual trusts, Girls Incorporated does not have the ability to redeem the assets at the practical expedient.

**Accrued Pension Cost:** Valued based on the difference between the fair value of the plan assets and the projected benefit obligation. The fair value of plan assets is based on the unit price reported by the sponsoring insurance company. The benefit obligation is projected using the unit credit actuarial valuation method.

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

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

## NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of Girls Incorporated's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2017 and 2016:

2017	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash Equivalents - Endowment:				
Money Market Fund Shares	\$ 380,607			\$ 380,607
Investments:				
Common Stocks:				
Financials	545,412			545,412
Healthcare	1,005,851			1,005,851
Technology	1,015,811			1,015,811
Consumer goods	513,688			513,688
Consumer discretionary	696,491			696,491
Industrial goods	936,111			936,111
Other	1,671,174			1,671,174
Corporate Bonds		\$481,093		481,093
Government Agency Bonds	765,545			765,545
Funds Held By Trustees:				
Beneficial interest in perpetual trusts			\$9,066,291	9,066,291
	<u>\$7,530,690</u>	<u>\$481,093</u>	<u>\$9,066,291</u>	<u>\$17,078,074</u>
<b>Liabilities</b>				
Accrued pension cost			\$ 964,820	\$ 964,820
			<u>\$ 964,820</u>	<u>\$ 964,820</u>
<b>2016</b>				
<b>Assets</b>				
Cash Equivalents - Endowment:				
Money Market Fund Shares	\$ 398,524			\$ 398,524
Investments:				
Common Stocks:				
Financials	355,401			355,401
Healthcare	779,921			779,921
Technology	786,720			786,720
Consumer goods	565,489			565,489
Consumer discretionary	788,720			788,720
Industrial goods	883,591			883,591
Other	1,116,143			1,116,143
Mutual Fund Shares:				
U.S. Equities	533,676			533,676
Fixed income	158,447			158,447
Corporate Bonds		\$429,886		429,886
Government Agency Bonds	755,893			755,893
Funds Held By Trustees:				
Beneficial interest in perpetual trusts			\$8,532,712	8,532,712
	<u>\$7,122,525</u>	<u>\$429,886</u>	<u>\$8,532,712</u>	<u>\$16,085,123</u>

## NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

2016	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Accrued pension cost			<u>\$1,131,149</u>	<u>\$1,131,149</u>
Total Liabilities at Fair Value			<u>\$1,131,149</u>	<u>\$1,131,149</u>

At March 31, 2017 and 2016, Girls Incorporated had no other assets or liabilities that are measured at fair value on a recurring basis.

Activity during the years ended March 31, 2017 and 2016 related to assets measured at fair value on a recurring basis using a Level 3 valuation methodologies was as follows:

	<b>Beneficial Interest In Perpetual Trusts</b>
Value at March 31, 2015	\$9,283,524
Additions	33
Unrealized loss	<u>(750,845)</u>
Value at March 31, 2016	8,532,712
Disposals	(33)
Unrealized gain	<u>533,612</u>
Value at March 31, 2017	<u>\$9,066,291</u>

There are no significant unobservable inputs used in the fair value measurements for the beneficial interest in perpetual trusts, considering the principal valuation technique is the fair value of each trust's assets.

Changes in the fair value of the Level 3 accrued pension cost for the years ended March 31, 2017 and 2016 and additional information about the valuation techniques and inputs are included in the details of the change in pension benefit obligation and the change in plan assets in Note 7.

## NOTE 3 - INVESTMENTS

Girls Incorporated's investments consisted of the following as of March 31, 2017 and 2016:

	2017	2016
Common stocks	\$6,384,538	\$5,275,985
Mutual funds		692,123
Corporate bonds	481,093	429,886
Government agency bonds	<u>765,545</u>	<u>755,893</u>
	<u>\$7,631,176</u>	<u>\$7,153,887</u>

Investments are included in the statements of financial position as of March 31, 2017 and 2016 as follows:

	2017	2016
Investments - current	\$2,646,372	\$2,552,284
Investments - endowment	<u>4,984,804</u>	<u>4,601,603</u>
	<u>\$7,631,176</u>	<u>\$7,153,887</u>



### NOTE 3 - INVESTMENTS (CONTINUED)

Girls Incorporated's investment income consisted of the following for the years ended March 31, 2017 and 2016:

