NOVOGRADAC & COMPANY LLP®

Girls Incorporated of Alameda County

Financial Statements with Report of Independent Auditors
June 30, 2023
(with comparative totals for June 30, 2022)

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NOVOGRADAC & COMPANY LLP®

Report of Independent Auditors

To the Board of Directors of
Girls Incorporated of Alameda County:

Opinion
We have audited the accompanying financial statements of Girls Incorporated of Alameda County, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Alameda County as of June 30, 2023, 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.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls Incorporated of Alameda County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Changes in Accounting Principles
As discussed in Note 2 to the financial statements, Girls Incorporated of Alameda County adopted changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to those matters.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Incorporated of Alameda County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Girls Incorporated of Alameda County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Incorporated of Alameda County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the 2022 financial statements of Girls Incorporated of Alameda County, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Novogradac & Company LLP

San Francisco, California
December 7, 2023

GIRLS INCORPORATED OF ALAMEDA COUNTY

STATEMENTS OF FINANCIAL POSITION

June 30, 2023

(with comparative totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 1,444,416	$ 1,912,975
Cash and cash equivalents - board restricted	3,223,024	6,871,278
Restricted cash	367,380	604,825
Grants receivable	682,968	320,851
Accounts receivable	11,250	15,000
Other receivables	520,000	240,080
Prepaid expenses	24,434	42,838
Investments	6,280,180	1,919,659
Split-interest agreement	279,623	237,301
Deposits	5,866	6,366
Operating lease right-of-use asset	11,425	-
Fixed assets, net	10,433,523	10,837,774
TOTAL ASSETS	$ 23,284,089	$ 23,008,947
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 108,704	$ 88,264
Accrued expenses	487,747	507,383
Operating lease liability	11,718	-
Deferred revenue	98,192	129,051
Total liabilities	706,361	724,698
Net assets		
Net assets without donor restrictions	18,762,370	18,361,930
Net assets with donor restrictions	3,815,358	3,922,319
Total net assets	22,577,728	22,284,249
TOTAL LIABILITIES AND NET ASSETS	$ 23,284,089	$ 23,008,947

see accompanying notes

GIRLS INCORPORATED OF ALAMEDA COUNTY
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2023
(with comparative totals for 2022)

	Net assets without donor restrictions	Net assets with donor restrictions	Totals 2023	Totals 2022
SUPPORT AND REVENUE				
Government grants	$ 2,960,070	$ -	$ 2,960,070	$ 2,097,130
Foundation grants	1,386,273	834,247	2,220,520	4,412,545
Contributions of cash and other financial assets	1,998,510	1,000	1,999,510	2,498,253
Contributions of nonfinancial assets	-	-	-	1,877,736
Special events	489,936	-	489,936	500,662
Program fees	134,320	-	134,320	260,652
Rental income	14,400	-	14,400	14,400
Miscellaneous income	-	-	-	42,735
Interest and dividends	93,093	48,626	141,719	41,681
Net realized and unrealized income (loss) on investments	153,414	199,767	353,181	(462,027)
Change in value of split-interest agreement	-	42,322	42,322	(43,882)
Net assets released from restrictions:				
Purpose accomplished or restricted time expired	1,232,923	(1,232,923)	-	-
TOTAL SUPPORT AND REVENUE	8,462,939	(106,961)	8,355,978	11,239,885
EXPENSES				
Program services	6,956,205	-	6,956,205	6,233,896
Management and general	402,013	-	402,013	472,465
Fundraising	703,195	-	703,195	563,285
TOTAL EXPENSES	8,061,413	-	8,061,413	7,269,646
OTHER				
Gain (loss) on sale of fixed asset	(1,086)	-	(1,086)	164,885
Change in net assets	400,440	(106,961)	293,479	4,135,124
Net assets, beginning of year	18,361,930	3,922,319	22,284,249	18,149,125
Net assets, end of year	$ 18,762,370	$ 3,815,358	$ 22,577,728	$ 22,284,249

GIRLS INCORPORATED OF ALAMEDA COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

(with comparative totals for 2022)

