

Girls Inc. of San Antonio

Financial Statements

June 30, 2021 and 2020



Girls Inc. of San Antonio

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Independent Auditor's Report

To the Board of Directors of
Girls Inc. of San Antonio

We have audited the accompanying financial statements of Girls Inc. of San Antonio (Girls Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Inc. of San Antonio as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Continued)

Report on Summarized Comparative Information

We have previously audited Girls Inc. of San Antonio's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Schriver Carmona". The signature is fluid and cursive, with the first name "Schriver" and the last name "Carmona" clearly distinguishable.

Schrive, Carmona & Company, PLLC

San Antonio, Texas

November 23, 2021

Financial Statements

Girls Inc. of San Antonio

Statements of Financial Position June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 3,202,691	\$ 1,999,897
Restricted Cash - Capital Campaign	456,382	794,555
Accounts Receivable	287,218	221,919
Current Portion of Pledges Receivable	522,000	825,000
Prepaid Expenses	<u>6,051</u>	<u>5,514</u>
<i>Total Current Assets</i>	4,474,342	3,846,885
Property and Equipment, Net of Accumulated Depreciation	2,084,251	1,972,737
Long-Term Portion of Pledges Receivable, Net of Discount	<u>697,515</u>	<u>25,000</u>
Total Assets	\$ <u>7,256,108</u>	\$ <u>5,844,622</u>
Liabilities and Net Assets		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 2,698	\$ 10,710
Payroll Liabilities	37,505	38,038
Accrued Liabilities	23,470	33,306
Accrued Interest on Paycheck Protection Program Loan	390	227
Current Portion of Property Note Payable	<u>-</u>	<u>150,000</u>
<i>Total Current Liabilities</i>	64,063	232,281
Long-Term Portion of Property Note Payable	-	1,500,000
Paycheck Protection Program Loan	<u>138,132</u>	<u>136,100</u>
<i>Total Liabilities</i>	<u>202,195</u>	<u>1,868,381</u>
<i>Net Assets:</i>		
Without Donor Restrictions	4,971,834	2,331,685
With Donor Restrictions	<u>2,082,079</u>	<u>1,644,556</u>
<i>Total Net Assets</i>	<u>7,053,913</u>	<u>3,976,241</u>
Total Liabilities and Net Assets	\$ <u>7,256,108</u>	\$ <u>5,844,622</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Girls Inc. of San Antonio

Statement of Activities

Year Ended June 30, 2021 (with Comparative Totals for the Year Ended June 30, 2020)

	2021			2020 Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
Support and Revenues				
<i>Support:</i>				
Contributions and Grants	\$ 1,185,419	\$ -	\$ 1,185,419	\$ 853,513
Grants - State Government	275,354	-	275,354	277,399
Grants - Local Government	165,622	-	165,622	50,060
Capital Campaign	-	2,068,546	2,068,546	1,926,000
Gain on Extinguishment of Debt - Forgiven Paycheck Protection Program Loan	136,100	-	136,100	-
Special Events, net of expenses of \$46,338 and \$38,080 in 2021 and 2020, respectively	231,993	-	231,993	232,789
<i>Revenues:</i>				
Program Service Fees	44,625	-	44,625	72,183
Other Income	18,906	-	18,906	-
Net Assets Released from Restrictions	1,631,023	(1,631,023)	-	-
Total Support and Revenues	3,689,042	437,523	4,126,565	3,411,944
Expenses				
Program Services	803,809	-	803,809	1,050,341
<i>Support Services:</i>				
Management and General	162,058	-	162,058	77,647
Fundraising	83,026	-	83,026	204,779
Total Expenses	1,048,893	-	1,048,893	1,332,767
Change in Net Assets	2,640,149	437,523	3,077,672	2,079,177
Net Assets at Beginning of Year	2,331,685	1,644,556	3,976,241	1,897,064
Net Assets at End of Year	\$ 4,971,834	\$ 2,082,079	\$ 7,053,913	\$ 3,976,241

The Accompanying Notes are an Integral Part of These Financial Statements.

Girls Inc. of San Antonio

Statement of Functional Expenses

Year Ended June 30, 2021 (with Comparative Totals for the Year Ended June 30, 2020)