	2017	2016
Distributions from perpetual trusts	\$446,799	\$453,428
Interest and dividends	<u>182,161</u>	<u>180,149</u>
	<u>\$628,960</u>	<u>\$633,577</u>

Girls Incorporated'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 4 - GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLES

Grants, contracts and contributions receivables were as follows at March 31, 2017 and 2016:

	2017	2016
Unrestricted	<u>\$ 495,398</u>	<u>\$ 423,020</u>
Temporarily Restricted:		
Restricted for specific purposes	950,344	1,509,054
Restricted for Growth Capital Campaign	<u>13,232,121</u>	<u>                    </u>
Total Temporarily Restricted	<u>14,182,465</u>	<u>1,509,054</u>
 Total Grants, Contracts, and Contributions Receivables, Net	 <u>\$14,677,863</u>	 <u>\$1,932,074</u>
 Expected to be collected in:		
Less than one year	\$ 6,801,398	\$1,932,074
One to five years	<u>8,058,241</u>	<u>                    </u>
	14,859,639	1,932,074
Unamortized discounts	<u>(181,776)</u>	<u>                    </u>
 Total Grants, Contracts, and Contributions Receivables, Net	 <u>\$14,677,863</u>	 <u>\$1,932,074</u>

Grants, contracts and contributions receivables are discounted at a rate of 1.72% at March 31, 2017.

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

## NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2017 and 2016:

	2017	2016
Land	\$ 209,205	\$ 209,205
Building	2,431,807	2,431,807
Furnishings and equipment	507,010	510,706
Leasehold and building improvements	<u>233,631</u>	<u>238,631</u>
Total Cost	3,381,653	3,390,349
Less: Accumulated depreciation	<u>(1,914,417)</u>	<u>(1,834,159)</u>
Total Property and Equipment, net	<u>\$ 1,467,236</u>	<u>\$ 1,556,190</u>

## NOTE 6 - FUNDS HELD BY TRUSTEES

Girls Incorporated is a beneficiary of certain irrevocable perpetual trusts, which are managed by third party trustees. Girls Incorporated is entitled to receive all the annual net income earned from the assets of the trusts. The fair value of the future cash receipts from these trusts have been reflected in funds held by trustees in the permanently restricted net asset class. See Note 2 for discussion of fair value measurements. The change in the fair value of the funds held by trustees is reflected as net appreciation (depreciation) of funds held by trustees in the permanently restricted net asset class. The funds appreciated by \$533,612 and depreciated by \$(750,845) during the years ended March 31, 2017 and 2016, respectively. Income distributions from such trusts amounted to \$446,799 and \$453,428 for the years ended March 31, 2017 and 2016, respectively, and are reflected as investment income in the accompanying statements of activities.

## NOTE 7 - EMPLOYEE BENEFITS

### *Defined Benefit Pension Plan*

Girls Incorporated maintains a qualified noncontributory defined benefit pension plan, which was frozen effective August 31, 2006. Thus, Plan participants will not accrue benefits after August 31, 2006, and no new employees may enter the Plan. Girls Incorporated's funding policy is to make the minimum annual contribution required by applicable regulations.

The following table sets forth the Plan's funded status and amounts recognized in Girls Incorporated's financial statements as of March 31, 2017 and 2016 and for the years then ended. The date used to determine the pension measurements for the Plan's assets and benefit obligations was March 31, 2017 and 2016.

	2017	2016
<b>Obligation and Funded Status</b>		
Plan assets	\$ 3,492,793	\$ 3,266,133
Accumulated benefit obligation	<u>(4,457,613)</u>	<u>(4,397,282)</u>
Funded status	<u>\$ (964,820)</u>	<u>\$(1,131,149)</u>
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 4,397,282	\$ 4,399,059
Interest cost	206,404	205,344
Benefits paid	(133,474)	(267,434)
Actuarial net loss	<u>(12,599)</u>	<u>60,313</u>
Benefit obligation at end of year	<u>\$ 4,457,613</u>	<u>\$ 4,397,282</u>