	Program Services	Management and General	Fundraising	Totals 2023	Totals 2022
Salaries	$ 3,988,429	$ 233,342	$ 346,237	$ 4,568,008	$ 4,283,506
Program expenses	870,482	6,644	89,926	967,052	515,380
Employee benefits	590,536	37,354	61,276	689,166	662,652
Depreciation	372,987	22,377	24,552	419,916	420,411
General office expenses	283,108	25,392	31,295	339,795	342,586
Professional fees	190,314	19,463	66,916	276,693	309,149
Repair and maintenance	167,546	19,520	37,895	224,961	233,066
Utilities	173,342	17,049	14,972	205,363	191,828
Insurance	131,504	10,260	10,670	152,434	133,170
Information technology support	90,810	6,689	7,338	104,837	88,221
Stipends	50,954	-	-	50,954	38,811
Printing	14,121	-	11,070	25,191	14,069
Training	19,538	2,340	650	22,528	35,070
Travel	12,534	1,583	398	14,515	1,727
TOTAL	$ 6,956,205	$ 402,013	$ 703,195	$ 8,061,413	$ 7,269,646

see accompanying notes

GIRLS INCORPORATED OF ALAMEDA COUNTY

STATEMENTS OF CASH FLOWS

For the year ended June 30, 2023

(with comparative totals for 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 293,479	$ 4,135,124
Adjustments to reconcile change in net assets to		
net cash (used in) provided by operating activities:		
Depreciation	419,916	420,411
Net change in value of split-interest agreement	(42,322)	43,882
Net realized and unrealized loss (income) on investments	(353,181)	462,027
Changes in operating assets and liabilities:		
Grants receivable	(362,117)	186,447
Accounts receivable	3,750	34,929
Other receivables	(279,920)	(204,296)
Prepaid expenses	18,404	4,507
Deposits	500	(500)
Operating lease right-of-use asset	(11,425)	-
Accounts payable	20,440	(39,904)
Accrued expenses	(19,636)	51,607
Operating lease liability	11,718	-
Deferred revenue	(30,859)	78,167
Net cash (used in) provided by operating activities	(331,253)	5,172,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(4,007,340)	1,267,628
Purchases of fixed assets	(15,665)	(66,209)
Net cash (used in) provided by investing activities	(4,023,005)	1,201,419
Net (decrease) increase in cash, cash equivalents, and restricted cash	(4,354,258)	6,373,820
Cash, cash equivalents, and restricted cash at beginning of year	9,389,078	3,015,258
Cash, cash equivalents, and restricted cash at end of year	$ 5,034,820	$ 9,389,078
Cash and cash equivalents	$ 1,444,416	$ 1,912,975
Cash and cash equivalents - board restricted	3,223,024	6,871,278
Restricted cash	367,380	604,825
Total cash, cash equivalents, and restricted cash	$ 5,034,820	$ 9,389,078
Supplemental disclosure noncash investing and financing activities		
Operating lease right-of-use asset and lease liability	$ 78,790	$ -

see accompanying notes

1. Organization

Girls Incorporated of Alameda County ("Girls Inc." or the "Organization"), a California nonprofit organization dedicated to inspiring all girls to be strong, smart, and bold, is a local affiliate of the national Girls Inc. organization. Serving 7,012 girls, families, and community members, Girls Inc. provides vital year-round educational programs, enrichment, and skill-building at 14 school and community sites in Alameda County.

The Organization's proven programs cover every aspect of a girl's development to help her grow into her best self, physically, mentally, and emotionally. Girls Inc. evaluates its offerings through continuous quality improvement practices to best fit the changing needs of today's girls. We continue to partner with Seneca Families of Agencies to provide bi-monthly consultation to all direct service staff. Girls Inc. continues our unwavering commitment to mental health and mental health resources for our program participants, their families and our program staff.

From early literacy to college and career prep, Girls Inc. equips girls with the skills and self-confidence to achieve academic success. Girls improve their study habits, sharpen their intellectual curiosity, and learn to think and speak for themselves. Debunking the myth that girls cannot excel at math and science, the Organization inspires girls to take on these subjects with hands-on projects. The girls also enhance their technological fluency and coding skills.