	Support Services			Total Support Services	2021 Totals	2020 Totals
	Program Services	Management and General	Fundraising			
Salaries and Related Expenses:						
Salaries and Wages	\$ 475,138	\$ 45,928	\$ 62,137	\$ 108,065	\$ 583,203	\$ 703,495
Payroll Taxes	35,270	3,461	4,722	8,183	43,453	50,889
Employee Benefits	46,330	3,576	4,187	7,763	54,093	39,812
Total Salaries and Related Expenses	556,738	52,965	71,046	124,011	680,749	794,196
Other Operating Expenses:						
Bank Fees	2,209	1,760	255	2,015	4,224	4,720
Capital Campaign	-	-	624	624	624	107,210
Dues and Subscriptions	188	12,020	-	12,020	12,208	17,060
Fundraising	2,015	-	1,109	1,109	3,124	-
Furniture, Equipment and Maintenance	16,411	7	-	7	16,418	34,883
Insurance	36,595	78	39	117	36,712	21,339
Information Technology and Telephone	9,227	627	284	911	10,138	10,586
Interest Expense	19,475	2,942	1,458	4,400	23,875	4,432
Marketing	-	-	-	-	-	173
Meetings and Conferences	597	98	-	98	695	7,667
Printing, Publications and Postage	2,407	37	-	37	2,444	3,109
Professional Fees	19,894	22,634	6,818	29,452	49,346	125,678
Recreation Fees	-	-	-	-	-	10,914
Rent and Occupancy	19,945	1,803	988	2,791	22,736	71,390
Supplies	94,512	1,893	405	2,298	96,810	59,266
Travel and Transportation	678	155	-	155	833	26,386
Total Other Operating Expenses	224,153	44,054	11,980	56,034	280,187	504,813
Total Expenses before Depreciation	780,891	97,019	83,026	180,045	960,936	1,299,009
Depreciation	22,918	65,039	-	65,039	87,957	33,758
Total Expenses	\$ 803,809	\$ 162,058	\$ 83,026	\$ 245,084	\$ 1,048,893	\$ 1,332,767

The Accompanying Notes are an Integral Part of These Financial Statements.

Girls Inc. of San Antonio

Statements of Cash Flows Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 3,077,672	\$ 2,079,177
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	87,957	33,758
Gain on Extinguishment of Debt - Forgiven		
Paycheck Protection Program Loan	(136,100)	-
Discount on Pledges Receivable	75,485	-
(Increase) Decrease in:		
Accounts Receivable	(65,299)	(27,417)
Pledges Receivable	(445,000)	(850,000)
Prepaid Expenses	(537)	4,729
Increase (Decrease) in:		
Accounts Payable	(8,012)	(1,876)
Payroll Liabilities	(533)	(1,638)
Accrued Liabilities	(9,836)	12,313
Accrued Interest on Paycheck Protection Program Loan	163	227
Net Cash Provided by Operating Activities	<u>2,575,960</u>	<u>1,249,273</u>
Cash Flows From Investing Activities:		
Purchase of Property	(199,471)	(1,951,180)
Net Cash Used by Investing Activities	<u>(199,471)</u>	<u>(1,951,180)</u>
Cash Flows From Financing Activities:		
Payments on Property Note Payable	(1,650,000)	-
Proceeds from Property Note Payable	-	1,650,000
Proceeds from Paycheck Protection Program Loan	138,132	136,100
Net Cash Provided (Used) by Financing Activities	<u>(1,511,868)</u>	<u>1,786,100</u>
Net Increase in Cash and Cash Equivalents	864,621	1,084,193
Cash and Cash Equivalents, Beginning of Year	<u>2,794,452</u>	<u>1,710,259</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,659,073</u>	<u>\$ 2,794,452</u>
Supplemental Disclosures:		
Interest Paid	<u>\$ 23,712</u>	<u>\$ 4,204</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Girls Inc. of San Antonio

Notes to Financial Statements
June 30, 2021 and 2020

Note A: Nature of Organization

Girls Inc. of San Antonio (Girls Inc.) was incorporated on November 10, 2004 in the State of Texas as a nonprofit corporation. The mission of Girls Inc. is to inspire all girls to be strong, smart, and bold. Girls Inc.'s comprehensive approach to whole girl development equips girls to navigate gender, economic, and social barriers and grow up healthy, educated, and independent. Research-based programs take place in partnership with schools and community organizations both during the school day and during out-of-school time, holidays and summer break.

Note B: Summary of Accounting Principles

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of Girls Inc. generally are not considered “restricted” under GAAP, though for internal reporting Girls Inc. such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.
- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than Girls Inc.'s mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Methods Used for Allocation of Expenses among Program and Support Services

The financial statements report certain categories of expenses that are attributed to more than one program or support function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses which can be directly identified with specific programs are allocated to those programs. Any expenses not directly chargeable are allocated to programs and support service classifications based on management estimates. For example, payroll expenses are allocated based on a percentage of the actual time worked by employees in each functional class. Expenses such as occupancy and other general expenses are allocated to support services based upon the CEO's time and effort allocation, with the remaining portion allocated to programs.