**NOTE 7 - EMPLOYEE BENEFITS (CONTINUED)**

	<b>2017</b>	<b>2016</b>
Amount Recognized in the Statements of Financial Position as a Liability	<u>\$(964,820)</u>	<u>\$(1,131,149)</u>
	<b>2017</b>	<b>2016</b>
<b>Net Periodic Pension Cost</b>		
Components of Net Periodic Pension Cost:		
Interest cost	\$ 206,404	\$ 205,344
Expected return on assets	(183,308)	(201,942)
Amortization of loss	<u>80,580</u>	<u>37,068</u>
Net Periodic Pension Cost	<u>\$ 103,676</u>	<u>\$ 40,470</u>

Other changes in the Plan's assets and benefit obligation previously recognized in changes in unrestricted net assets, not yet recognized as periodic pension cost:

	<b>2017</b>	<b>2016</b>
Net loss	<u>\$1,100,299</u>	<u>\$1,273,654</u>

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit cost in fiscal year 2018 is \$62,930.

The following assumptions were used in accounting for the Plan:

Weighted-average assumptions used to determine pension benefit obligation at March 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Discount rate	4.820%	4.820%

Weighted-average assumptions used to determine net periodic pension cost for the years ended March 31, 2017 and 2016:

Discount rate	4.940%	4.780%
Expected return on Plan assets	5.750%	5.750%

The expected long-term rate of return on Plan assets is determined by those assets' historical long-term investment performance, current asset allocation, and estimates of long-term returns by asset class.

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

Following is a description of the valuation methodology used by the Plan for investment assets measured at fair value on a recurring basis. There have been no changes in the methodology used at March 31, 2017 and 2016.

**Pooled Separate Accounts:** Valued at the unit price reported by the sponsoring insurance company. Generally, the unit price is based on quoted market prices of the underlying assets owned, less any accrual of fees and expenses borne by the account, and divided by the number of outstanding units.

## NOTE 7 - EMPLOYEE BENEFITS (CONTINUED)

Following, is a summary, by major nature and risks class within each level of the fair value hierarchy (see Note 2), of the Plan's investment assets that are measured at fair value on a recurring basis as of March 31, 2017 and 2016:

<b>2017</b>	<b>Level 2</b>	<b>Total</b>
Pooled Separate Accounts:		
Equities of socially aware companies	<u>\$3,492,793</u>	<u>\$3,492,793</u>
Total Plan Investments at Fair Value	<u>\$3,492,793</u>	<u>\$3,492,793</u>
<b>2016</b>	<b>Level 2</b>	<b>Total</b>
Pooled Separate Accounts:		
Equities of socially aware companies	<u>\$3,266,133</u>	<u>\$3,266,133</u>
Total Plan Investments at Fair Value	<u>\$3,266,133</u>	<u>\$3,266,133</u>

Girls Incorporated expects to make contributions to the Plan of approximately \$96,650 in fiscal year 2018. No Plan assets are expected to be returned to Girls Incorporated during fiscal year 2018.

The following benefits are expected to be paid by the Plan in each of the next five years and the five years thereafter:

<b>Year Ended March 31,</b>	<b>Amount</b>
2018	\$ 237,771
2019	243,825
2020	251,296
2021	251,457
2022	278,946
2023-2027	1,402,976

### ***Defined Contribution 401(k) Plan***

Girls Incorporated also sponsors a defined contribution 401(k) retirement savings plan for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the Plan. Girls Incorporated may make a discretionary contribution to the Plan, determined annually based on eligible earnings of participants. Participants become fully vested immediately upon entry into the Plan. Girls Incorporated made contributions of \$124,744 and \$148,267 to the 401(k) Plan during the years ended March 31, 2017 and 2016, respectively.

## NOTE 8 - NET ASSETS

### ***Unrestricted Net Assets:***

Unrestricted net assets consisted of the following as of March 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Designated by the Board for endowment purposes	\$ 645,145	\$ 620,843
Undesignated	<u>6,217,518</u>	<u>5,297,544</u>
Total Unrestricted Net Assets	<u>\$6,862,663</u>	<u>\$5,918,387</u>