As essential as academics are to a girl's success in life, she also needs to stay physically and mentally healthy. Girls Inc. knows if a girl participates in athletics, she is less likely to drop out of school or abuse drugs and alcohol. Girls Inc.'s year-round fitness programs get girls involved in team sports. Additionally, during the summer months, we expose the participants to swimming and other water activities. The Organization promotes proper nutrition and discusses challenging issues like personal safety, health, and sexuality in age-appropriate ways. If a girl needs additional mental health support, we can provide referrals to Pathways Counseling Center at Seneca for her and her family.

In over sixty-five years of serving girls in Alameda County, Girls Inc. has watched many of our girls graduate college and enjoy successful careers. Girls Inc. has been delighted that some of them are choosing to give back by volunteering with Girls Inc., showing the next generation just how far a girl can go if she is strong, smart, and bold.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation
The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions*:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

2. Summary of significant accounting policies and nature of operations (continued)

Basis of presentation (continued)
Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The carrying amounts of cash and cash equivalents approximate their fair values.

Change in accounting principle
In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard using a modified retrospective transition method applied at the effective date and applied certain practical expedients available. Any adjustment necessary was recognized through a cumulative effect adjustment. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in ASC 840.

The Organization has elected the following practical expedients permitted under the transition guidance within the new standard: (a) the option to carry forward the historical lease classifications, (b) the option to not reassess initial direct costs, (c) the option to not reassess whether a historical contract contains a lease, (d) the option to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets, (e) the option to account for lease and non-lease components as a single lease component, (f) the option to use the risk-free rate as the discount rate in determining present value of the lease payments, and (g) the option to not include leases with an initial term of less than twelve months in the lease assets and liabilities.

No impact was recorded to previously reported net assets and change in net assets as a result of adoption.

Contributions and pledges receivable
Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

2. Summary of significant accounting policies and nature of operations (continued)

Comparative 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with Girls Inc.'s financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Concentrations of credit risk
Girls Inc. has identified its financial instruments which are potentially subject to risk as cash, investments, and receivables.

The Organization invests in various investment instruments which are driven by a defined investment policy designed to mitigate concentrations of risk in specific investments and industries.

The Organization invests its cash with various financial institutions. These deposits include amounts over federally insured limits. Investments are diversified in order to limit market risk. Accounts receivables represent primarily unsecured amounts due from federal agencies, other government agencies, foundations, and various organizations and individuals. Girls Inc. maintains an allowance for doubtful accounts at a level considered adequate to cover anticipated credit losses on outstanding receivable balances. The Organization has not previously experienced significant credit losses.

Economic concentrations
The Organization is dependent upon government grants, donations, bequests, and other support from individuals, foundations, and other entities in addition to program fees and contracts. If the level of this support varies, there may be a resulting effect upon the level and types of activities and program services offered by the Organization. For the year ended June 30, 2023, government grants, consisting of Federal and Alameda County grants and program revenue represented 37% of the Organization's revenue; foundation grants represented 27% of the Organization's revenue; and individual giving represented 24% of the Organization's revenue. The Organization receives most of its revenue from the San Francisco Bay Area that consists of the following counties: Alameda, Contra Costa, Marin, San Francisco, and San Mateo and from government agencies at the local, county, state, and federal level.

The Organization, as a direct owner, has an economic interest in 510 16th Street, Oakland (the "Property") that is subject to business risks associated with the economy and level of unemployment in California, which affects occupancy, as well as the tenant's ability to make rental payments.

Endowment funds
In August 2008, Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). This guidance also improves disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Organization is subject to the required disclosures in that the Organization classifies its unrealized gains and losses on donor-restricted endowed funds as net assets with donor restrictions.

2. Summary of significant accounting policies and nature of operations (continued)

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair value measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as 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, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than 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.

Level 3: Unobservable inputs that reflect the Organization's own assumptions.

The following methods and assumptions were used to estimate the fair value of financial instruments:

(a) Investments (Level 1). Investment securities traded on security exchanges are valued at closing market prices on the date closest to June 30. Government obligations are valued based upon the most recent bid quotation for identical or similar obligations provided by independent pricing services and from broker quotations.

(b) Investments (Level 2). Investment securities in real estate are valued at the redemption or stated price on the measurement day.

(c) Contributions receivable – split-interest agreement (Level 3). The split-interest agreement is valued based on factors which include the current fair value of the investments, future expected investment returns and the present value discount rate.

