



Inspiring all girls  
to be strong,  
smart, and bold

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

March 31, 2021 and 2020

# GIRLS INC.

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*Independent Auditors' Report*

Board of Directors  
Girls Inc.

We have audited the accompanying financial statements of Girls Inc., which comprise the statements of financial position as of March 31, 2021 and 2020, 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 Inc. as of March 31, 2021 and 2020, 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 7, 2021

**GIRLS INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**March 31, 2021 and 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash	\$ 6,558,550	\$ 3,353,864
Accrued investment income	7,412	6,238
Dues receivable	82,935	81,996
Promises to give and grants receivable, net	1,262,301	1,778,295
Investments - current	13,480,230	14,105,501
Prepaid expenses and other	260,758	307,924
Note receivable from affiliate	43,220	59,843
Investments - endowment	7,666,672	5,052,407
Property and equipment, net	1,268,699	1,350,075
Beneficial interest in perpetual trusts	<u>13,207,960</u>	<u>9,708,027</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 43,838,737</u></u>	<u><u>\$ 35,804,170</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 863,484	\$ 854,261
Scholarships payable	1,281,122	1,156,809
Deferred revenue	333,955	313,811
Accrued pension cost		1,256,430
Deferred rent obligation	<u>97,885</u>	<u>100,168</u>
Total Liabilities	<u>2,576,446</u>	<u>3,681,479</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Designated by the Board for endowment	765,540	555,268
Undesignated	<u>11,142,773</u>	<u>8,366,717</u>
	<u>11,908,313</u>	<u>8,921,985</u>
With donor restrictions:		
Purpose and time restrictions	9,244,889	8,995,540
Endowment	<u>20,109,089</u>	<u>14,205,166</u>
	<u>29,353,978</u>	<u>23,200,706</u>
Total Net Assets	<u>41,262,291</u>	<u>32,122,691</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 43,838,737</u></u>	<u><u>\$ 35,804,170</u></u>

*See accompanying notes.*

**GIRLS INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended March 31, 2021 and 2020**

	<b>Without Donor Restrictions</b>	<b>2021 With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Special events revenue	\$ 799,438		\$ 799,438
Less: Direct costs of special events			
Special events, net	799,438		799,438
Contributions and private grants	5,793,526	\$ 7,866,124	13,659,650
In-kind contributions	75,481		75,481
Government grants and contracts			
Program revenue	618,873		618,873
Other income	80,569		80,569
	<u>7,367,887</u>	<u>7,866,124</u>	<u>15,234,011</u>
Net assets released from restrictions	8,253,411	(8,253,411)	
	<u>15,621,298</u>	<u>(387,287)</u>	<u>15,234,011</u>
<b>EXPENSES</b>			
Program Services:			
Affiliate services/growth	5,080,719		5,080,719
Program, research and training	5,860,609		5,860,609
Public education and advocacy	1,171,550		1,171,550
Total Program Services	<u>12,112,878</u>		<u>12,112,878</u>
Supporting Services:			
Management and general	425,973		425,973
Fundraising	2,161,466		2,161,466
Total Supporting Services	<u>2,587,439</u>		<u>2,587,439</u>
Total Expenses	<u>14,700,317</u>		<u>14,700,317</u>
<b>CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN, PENSION CHANGES OTHER THAN NET PERIODIC COSTS AND PPP LOAN FORGIVENESS</b>	<u>920,981</u>	<u>(387,287)</u>	<u>533,694</u>
<b>INVESTMENT RETURN</b>			
Net appreciation (depreciation) on investments and funds held by trustees	1,031,387	5,964,284	6,995,671
Investment income, net	194,470	576,275	770,745
Total Investment Return	<u>1,225,857</u>	<u>6,540,559</u>	<u>7,766,416</u>
<b>PENSION CHANGES OTHER THAN NET PERIODIC COSTS</b>			
<b>GAIN ON PPP LOAN FORGIVENESS</b>	<u>839,490</u>		<u>839,490</u>
<b>CHANGE IN NET ASSETS</b>	2,986,328	6,153,272	9,139,600
<b>NET ASSETS</b>			
Beginning of Year	8,921,985	23,200,706	32,122,691
End of Year	<u>\$ 11,908,313</u>	<u>\$ 29,353,978</u>	<u>\$ 41,262,291</u>

See accompanying notes.