Estimates

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

Cash and Cash Equivalents

For purposes of reporting cash flows, Girls Inc. considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Girls Inc. of San Antonio

Notes to Financial Statements
June 30, 2021 and 2020

Note B: Summary of Accounting Principles (Continued)

Property and Equipment

Property and equipment are recorded at cost, if purchased, or if donated, at the fair market value at the date of donation. Costs for major improvements to fixed assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred. Donations of property and equipment are reported as Without Donor Restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash must be used to acquire property and equipment are reported as With Donor Restrictions. Absent donor stipulations regarding how long those donated assets are placed in service as instructed by the donor, Girls Inc. reclassifies With Donor Restrictions to Without Donor Restrictions at that time. Girls Inc. capitalizes all expenditures for property and equipment in excess of \$5,000.

Depreciation is computed for financial statement purposes on a straight-line basis over the estimated lives useful lives as follow:

Vehicles	5 years
Building	30 years

Revenue Recognition

Contributions and Grants

Girls Inc. recognizes contributions and grants when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Girls Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restrictions are reclassified to Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

Grants from State and Local Governments and Program Service Fees

Grants from State of Texas and City of San Antonio are either reimbursement contracts or fee for service contracts. Revenue derived from reimbursement contracts is recorded when expenses are incurred. Revenue derived from fee for service contracts and other program service fees is recognized in the period it is earned.

Fair Value of Financial Instruments

Girls Inc.'s financial instruments include cash and cash equivalents, receivables, and payables. The carrying amount of these financial instruments as reflected in the Statements of Financial Position approximates fair value.

Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB ASC, 820-10, defines fair value, establishes a three level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Girls Inc. of San Antonio

Notes to Financial Statements
June 30, 2021 and 2020

Note B: Summary of Accounting Principles (Continued)

Fair Value Measurements (Continued)

- *Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that Girls Inc. has the ability to access.
- *Level 2* - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
- *Level 3* - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

Federal and State Income Taxes

Girls Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statements. 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) for the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2021 and 2020. Girls Inc. is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

Accounts Receivable

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Uncollectible accounts receivable, including promises to give, are written off after management has made reasonable collection efforts and such receivables are then determined to be losses. No allowance for uncollectible is maintained because the amount would not be significant to Girls Inc.'s financial statements.

Recently Issued Accounting Pronouncements

Adopted During 2021

In May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, Topic 606. For not-for-profit organizations that have issued, or are conduit bond obligors for, securities traded, listed, or quoted on an exchange or an over-the-counter market, the standard is currently in effect. For all other not-for-profit organizations, the standard takes effect in annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. On June 3, 2020, The FASB issued a one year delay for the effective date of this standard for entities that have not yet issued financial statements or made financial statements available for issuance as of June 3, 2020 reflecting adoption of ASC 606. The core principle of this pronouncement focuses on the contract between the organization and its customers for goods and services, and ultimately, the rights and obligations between the organization and the customer. Girls Inc. adopted the new provisions of this standard during the year ended June 30, 2021. There were no significant effects on the financial statements and related disclosures.

Girls Inc. of San Antonio

Notes to Financial Statements
June 30, 2021 and 2020

Note B: Summary of Accounting Principles (Continued)

Recently Issued Accounting Pronouncements (Continued)

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management of Girls Inc. expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management of Girls Inc. expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Girls Inc.'s financial statements for the year ended June 30, 2020 from which the summarized information was derived.

Note C: Liquidity and Availability

The following represents Girls Inc.'s financial assets at June 30, 2021 and 2020 available to meet general expenditures over the next twelve months:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and Cash Equivalents, including restricted cash	\$ 3,659,073	\$ 2,794,452
Accounts Receivable	287,218	221,919
Pledges Receivable, net	<u>1,219,515</u>	<u>850,000</u>
Total Financial Assets	<u>5,165,806</u>	<u>3,866,371</u>
Less those unavailable for general expenditures over the next twelve months due to:		
Net Assets with Donor Restrictions	2,082,079	1,644,556
Less net assets with timing restrictions to be met over the next twelve months	<u>-</u>	<u>-</u>
	<u>2,082,079</u>	<u>1,644,556</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,083,727</u>	<u>\$ 2,221,815</u>

Girls Inc. of San Antonio

Notes to Financial Statements
June 30, 2021 and 2020

Note C: Liquidity and Availability (Continued)

Girls Inc. regularly monitors liquidity to meet its operating needs. Girls Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses. Girls Inc. has various resources of liquidity at its disposal, including cash and cash equivalents, various receivables, and a line of credit.

Note D: COVID-19 Risk and Uncertainty

The COVID-19 pandemic, whose effects first became known in January 2020, is having broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Girls Inc. is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. 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 its impacts on Girls Inc.'s customers, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact Girls Inc.'s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note E: Pledges Receivable

Pledges receivable consist of unconditional promises to give from various contributors totaling **\$1,295,000** and \$850,000 at June 30, 2021 and 2020, respectively. The outstanding amounts pledged range from \$5,000 to \$500,000 and are to be received over a range of one to three years. The pledges have been discounted using the line of credit interest rate of 4.25%, offered at the date of pledge, to account for the present value of future cash flows at June 30, 2021.