2. Summary of significant accounting policies and nature of operations (continued)

Fixed assets

Girls Inc. capitalizes all acquisitions of property and equipment with a cost or value in excess of $1,000 and with an estimated useful life in excess of one year. When property or equipment is retired or sold, the cost and accumulated depreciation of dispositions are removed from the accounts, and gain or loss is reflected as a change in net assets without donor restrictions. Contributed property and equipment is recorded at fair value of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as support without restrictions.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during the year ended June 30, 2023 was $419,916. The useful lives of the assets are estimated as follows:

Buildings and improvements	15 – 39 years
Furniture and fixtures	5 – 7 years
Computers	5 years
Vehicles	5 years

Functional allocation of expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services, administrative and support, and fundraising services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Building depreciation	Square footage
FF&E depreciation and amortization	Full time equivalent
General office expenses	Full time equivalent
Professional fees	Full time equivalent
Office maintenance	Full time equivalent
Repairs and maintenance	Square footage
Building insurance	Square footage
Office insurance	Full time equivalent
Occupancy	Square footage

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during the year ended June 30, 2023.

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

In-kind contributions and contributed services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as support without restrictions unless explicit donor stipulations specify how donated assets must be used. Girls Inc. recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Girls Inc. receives services from a large number of volunteers who give significant amounts of their time to the Organization’s programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

Investments

Investments in equity and debt securities are reported at their fair values in the statements of financial position as determined primarily by quoted market prices. Investments without quoted market prices are valued based upon management’s estimates. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor.

The Organization invests in various investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Split-interest agreement

The Organization is a beneficiary of a split-interest agreement that includes a charitable remainder trust. Irrevocable split-interest agreements for the benefit of the Organization are recognized as contributions when the Organization is notified of the existence of the agreement. When the Organization is not named as the trustee, the Organization’s share of the remainder interest in the trust's assets is recognized at their fair values, net of the present value of an estimated investment return and any expected payments to the beneficiaries. Any expected payments to beneficiaries are discounted using an instrument with a similar maturity at the date of recognition. Changes in the estimated remainder interest value during the term of the agreement are reported on the statements of activities.

2. Summary of significant accounting policies and nature of operations (continued)

Split-interest agreement (continued)

When the Organization is the trustee, the trust's assets are recognized at their fair values. A liability is also reflected which represents the present value of any expected payments to the beneficiaries which is calculated in the same manner as described in the preceding paragraph. The net changes in the estimated remainder interest value and the liability are reported on the statements of activities.

Upon maturity of a split-interest agreement, valuation differences in asset and liability accounts related to the agreement are recognized as changes in net assets with donor restrictions.

Contributions

All contributions are considered available for Girls Inc.'s general operations unless specifically restricted by the donor. Contributions, including foundation grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collections history, type of contribution and current aging of contributions receivable. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Leases

The Organization determines if an arrangement is a lease at inception and evaluates identified leases for operating or finance lease treatment at lease commencement. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating leases are included in operating lease ROU assets and operating lease liabilities on the statements of financial position.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate at the commencement date in determining the present value of lease payments.

2. Summary of significant accounting policies and nature of operations (continued)

Leases (continued)
At adoption, the ROU asset also includes any lease payments made and excludes incentives and initial direct costs. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Reclassifications
Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Restricted cash
As of June 30, 2023, restricted cash includes cash held in investments for which there are donor-imposed purpose or time restrictions on the use of the funds and falls under the criteria for net assets with donor restrictions.

Revenue recognition
Revenue resulting from special events, fees charged by the Organization, and government grants are recognized as services are performed. Miscellaneous income is recognized when performance obligations are met.

Subsequent events
Subsequent events have been evaluated through December 7, 2023, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Liquidity and availability of financial assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or other restrictions. The Organization has $2,688,934 of financial assets available within one year of the statement of financial position date to meet the cash needs for operating expenditures.