<u>Without Donor Restrictions</u>	<u>2020 With Donor Restrictions</u>	<u>Total</u>
\$ 1,184,584		\$ 1,184,584
<u>(142,655)</u>		<u>(142,655)</u>
1,041,929		1,041,929
4,628,178	\$ 5,931,644	10,559,822
107,940		107,940
	657,655	657,655
721,016		721,016
<u>86,560</u>		<u>86,560</u>
6,585,623	<u>6,589,299</u>	13,174,922
<u>9,173,529</u>	<u>(9,173,529)</u>	
<u>15,759,152</u>	<u>(2,584,230)</u>	<u>13,174,922</u>
5,108,356		5,108,356
5,392,385		5,392,385
<u>1,663,077</u>		<u>1,663,077</u>
<u>12,163,818</u>		<u>12,163,818</u>
376,438		376,438
<u>2,284,575</u>		<u>2,284,575</u>
<u>2,661,013</u>		<u>2,661,013</u>
<u>14,824,831</u>		<u>14,824,831</u>
<u>934,321</u>	<u>(2,584,230)</u>	<u>(1,649,909)</u>
(346,107)	(1,404,531)	(1,750,638)
<u>179,013</u>	<u>603,298</u>	<u>782,311</u>
<u>(167,094)</u>	<u>(801,233)</u>	<u>(968,327)</u>
<u>(386,509)</u>		<u>(386,509)</u>
380,718	(3,385,463)	(3,004,745)
<u>8,541,267</u>	<u>26,586,169</u>	<u>35,127,436</u>
<u>\$ 8,921,985</u>	<u>\$ 23,200,706</u>	<u>\$ 32,122,691</u>

**GIRLS INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended March 31, 2021 and 2020**

	<u>Affiliate Services/Growth</u>		<u>Program, Research and Training</u>		<u>Public Education and Advocacy</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salaries	\$ 474,545	\$ 1,147,469	\$ 2,463,444	\$ 1,808,409	\$ 642,589	\$ 769,305
Payroll taxes and employee benefits	200,848	361,199	1,042,636	569,606	271,971	243,660
Consultants and professional fees	378,708	388,932	825,330	1,002,882	95,444	414,674
Supplies	365	3,673	13,849	11,121		2,508
Telephone and computer expense	9,991	6,676	95,931	91,478	1,337	4,069
Postage and shipping expense	665	2,706	2,926	1,529	295	2,036
Occupancy	19,796	47,937	107,103	87,627	81,084	86,103
Insurance	5,271	9,567	29,322	16,825	6,941	5,774
Equipment rental and maintenance	2,994	3,072	23,373	25,316		1,854
Travel and meetings expense	1,633	249,443	2,327	126,496	554	48,254
Printing and publications expense	1,871	22,950	6,325	13,168	30,584	43,513
Subscriptions	768	664	2,933	1,167	5,651	8,687
Membership dues	8,497	11,868	14,669	10,542	3,870	2,549
Awards	370,000	355,000				
Pass-through grants to affiliates	3,565,355	2,454,709	1,116,890	1,593,269	4,927	18,783
Depreciation	7,979	18,736	44,388	32,950	10,507	11,308
Miscellaneous	31,433	23,755	69,163		15,796	
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>5,080,719</b>	<b>5,108,356</b>	<b>5,860,609</b>	<b>5,392,385</b>	<b>1,171,550</b>	<b>1,663,077</b>
Less: Expenses included with revenues on the statements of activities:						
Cost of direct benefits to donors						
<b>TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES</b>	<b><u>\$ 5,080,719</u></b>	<b><u>\$ 5,108,356</u></b>	<b><u>\$ 5,860,609</u></b>	<b><u>\$ 5,392,385</u></b>	<b><u>\$ 1,171,550</u></b>	<b><u>\$ 1,663,077</u></b>

See accompanying notes.



<b>Management and General</b>		<b>Fundraising</b>		<b>Cost of Direct Benefits to Donors</b>		<b>Total</b>	
<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
\$ 204,493	\$ 197,849	\$ 1,011,229	\$ 1,052,476			\$ 4,796,300	\$ 4,975,508
86,550	62,279	427,996	331,294			2,030,001	1,568,038
28,792	25,963	146,213	146,894			1,474,487	1,979,345
	1,902		3,387			14,214	22,591
			2,041			107,259	104,264
519		9,291	4,200			13,696	10,471
40,808	41,460	35,693	35,691			284,484	298,818
12,598	8,275	11,020	7,123			65,152	47,564
	2,657		3,017			26,367	35,916
383	15,559	1,353	53,901		141,975	6,250	635,628
950	62	97,030	106,302		680	136,760	186,675
1,260	574	40,370	42,220			50,982	53,312
6,207	3,653	11,027	8,144			44,270	36,756
						370,000	355,000
1,205		294,667	471,165			4,983,044	4,537,926
19,072	16,205	16,682	13,950			98,628	93,149
23,136		58,895	2,770			198,423	26,525
425,973	376,438	2,161,466	2,284,575	-	142,655	14,700,317	14,967,486
				-	(142,655)	-	(142,655)
<u>\$ 425,973</u>	<u>\$ 376,438</u>	<u>\$ 2,161,466</u>	<u>\$ 2,284,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,700,317</u>	<u>\$ 14,824,831</u>