**NOTE 8 - NET ASSETS (CONTINUED)*****Temporarily Restricted Net Assets:***

Temporarily restricted net assets consisted of the following as of March 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Program Restricted:		
Affiliate Growth Investments	\$15,036,782	
STEM Programming (science, technology, engineering, math)	454,651	\$ 613,042
Economic Literacy Programming	12,900	295,897
Health & Self Esteem Programming	645,460	1,210,373
Reading Literacy Programming	105,656	98,167
Reaching More Girls Through Mentoring and Affiliates	368,306	357,919
College Scholarships for Girls	418,373	273,863
Outcomes Measurement and Management Information System		190,227
Other	498,326	377,458
Time Restricted:		
Endowment appreciation	<u>1,131,653</u>	<u>752,311</u>
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$18,672,107</u></b>	<b><u>\$4,169,257</u></b>

For the years ended March 31, 2017 and 2016, net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors were as follows:

	<b>2017</b>	<b>2016</b>
Affiliate Growth Investments	\$ 357,519	
STEM Programming (science, technology, engineering, math)	1,034,099	\$ 887,744
Economic Literacy Programming	555,349	495,841
Health & Self Esteem Programming	564,914	467,307
Reading Literacy Programming	325,511	329,333
Latina Initiative		75,000
Reaching More Girls Through Mentoring and Affiliates	1,125,957	546,934
College Scholarships for Girls	281,363	478,267
Outcomes Measurement and Management Information System	190,227	980,894
Other Programs	447,121	220,460
Tribute Funds	<u>434,756</u>	<u>68,530</u>
<b>Total Net Assets Released from Restrictions</b>	<b><u>\$5,316,816</u></b>	<b><u>\$4,550,310</u></b>

***Permanently Restricted Net Assets:***

Permanently restricted net assets consist of beneficial interests in perpetual trusts, as well as endowment funds held and managed by Girls Incorporated. See Note 9.

## NOTE 9 - ENDOWMENT FUNDS

Girls Incorporated's endowment consists of ten individual funds established for various purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Donor-restricted funds include perpetual trusts in which Girls Incorporated is named a beneficiary. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law:** The Board of Directors has interpreted the Massachusetts-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Girls Incorporated classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Girls Incorporated in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Girls Incorporated 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 Incorporated
- Girls Incorporated's investment policies

**Investment Return Objectives, Risk Parameters and Strategies:** Girls Incorporated has adopted investment and spending policies, approved by its Board of Directors, for endowment assets 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 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 Incorporated 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.

**Spending Policy:** Girls Incorporated 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 Incorporated 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 Incorporated objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

**NOTE 9 - ENDOWMENT FUNDS (CONTINUED)**

Endowment net asset compositions by type of fund as of March 31, 2017 and 2016, were as follows:

<b>2017</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total Net Endowment Assets</b>
<b>Assets</b>				
Board-designated endowment fund	\$645,145			\$ 645,145
Donor-restricted endowment funds	<u>                    </u>	<u>\$1,086,799</u>	<u>\$12,699,792</u>	<u>13,786,591</u>
Total Endowment	<u>\$645,145</u>	<u>\$1,086,799</u>	<u>\$12,699,792</u>	<u>\$14,431,736</u>
<b>2016</b>				
<b>Assets</b>				
Board-designated endowment fund	\$620,843			\$ 620,843
Donor-restricted endowment funds	<u>                    </u>	<u>\$752,311</u>	<u>\$12,165,180</u>	<u>12,917,491</u>
Total Endowment	<u>\$620,843</u>	<u>\$752,311</u>	<u>\$12,165,180</u>	<u>\$13,538,334</u>

Changes in net endowment assets for the years ended March 31, 2017 and 2016 were as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total Net Endowment Assets</b>
Endowment net assets at March 31, 2015	\$632,769	\$ 754,727	\$12,915,025	\$14,302,521
Investment Return:				
Investment income	12,803	557,445		570,248
Net depreciation	(20,262)	(64,979)		(85,241)
Investment fees	(4,467)	(41,454)		(45,921)
Net unrealized loss on perpetual trusts	<u>                    </u>	<u>                    </u>	<u>(750,845)</u>	<u>(750,845)</u>
Total Investment Return	(11,926)	451,012	(750,845)	(311,759)
New gifts			1,000	1,000
Amounts appropriated for expenditure	<u>                    </u>	<u>(453,428)</u>	<u>                    </u>	<u>(453,428)</u>
Endowment net assets at March 31, 2016	620,843	752,311	12,165,180	13,538,334
Investment Return:				
Investment income	12,276	552,636		564,912
Net appreciation	33,832	412,335		446,167
Investment fees	(4,683)	(44,854)		(49,537)
Net unrealized loss on perpetual trusts	<u>                    </u>	<u>                    </u>	<u>533,612</u>	<u>533,612</u>
Total Investment Return	41,425	920,117	533,612	1,495,154
New gifts			1,000	1,000
Amounts appropriated for expenditure	<u>(17,123)</u>	<u>(585,629)</u>	<u>                    </u>	<u>(602,752)</u>
Endowment net assets at March 31, 2017	<u>\$645,145</u>	<u>\$1,086,799</u>	<u>\$12,699,792</u>	<u>\$14,431,736</u>

## NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

**Funds with Deficiencies:** From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Girls Incorporated to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies noted for the years ended March 31, 2017 and 2016.

## NOTE 10 - LEASES

Girls Incorporated leases office space at two locations, New York, New York and Washington, D.C. All of the leases are classified as operating leases and all are subject to the customary escalation clauses for rent, real estate taxes and building operating expenses. 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. Girls Incorporated also has several equipment operating leases.

At March 31, 2017, the future minimum rental payments required by all long-term noncancellable operating leases are as follows:

Payable in Year Ended March 31,	Rental Payments
2018	\$ 141,288
2019	148,383
2020	149,488
2021	145,088
2022	142,685
Thereafter	<u>1,059,117</u>
	<u>\$1,786,049</u>

Total rent expense was \$215,607 and \$193,418 for the years ended March 31, 2017 and 2016, respectively.

Girls Incorporated 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 \$48,252 and \$49,872 for the years ended March 31, 2017 and 2016, respectively.

Girls Incorporated is leasing office space within the National Resource Center in Indianapolis, Indiana to an unrelated party through June 2019. Total lease income was \$10,236 for the years ended March 31, 2017 and 2016. Future minimum lease payments to be received total \$23,031: \$10,236 in the years ended March 31, 2018 and 2019, and \$2,559 in the year ended March 31, 2020.

## NOTE 11 - BANK LINE OF CREDIT

Girls Incorporated has a \$500,000 line of credit with a bank that expires on August 26, 2017. As of March 31, 2017 and 2016, there were no borrowings outstanding on the line of credit. The interest rate on any borrowings is equal to .5% less than the Bank's prime lending rate (3.50% at March 31, 2017). The line of credit is collateralized with Girls Incorporated's investment accounts.



## **NOTE 12 - RELATED PARTY TRANSACTIONS**

Girls Incorporated has affiliates that serve as local chapters of Girls Incorporated. Girls Incorporated has no ownership or voting interests in these local chapters. However, affiliation agreements between the local chapters and Girls Incorporated give Girls Incorporated control over how the chapters carry out certain activities and require the payment of affiliate dues to Girls Incorporated. Girls Incorporated recognized dues revenue from affiliates of \$566,739 and \$561,086 for the years ended March 31, 2017 and 2016, respectively, which is included in program revenue. Girls Incorporated had dues receivable from affiliates of \$1,701 and \$33,247 at March 31, 2017 and 2016, respectively. Girls Incorporated provided funding to affiliates of \$2,591,835 and \$1,774,816 for the years ended March 31, 2017 and 2016, respectively. Girls Incorporated had accounts payable to affiliates of \$425,309 and \$106,833 at March 31, 2017 and 2016, respectively. Girls Incorporated had prepaid grants to affiliates of \$132,694 at March 31, 2017. Girls Incorporated also subleases office space to an affiliate. See Note 10.

In August 2014, Girls Incorporated entered into a loan agreement with an affiliate. The note receivable had a balance of \$48,889 and \$75,556 at March 31, 2017 and 2016, respectively. The purpose of the note was to provide support to hire an executive director.

Girls Incorporated recognized contributions from members of its Board of Directors of \$2,551,495 and \$817,127 for the years ended March 31, 2017 and 2016, respectively. Girls Incorporated recognized in-kind contributions from members of its Board of Directors of \$27,923 for the year ended March 31, 2017. Girls Incorporated had contributions receivable, including pledges receivable related to the Growth Capital Campaign, from members of its Board of Directors of \$1,755,150 as of March 31, 2017. There were no contributions or pledges receivable from members of its Board of Directors as of March 31, 2016.