Pledges Receivable are scheduled to be collected as follows at June 30, 2021:

Less than one year	\$ 522,000
One to three years	<u>773,000</u>
Total Pledges Receivable	1,295,000
Less: Net Present Value Discount	<u>(75,485)</u>
Total Pledges Receivable, Net of Discount	1,219,515
Less: Current Portion of Pledges Receivable	<u>(522,000)</u>
Long-Term Portion of Capital Campaign Pledges Receivable, Net of Discount	<u><u>\$ 697,515</u></u>

Girls Inc. of San Antonio

Notes to Financial Statements
June 30, 2021 and 2020

Note F: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation consisted of the following at June 30,:

	<u>2021</u>	<u>2020</u>
Vehicles	\$ 114,591	\$ 114,591
Building	1,951,180	1,951,180
Construction in Progress	199,471	-
Total Property and Equipment	<u>2,265,242</u>	<u>2,065,771</u>
Less: Accumulated Depreciation	<u>(180,991)</u>	<u>(93,034)</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 2,084,251</u>	<u>\$ 1,972,737</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was **\$87,957** and \$33,758, respectively.

Note G: Property Note Payable

In March 2020, Girls Inc. purchased property for office space in the amount of \$1,950,000, of which \$1,650,000 was financed from the seller as a note payable. The \$1,650,000 note payable matured on September 1, 2021 and bore a fixed interest rate of **3.00%** as of June 30, 2021 and 2020. Payment terms are interest only beginning July 1, 2020 and continuing monthly until the maturity date when the entire unpaid principal amount and accrued but unpaid interest shall be due and payable in full. In addition, one principal payment of \$150,000 shall be due on or before March 1, 2021. The note was paid off early on February 11, 2021 with no early prepayment penalty. The note payable balance at June 30, 2021 and 2020 was **\$0** and \$1,650,000 respectively.

Note H: Paycheck Protection Program Loan

On May 1, 2020 and March 19, 2021, Girls Inc. received loan proceeds in the amount of \$136,100 (PPP 1) and \$138,132 (PPP 2), respectively, under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the businesses' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

On April 1, 2021, Girls Inc. was granted 100% forgiveness on PPP 1 and was legally released from the loan obligation. The forgiveness income of \$136,100 is included as Gain on Extinguishment of Debt – Forgiven PPP Loan in the Statement of Activities for the year ended June 30, 2021.

At June 30, 2021, Girls Inc. has recorded a note payable for PPP 2 of \$138,132 and related accrued interest of \$390 and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended June 30, 2021.

Subsequent to year end, Girls Inc. received forgiveness on July 14, 2021 in the amount of \$138,132 for PPP 2.

Girls Inc. of San Antonio

Notes to Financial Statements
June 30, 2021 and 2020

Note I: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions consisted of the following at June 30,:

	<u>2021</u>	<u>2020</u>
Capital Campaign	\$ <u>2,082,079</u>	\$ <u>1,644,556</u>
Total Net Assets With Donor Restrictions	\$ <u>2,082,079</u>	\$ <u>1,644,556</u>

Note J: Concentrations

Credit Risk of Financial Instruments

Financial instruments that potentially subject Girls Inc. to concentrations of credit risk consist of its cash balances at financial institutions if such balances exceed the amount insured by Federal Deposit Insurance Corporation (FDIC). Accounts at the financial institutions are insured by the FDIC up to \$250,000. At June 30, 2021 and 2020, Girls Inc.'s cash balance at a financial institution was in excess of the FDIC limit by **\$2,737,358** and \$2,297,289, respectively. Girls Inc. has not experienced any losses in such accounts, and management believes there to be little exposure to any significant risk to cash on deposit with banks or investment companies.

Note K: Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2021 and 2020 were **\$0**.

Note L: Line of Credit

In May 2021, Girls Inc. renewed an existing revolving line of credit agreement and increased the amount from \$125,000 to \$250,000. The line of credit is secured by all business assets owned by Girls Inc. The line of credit matures on June 17, 2022 and bears an interest rate of prime plus 1.00%, or **4.25%** at June 30, 2021 and 2020. At June 30, 2021 and 2020, the line of credit balance was **\$0**.

Note M: Reclassification

Certain amounts in the 2020 presentation have been reclassified to conform to the 2021 presentation.

Note N: Subsequent Events

Subsequent events have been evaluated through November 23, 2021, which is the date the financial statements were available to be issued.