**GIRLS INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended March 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 9,139,600	\$ (3,004,745)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	98,628	93,149
Gain on PPP loan forgiveness	(839,490)	
Net depreciation (appreciation) of investments	(3,495,738)	825,971
Net depreciation (appreciation) of funds held by trustees	(3,499,933)	924,667
(Increase) decrease in certain assets:		
Accrued investment income	(1,174)	178
Dues receivable	(939)	(51,859)
Promises to give and grants	515,994	3,368,086
Prepaid expenses and other	47,166	(17,509)
Notes receivable from affiliates	16,623	
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	9,223	(881,622)
Scholarships payable	124,313	33,459
Deferred revenue	20,144	55,770
Accrued pension cost	(1,256,430)	289,420
Deferred rent obligation	(2,283)	(2,283)
Net Cash Provided by Operating Activities	<u>875,704</u>	<u>1,632,682</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(17,252)	(44,983)
Purchases of investments	(3,353,073)	(23,806,665)
Proceeds from sales of investments	7,497,194	14,502,735
Net Cash Provided (Used) by Investing Activities	<u>4,126,869</u>	<u>(9,348,913)</u>
<b>FINANCING ACTIVITIES</b>		
Borrowings on PPP loan	839,490	
Net Cash Provided by Financing Activities	<u>839,490</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	5,842,063	(7,716,231)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>5,770,427</u>	<u>13,486,658</u>
End of Year	<u>\$ 11,612,490</u>	<u>\$ 5,770,427</u>
<b>CASH AND EQUIVALENTS</b>		
Cash	\$ 6,558,550	\$ 3,353,864
Cash equivalents included in investments - current	4,937,328	2,416,563
Cash equivalents included in investments - endowment	<u>116,612</u>	<u>-</u>
<b>TOTAL CASH AND EQUIVALENTS</b>	<u>\$ 11,612,490</u>	<u>\$ 5,770,427</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash financing activities:		
Forgiveness of PPP Loan	\$ 839,490	

See accompanying notes.

# GIRLS INC.

## NOTES TO FINANCIAL STATEMENTS March 31, 2021 and 2020

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General:** Girls Inc., which is incorporated in the Commonwealth of Massachusetts, inspires all girls to be strong, smart, and bold through life-changing programs and experiences that help girls navigate gender, economic, and social barriers. Research-based curricula, delivered by trained, mentoring professionals in a positive all-girl environment equip girls to achieve academically; lead healthy and physically active lives; manage money; navigate media messages; and discover an interest in science, technology, engineering, and math. The network of local Girls Inc. nonprofit organizations serves 72,000 girls ages 6 to 18 annually across the United States and Canada. The accompanying financial statements of Girls Inc. do not include the financial position and operating results of affiliates, each of which has its own independent board of directors and maintains separate accounts.

The program services of Girls Inc. are as follows:

- **Affiliate Services/Growth** reflects delivery of program and management services and technical assistance to affiliates, replication of programs at affiliates, national scholarships and awards, development of delivery systems in major urban areas and the convening of regional meetings.
- **Program, Research and Training** reflects program development, field testing, evaluation, research, training, and technical assistance for Girls Inc. programs. Programs focus on science, math and technology, health and sexuality, economic and financial literacy, sports skills, leadership and advocacy and media literacy.
- **Public Education and Advocacy** reflects public education, advocacy, representation in Washington, D.C., communications with internal and external audiences and strategic alliances entered into for visibility purposes.

**Basis of Presentation:** The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require Girls Inc. to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of Girls Inc.'s management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Girls Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions that were initially classified as conditional contributions are reported as increases in net assets without donor restrictions when the conditions are met, if the restrictions expire in the same year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service.

**Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

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

**Cash and Equivalents** consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less for the purposes of the statements of cash flows. Cash and equivalents included in investment accounts are reflected in investments on the balance sheets. Girls Inc. maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. Girls Inc. has not experienced any losses from its bank accounts.

**Promises to Give and Grants Receivable:** Unconditional promises to give and grants receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Promises to give and grants receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors.

**Investment Valuation and Income Recognition:** Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of distributions from perpetual trusts, interest and dividends and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Distributions from perpetual trusts are recognized upon receipt. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

**Property and Equipment:** Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis over the lesser of the estimated useful lives or the lease term as follows:

Building	10-40 years
Furnishings and equipment	3-10 years
Leasehold and building improvements	7-15 years

Girls Inc.'s property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2021 and 2020.

**Perpetual Trusts:** Girls Inc. is the beneficiary of certain perpetual trusts. Perpetual trusts are recognized as revenue when Girls Inc. is notified that it has been named as an irrevocable beneficiary of a trust.

Perpetual trusts are created by donors and are neither in the possession nor under the control of the Girls Inc. The trusts are administered by third party trustees as designated by the donors. Girls Inc. is entitled to receive all or a portion of the annual net income earned from the assets of the trusts. Girls Inc.'s beneficial interest in perpetual trusts is presented at fair value. See Note 3. Perpetual trusts are included in net assets with donor restrictions, and changes in value of perpetual trusts are recognized within net assets with donor restrictions in the statements of activities. Distributions are recognized within net assets with or without donor restrictions in the statements of activities based on any donor restrictions specified in the trust agreement.

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

**Contributions, Grants and Contracts** are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable advances.

The Organization receives financial assistance from government grants and contracts. Grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors. Management believes an adverse material outcome from those reviews and audits is unlikely. At March 31, 2021 and 2020, Girls Inc. had outstanding promises to give of \$4,679,940 and \$250,000, respectively, which were conditional on requirements in accordance with the respective grant agreement and applicable regulations.

**In-kind Contributions:** Contributions of services, which consisted primarily of professional services and advertising are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Volunteers contribute significant amounts of time to Girls Inc. activities that do not meet recognition criteria, and the value of these contributed services is not reflected in the financial statements. Contributions of food, equipment, and other goods are recorded at estimated fair value when received.

For the years ended March 31, 2021 and 2020, donated advertising services of \$28,114 and \$40,608, respectively, are included in in-kind contributions and in public education and advocacy expenses. The fair value of donated public service announcements is estimated on the basis of economic benefits received by Girls Inc. In addition to providing economic benefits to Girls Inc., donated public service announcements provide benefits to all of the member affiliates. In addition, for the years ended March 31, 2021 and 2020, donated legal, consulting and IT services of \$47,367 and \$67,331, respectively, are included in in-kind contributions and in management and general expenses.

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

**Membership Dues**, which are based on a percentage of the member affiliates' annual expenditures, are recognized as revenue ratably over the membership period of one year and are included in program revenue. Deferred revenue includes membership dues received in advance of the period to which they relate. If necessary, the carrying amount of dues receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management determined that no allowance was necessary as of March 31, 2021 and 2020. Dues receivable totaled \$82,935, \$81,996, and \$30,137 at March 31, 2021, 2020, and 2019, respectively. Deferred revenue totaled \$333,955, \$313,811, and \$258,041 at March 31, 2021, 2020, and 2019, respectively.

**Special Events Revenue**, including related sponsorship revenue and other contributions, are considered unconditional contributions, except for the portion related to the direct benefit being provided to the donors that is considered an exchange transaction. The contribution portion is recognized when received and the exchange transaction portion of the revenue is recognized upon occurrence of the event. Funds received for the exchange transaction portion of the revenue for events occurring subsequent to the statement of financial position date is reflected as deferred revenue.

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs have been allocated to program and supporting services benefited. The expenses that are allocated include the following:

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

Expense	Method of Allocation
Personnel related expenses	Time and effort
Office expenses	Time and effort
Information technology	Full time equivalent
Occupancy	Square footage
Travel	Time and effort
Conferences and meetings	Time and effort
Depreciation	Full time equivalent
Other	Time and effort

**Grants and Other Assistance** are recognized as expense when the grant is made or other assistance is provided. Promises to give to others are recognized as grants payable and expense when the promise has been communicated to the grantees and becomes unconditional.

**Advertising Costs** are expensed as incurred and totaled \$136,763 in 2021 and \$186,687 in 2020.

**Income Taxes:** Girls Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. In addition, Girls Inc. has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for the years ended March 31, 2021 and 2020.

Girls Inc. files U.S. federal and states of New York and Indiana information tax returns. Girls Inc. is no longer subject to U.S. federal and state income tax examinations by tax authorities for the fiscal years before March 31, 2018. Management believes that Girls Inc.'s income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in material change.

**Subsequent Events:** Management has evaluated the financial statements for potential recognition and disclosure of subsequent events occurring through July 7, 2021, the date the financial statements were available to be issued.

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

Girls Inc.'s financial assets available for general expenditure within one year of March 31, 2021 and 2020 were as follows:

	2021	2020
Cash	\$ 6,558,550	\$ 3,353,864
Accrued investment income	7,412	6,238
Dues receivable	82,935	81,996
Promises to give and grants receivable, net	1,262,301	1,778,295
Investments - current	13,480,230	14,105,501
Notes receivable from affiliate	43,220	59,843
Investments - endowment	7,666,672	5,052,407
Beneficial interest in perpetual trusts	<u>13,207,960</u>	<u>9,708,027</u>
Total Financial Assets	42,309,280	34,146,171
Donor-imposed Restrictions:		
Funds subject to donor restrictions	(9,294,685)	(8,995,540)
Endowment	(20,109,089)	(14,205,166)
Board-designated endowment	<u>(765,540)</u>	<u>(555,268)</u>
Total Financial Assets Available Within One Year	<u>\$12,139,966</u>	<u>\$10,390,197</u>

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

Girls Inc.'s endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors as endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Although Girls Inc. does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

Girls Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Girls Inc. invests cash in excess of daily requirements in short-term investments, including certificates of deposit and money market fund shares. As described in Note 9, Girls Inc. also has a committed line of credit in the amount of \$1,000,000, which it could draw upon in the event of an unanticipated liquidity need.

## NOTE 3 - FAIR VALUE MEASUREMENTS

Girls Inc. has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Girls Inc. has the ability to access.

**Level 2** – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, Girls Inc. makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by Girls Inc. for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at March 31, 2021 and 2020.

**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, Exchange Traded Funds, and Government Agency Bonds:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Corporate Bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

**Beneficial Interest in Perpetual Trusts:** Valued using Girls Inc.'s proportionate share of the fair value of the assets in the trust, as provided by the trustee, unless there are facts and circumstances that indicate that the fair value of the beneficial interest differs from the fair value of Girls Inc.'s proportionate share of the assets held by the trust, in which case the present value of the estimated future cash flows would be used. When Girls Inc.'s proportionate share of the fair value of the assets in the trust is used to estimate fair value, these assets are not classified in the fair value hierarchy.

**Accrued Pension Cost:** Valued based on the difference between the fair value of the plan assets and the projected benefit obligation. The methodology used to measure the fair value of the plan assets is described in Note 12. The benefit obligation is projected using the unit credit actuarial valuation method.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of Girls Inc.'s assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2021 and 2020:

2021	Level 1	Level 2	Level 3	Total	NAV
<b>Assets</b>					
Investments:					
Money market fund shares	\$ 5,053,940			\$ 5,053,940	
Common Stocks:					
Financials	1,618,829			1,618,829	
Healthcare	2,368,195			2,368,195	
Technology	2,953,462			2,953,462	
Telecommunications	1,958,456			1,958,456	
Consumer goods	1,986,171			1,986,171	
Consumer discretionary	843,842			843,842	
Industrials	2,239,744			2,239,744	
Other	646,159			646,159	
Corporate bonds		\$324,681		324,681	
Government agency bonds	1,153,423			1,153,423	
Funds Held by Trustees:					
Beneficial interest in perpetual trusts					\$13,207,960
Total Assets at Fair Value	<u>\$20,822,221</u>	<u>\$324,681</u>		<u>\$21,146,902</u>	<u>\$13,207,960</u>



**NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)**

2020	Level 1	Level 2	Level 3	Total	NAV
<b>Assets</b>					
Investments:					
Money market fund shares	\$ 166,598			\$ 166,598	
Government agency bonds - short-term	2,249,965			2,249,965	
Common Stocks:					
Financials	564,919			564,919	
Healthcare	1,433,231			1,433,231	
Technology	1,103,357			1,103,357	
Telecommunications	443,887			443,887	
Consumer goods	475,210			475,210	
Consumer discretionary	585,124			585,124	
Industrials	845,743			845,743	
Other	166,965			166,965	
Exchange traded funds	560,799			560,799	
Corporate bonds		\$288,741		288,741	
Government agency bonds - long-term	10,273,369			10,273,369	
Funds Held by Trustees:					
Beneficial interest in perpetual trusts					<u>\$9,708,027</u>
Total Assets at Fair Value	<u>\$18,869,167</u>	<u>\$288,741</u>		<u>\$19,157,908</u>	<u>\$9,708,027</u>
<b>Liabilities</b>					
Accrued pension cost			<u>\$1,256,430</u>	<u>\$1,256,430</u>	
Total Liabilities at Fair Value			<u>\$1,256,430</u>	<u>\$1,256,430</u>	

Changes in the fair value of the Level 3 accrued pension cost for the years ended March 31, 2021 and 2020 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 12.

**Assets Measured Using Net Asset Value per Share (or Equivalent) Practical Expedient**

The following table summarizes assets measured at fair value based on the NAV per share (or equivalent) as of March 31, 2021 and 2020:

	Fair Value 2021	Fair Value 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Beneficial interest in perpetual trusts (a)	<u>\$13,207,960</u>	<u>\$9,708,027</u>	N/A	Illiquid	Illiquid

(a) Underlying investments are managed by trustees using diversified portfolios.

#### NOTE 4 - INVESTMENTS

Girls Inc.'s investments consisted of the following as of March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Money market fund shares	\$ 5,053,940	\$ 166,598
Common stocks	14,614,858	5,618,436
Exchange traded funds		560,799
Corporate bonds	324,681	288,741
Government agency bonds	<u>1,153,423</u>	<u>12,523,334</u>
	<u>\$21,146,902</u>	<u>\$19,157,908</u>

Investments are included in the statements of financial position as of March 31, 2021 and 2020 as follows:

	<b>2021</b>	<b>2020</b>
Investments - current	\$13,480,230	\$14,105,501
Investments - endowment	<u>7,666,672</u>	<u>5,052,407</u>
	<u>\$21,146,902</u>	<u>\$19,157,908</u>

Girls Inc.'s investment return consisted of the following for the years ended March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Distributions from perpetual trusts	\$ 521,565	\$ 479,235
Interest and dividends	323,509	403,908
Realized and unrealized gains (losses)	6,995,671	(1,750,638)
Broker expenses	<u>(74,329)</u>	<u>(100,832)</u>
Total Investment Return	<u>\$7,766,416</u>	<u>\$ (968,327)</u>

Girls Inc.'s investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

#### NOTE 5 - PROMISES TO GIVE AND GRANTS RECEIVABLE

Promises to give and grants receivable were as follows at March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Without donor restrictions	<u>\$ 382,880</u>	<u>\$1,009,790</u>
With donor restrictions:		
Restricted for specific purposes	525,000	100,000
Restricted for Growth Capital Campaign	<u>354,421</u>	<u>668,505</u>
Total with Donor Restrictions	<u>879,421</u>	<u>768,505</u>
Total Promises to Give and Grants Receivable, net	<u>\$1,262,301</u>	<u>\$1,778,295</u>

**NOTE 5 - PROMISES TO GIVE AND GRANTS RECEIVABLE (CONTINUED)**

	<b>2021</b>	<b>2020</b>
Expected to be collected in:		
Less than one year	\$1,431,018	\$1,828,344
One to five years		<u>20,000</u>
	<u>1,431,018</u>	<u>1,848,344</u>
Allowance for uncollectible accounts	(168,717)	(69,983)
Unamortized discounts		<u>(66)</u>
	<u>\$1,262,301</u>	<u>\$1,778,295</u>
Total Promises to Give and Grants Receivable, net		

Promises to give and grants receivable were discounted at a rate of 0.33% at March 31, 2020. There was no discount rate used for promises to give and grants receivable at March 31, 2021, as all were due within one year.

Girls Inc. 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 Inc. makes in the lives of girls.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Land	\$ 209,205	\$ 209,205
Building	2,499,387	2,499,387
Furnishings and equipment	522,531	520,778
Leasehold and building improvements	<u>233,631</u>	<u>233,631</u>
	3,464,754	3,463,001
Less: Accumulated depreciation	<u>(2,196,055)</u>	<u>(2,112,926)</u>
	<u>\$ 1,268,699</u>	<u>\$ 1,350,075</u>
Total Property and Equipment, net		

**NOTE 7 - ENDOWMENT**

Girls Inc.'s endowment consists of ten individual funds established by donors for various purposes. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

***Interpretation of Relevant Law***

Girls Inc. is subject to the Massachusetts-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Donor-restricted funds include perpetual trusts in which Girls Inc. is named a beneficiary. Most of those assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. Girls Inc. considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Girls Inc. has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, Girls Inc. considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

## NOTE 7 - ENDOWMENT (CONTINUED)

- The duration and preservation of the various funds
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Girls Inc.
- Girls Inc.'s investment policies

The endowment net asset composition by type of fund as of March 31, 2021 and 2020, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>2021</b>			
Board-designated funds	\$765,540		\$ 765,540
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors including beneficial interest in perpetual trusts		\$16,841,457	16,841,457
Accumulated investment gains		<u>3,267,632</u>	<u>3,267,632</u>
Total Endowment Funds	<u>\$765,540</u>	<u>\$20,109,089</u>	<u>\$20,874,629</u>
<b>2020</b>			
Board-designated funds	\$555,268		\$ 555,268
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors including beneficial interest in perpetual trusts		\$13,341,526	13,341,526
Accumulated investment gains		<u>863,640</u>	<u>863,640</u>
Total Endowment Funds	<u>\$555,268</u>	<u>\$14,205,166</u>	<u>\$14,760,434</u>

### ***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the donor-restricted endowment or the level that the donors otherwise require Girls Inc. to retain as a fund of perpetual duration. There were no underwater endowment funds at March 31, 2021 and 2020.

### ***Investment and Spending Policies***

Girls Inc. has adopted investment and spending policies, approved by its Board of Directors, for endowment assets managed by Girls Inc. that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets managed by Girls Inc. are invested in a well-diversified asset mix, with a target asset allocation of 70% to 90% into equity and 10% to 30% into fixed income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions according to the spending policy. Other alternative investment classes may not exceed 15% of the asset mix. The remainder of the assets not invested as noted above shall be cash reserves, which are not to exceed 10% of the assets market value, unless approved by the Investment Subcommittee. Investment risk is measured in terms of the total endowment fund and managed to not expose the endowment to unacceptable levels of risk. Girls Inc. expects its endowment assets, over time, to produce a total return in excess of that generated by relevant benchmarks. Actual returns in any given year may vary from this amount.

## NOTE 7 - ENDOWMENT (CONTINUED)

Girls Inc. has a policy of appropriating for distribution each year any earnings on the endowment fund in the amount of not more than 4% before fees of the three-year moving average market value of the endowment fund with a maximum increase of 6% per year over the prior year's spending amount. This approach serves to protect against volatility in the amount of gifts received and assists in maintaining intergenerational equity. In establishing this policy, Girls Inc. considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with Girls Inc.'s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

Girls Inc.'s endowment also includes the beneficial interest in perpetual trusts, which are managed by third party trustees under the investment and distribution policies of the trustees.

Activity in the endowment by net asset class for 2021 and 2020 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at March 31, 2019	\$659,983	\$15,709,582	\$16,369,565
Investment return	(82,539)	(853,349)	(935,888)
Appropriations for expenditure	<u>(22,176)</u>	<u>(651,067)</u>	<u>(673,243)</u>
Endowment at March 31, 2020	555,268	14,205,166	14,760,434
Investment return	210,272	6,540,559	6,750,831
Appropriations for expenditure	<u>                    </u>	<u>(636,636)</u>	<u>(636,636)</u>
Endowment at March 31, 2021	<u>\$765,540</u>	<u>\$20,109,089</u>	<u>\$20,874,629</u>

## NOTE 8 - PERPETUAL TRUSTS

Girls Inc. is a beneficiary of certain irrevocable perpetual trusts, which are managed by third party trustees. The fair value of Girls Inc.'s beneficial interest in the perpetual trusts at March 31, 2021 and 2020, was \$13,207,960 and \$9,708,027, respectively. The funds appreciated by \$3,499,933 in 2021 and depreciated by \$924,667 in 2020. Income distributions from such trusts amounted to \$521,565 in 2021 and \$479,235 in 2020 and are reflected as investment income in the accompanying statements of activities.

## NOTE 9 - DEBT AND CREDIT ARRANGEMENTS

Girls Inc. has a \$1,000,000 line of credit with a bank that expires on August 25, 2022. As of March 31, 2021 and 2020, there were no borrowings outstanding on the line of credit. The interest rate on any borrowings is computed at the bank's Prime rate plus 0.5%, subject to a floor of 3.0% (3.0% at March 31, 2021). The line of credit is collateralized with Girls Inc.'s current investment accounts.

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

## NOTE 10 - NET ASSETS

### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions consisted of the following as of March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Designated by the Board for endowment	\$ 765,540	\$ 555,268
Undesignated	<u>11,142,773</u>	<u>8,366,717</u>
Net Assets Without Donor Restrictions	<u>\$11,908,313</u>	<u>\$8,921,985</u>

### *Net Assets With Donor Restrictions*

Net assets with donor restrictions consisted of the following as of March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Subject to Expenditures for Specific Purpose:		
Affiliate Growth Investments	\$ 2,971,716	\$ 4,854,888
STEM Programming (science, technology, engineering, math)	1,259,719	693,470
Economic Literacy Programming	490,555	392,103
Health & Self Esteem Programming	486,182	785,495
Reading Literacy Programming	9,565	
Diversity Programming	250,000	
Virtual Learning	860,081	
Reaching More Girls Through Mentoring and Affiliates	290,569	285,423
College Scholarships for Girls	1,723,603	1,459,916
Outcomes Measurement and Management Information System		40,839
Other	902,899	483,406
Subject to Endowment Spending Policy and Appropriation:		
Endowment appreciation	3,267,632	863,640
Original endowment gift	3,633,497	3,633,499
Beneficial interest in perpetual trust	<u>13,207,960</u>	<u>9,708,027</u>
Total Net Assets With Donor Restrictions	<u>\$29,353,978</u>	<u>\$23,200,706</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Satisfaction of Purpose Restrictions:		
Affiliate Growth Investments	\$3,547,957	\$ 4,876,700
STEM Programming (science, technology, engineering, math)	986,252	1,082,214
Economic Literacy Programming	526,548	570,560
Health & Self Esteem Programming	1,497,312	798,042
Virtual Learning	282,141	
Reaching More Girls Through Mentoring and Affiliates		764,300
College Scholarships for Girls	430,285	404,249
Outcomes Measurement and Management Information System	40,839	192,704
Other	827,009	312,928
Tribute Funds	<u>115,068</u>	<u>171,832</u>
Total Net Assets Released from Restrictions	<u>\$8,253,411</u>	<u>\$9,173,529</u>

## NOTE 11 - LEASES

Girls Inc. leases office space at two locations, New York, New York and Washington, D.C. which were under long-term operating leases through June 30, 2021. As of the date the financial statements were available to be issued, the office space is leased on a month-to-month basis. Girls Inc. also leases certain equipment under long-term operating leases through November 30, 2023. Rental expense each year under the leases is based on the total lease commitment, recognized on a straight-line basis over the term of the lease. A deferred rent obligation has been established for the cumulative difference between rent expense recognized to date and the amounts paid under the leases. Total rent expense was \$228,560 in 2021 and \$237,317 in 2020.

At March 31, 2021, the future minimum rental payments required by all long-term noncancellable operating leases were as follows:

<b>Payable in Fiscal Year</b>	<b>Rental Payments</b>
2022	\$19,701
2023	4,908
2024	<u>3,272</u>
	<u>\$27,881</u>

Girls Inc. subleases office space at the New York, New York location to an affiliate under an agreement that may be canceled by either party at any time. Total sublease income was \$51,916 and \$52,916 for the years ended March 31, 2021 and 2020, respectively.

Girls Inc. is leasing office space within the National Resource Center in Indianapolis, Indiana to an unrelated party under an agreement that may be canceled by either party at any time. Total lease income was \$12,540 and \$12,532 for the years ended March 31, 2021 and 2020, respectively.

## NOTE 12 - EMPLOYEE BENEFITS

### ***Defined Benefit Pension Plan***

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

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

The following table sets forth the amounts recognized in the statements of financial position, change in the benefit obligation, change in plan assets, funded status, and weighted-average assumptions for the Plan as of and for the years ended March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Change in Projected and Accumulated Benefit Obligation:		
Benefit obligation at beginning of year	\$ 4,962,783	\$ 4,873,185
Interest cost	180,175	204,021
Actuarial net loss	1,757,972	115,038
Benefits paid	<u>(6,900,930)</u>	<u>(229,461)</u>
Benefit obligation at end of year	<u>4,962,783</u>	<u>4,962,783</u>

**NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)**

	<b>2021</b>	<b>2020</b>
Change in Plan Assets:		
Fair value of Plan assets at beginning of year	\$ 3,706,353	\$ 3,906,175
Actual return on Plan assets	1,060,207	(120,361)
Employer contributions	2,134,370	150,000
Benefits paid	<u>(6,900,930)</u>	<u>(229,461)</u>
Fair value of Plan assets at end of year	<u>3,706,353</u>	<u>3,706,353</u>
Funded Status at End of Year	<u>\$ -</u>	<u>\$(1,256,430)</u>
Amount recognized in the statements of financial position	<u>\$ -</u>	<u>\$(1,256,430)</u>
Components of Net Periodic Pension Cost:		
Interest cost	\$ 145,630	\$ 204,021
Actual return on assets	1,060,207	(120,361)
Amortization of accumulated loss	145,657	69,711
Difference between expected and actual return on plan assets	<u>(1,207,211)</u>	<u>(100,460)</u>
Net Periodic Pension Cost	<u>\$ 144,283</u>	<u>\$ 52,911</u>

Girls Inc. incurred no service cost in 2021 and 2020, since the Plan was frozen. Other components of net periodic pension cost are included in payroll taxes and employee benefits on the statements of functional expenses and allocated to program and supporting services consistent with the methodology used for other personnel related expenses.

Other changes in the Plan's assets and benefit obligation previously recognized in changes in net assets:

Net loss previously recognized in unrestricted net assets, not yet recognized as periodic pension cost at end of fiscal year	<u>\$ -</u>	<u>\$1,529,114</u>
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The following assumptions were used in accounting for the Plan:

	<b>2021</b>	<b>2020</b>
Weighted-average assumptions used to determine pension benefit obligation at March 31, 2020:		
Discount rate		4.29%
Mortality rates		RP/MP-2018
Weighted-average assumptions used to determine net periodic pension cost for 2021 and 2020:		
Discount rate	4.29%	4.29%
Expected return on Plan assets	5.75%	5.75%
Mortality rates	RP/MP-2019	RP/MP-2018

In selecting the expected return on Plan assets, Girls Inc. considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the Plan. This included considering the Plan's asset allocation and the expected returns likely to be earned over the life of the Plan.



## NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)

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

The valuation methodologies used by the Plan for money market funds shares, corporate bonds, and common stocks, which were valued on a recurring basis, were consistent with the methodologies described in Note 3.

Following, is a summary, by major nature and risks class within each level of the fair value hierarchy (see Note 3), of the Plan's investment assets that were measured at fair value on a recurring basis as of March 31, 2020:

	Level 1	Level 2	Total
Money market fund shares	\$ 114,993		\$ 114,993
Government agency bonds	603,686		603,686
Corporate bonds		\$46,794	46,794
Common stocks	<u>2,940,880</u>	<u></u>	<u>2,940,880</u>
Total Plan Investments at Fair Value	<u>\$3,659,559</u>	<u>\$46,794</u>	<u>\$3,706,353</u>

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

Girls Inc. also sponsors a defined contribution 401(k) retirement savings plan for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the Plan, and Girls Inc. contributes, on a matching basis, 100% of each participant's contribution up to 4% of each participant's annual compensation. Girls Inc. may also make a discretionary contribution to the Plan, to be determined annually, based on eligible earnings of participants. Participants become fully vested immediately upon entry into the Plan. Girls Inc. made contributions of \$168,559 and \$175,306 to the 401(k) Plan during the years ended March 31, 2021 and 2020, respectively.

## NOTE 13 - RELATED PARTY TRANSACTIONS

Girls Inc. has affiliates that serve as local chapters of Girls Inc. Girls Inc. has no ownership or voting interests in these local chapters. However, affiliation agreements between the local chapters and Girls Inc. give Girls Inc. control over how the chapters carry out certain activities and require the payment of affiliate dues to Girls Inc. Girls Inc. recognized dues revenue from affiliates of \$618,873 and \$605,124 for the years ended March 31, 2021 and 2020, respectively, which is included in program revenue. Girls Inc. had dues receivable from affiliates of \$82,935 and \$81,996 at March 31, 2021 and 2020, respectively. Girls Inc. provided funding to affiliates of \$4,983,044 and \$4,537,926 for the years ended March 31, 2021 and 2020, respectively. Girls Inc. had accounts payable to affiliates of \$11,500 and \$126,800 at March 31, 2021 and 2020, respectively. Girls Inc. also subleases office space to an affiliate. See Note 11.

Girls Inc. has a note receivable with an affiliate. The note receivable had a balance of \$43,220 and \$59,843 at March 31, 2021 and 2020, respectively.

Girls Inc. recognized contributions from members of its Board of Directors of \$119,300 and \$182,685 for the years ended March 31, 2021 and 2020, respectively. Girls Inc. had promises to give, including promises to give related to the Growth Capital Campaign, from members of its Board of Directors of \$570,311 and \$906,104 at March 31, 2021 and 2020, respectively.

**NOTE 14 - UNCERTAINTY RELATED TO CORONAVIRUS**

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The extent of the impact of COVID-19 on Girls Inc.'s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its networks of affiliates, employees and ability to provide programing, all of which are uncertain and cannot be predicted. The outbreak has adversely affected global market activity and caused increased volatility and uncertainty in financial markets. Because of the value of Girls Inc.'s individual investments and funds held by trustees have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The ultimate impact of the outbreak to Girls Inc.'s financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to Girls Inc.