The following represents the Organization's financial assets as of June 30, 2023:

Financial assets at year end:	
Cash and cash equivalents	$ 1,444,416
Cash and cash equivalents – board restricted	3,223,024
Restricted cash	367,380
Investments	6,280,180
Grants receivable	682,968
Accounts receivable	11,250
Other receivables	520,000
Prepaid expenses	24,434
Other assets	5,866
Total financial assets	12,559,518

3. Liquidity and availability of financial assets (continued)

Less amounts not available to be used within one year:		
Cash and cash equivalents – board restricted		3,223,024
Restricted cash		367,380
Investments		6,280,180
Total funds unavailable for general expenditures		9,870,584
Financial assets available to meet general expenditures		
Over the next twelve months	$	2,688,934

The Organization has a goal to generally maintain financial assets, which consist of cash and short-term investments, to meet 150 days of operating expenses which are approximately $3,542,000. The Organization has board designated operating reserves which are available for use toward general expenditures when needed and approved by the board. The Organization also has board designated funds which are set aside for major capital repairs/improvements which are available for use on general expenditures through board approval when needed. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Investments

The Organization's investments balance, including current and noncurrent portions as of June 30, 2023 consisted of the following:

Stocks and options	$	1,325,623
Fixed income securities		3,517,185
Mutual funds		1,437,372
Total financial assets	$	6,280,180

5. Split-interest agreement

Girls Inc. has been named a remainder beneficiary of a charitable remainder unitrust. Income beneficiaries are to receive an annuity each year payable on December 31 equal to a percentage of the net fair market value of the unitrust assets as of the first business day each year. Upon the twentieth anniversary of the unitrust settler's death, which is in 2027, twenty-percent of the remaining principal is to be distributed to Girls Inc. An independent trustee administers the trust assets.

An asset for the charitable remainder trust has been recognized at the present value of the expected future cash flow payments discounted using a 20-year Treasury bond rate of 4.81%. The fair value of the charitable remainder trust as of June 30, 2023 is $2,106,521. The discounted expected future cash flows of $279,623 represent Girls Inc.'s twenty percent share of the fair market value of the unitrust principal at 2027.

6. Fixed assets

The Organization's fixed assets balance as of June 30, 2023 consisted of the following:

Land	$ 630,000
Building and building improvements	13,679,004
Furniture and fixtures	860,409
Computers	15,795
Work in progress	13,384
Total fixed assets	15,198,592
Less: accumulated depreciation	(4,765,069)
Fixed assets, net	$ 10,433,523

7. Fair value measurements

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of June 30, 2023, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Items	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	2023 Total
Stocks				
Common stock	$ 858,374	$ 24,771	$ -	$ 883,145
Real estate	-	442,478	-	442,478
Fixed income securities				
Corporate bonds	-	24,041	-	24,041
Government bonds	3,493,144	-	-	3,493,144
Mutual funds	1,437,372	-	-	1,437,372
Total investments	$ 5,788,890	$ 491,290	$ -	$ 6,280,180

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

	Split-interest agreement
Beginning balance	$ 237,301
Change in value/net account activity	42,322
Ending balance	$ 279,623

8. Net assets

Net assets without donor restrictions
Net assets without donor restrictions consist of the following as of June 30, 2023:

Board-designated	$	3,223,024
Undesignated		15,539,346
Total net assets without donor restrictions	$	18,762,370

Net assets with donor restrictions
Net assets with donor restrictions consist of the following as of June 30, 2023:

Girls programming	$	430,706
Scholarships		88,350
Endowments		2,657,386
Capital campaign		150,000
Time restrictions		488,916
Total net assets with donor restrictions	$	3,815,358

9. Endowment funds

The Organization has two endowment funds: a scholarship endowment and a general endowment. Its endowments include only donor-restricted endowment funds; currently there are no funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law
The Board of Directors of Girls Inc. has interpreted the California enacted version of the UPMIFA as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent by the Board of Directors. The remaining portion of the donor-restricted endowment fund is not classified in net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization.

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 the Organization to retain as a fund of perpetual duration.

In the first endowment, as of June 30, 2023, donor restricted net assets consist of $134,000 to be held indefinitely. Income from the principal is restricted to fund scholarships. There were no such deficiencies as of June 30, 2023.

In the second endowment, as of June 30, 2023, donor restricted net assets consist of $2,625,000 to be held indefinitely. Income from the principal can be used to provide support for the Organization. The fair value of the underwater endowment as of June 30, 2023 was $2,459,102. The deficiency in the endowment was $165,898 as of June 30, 2023.

Return objectives and risk parameters
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that maintain purchasing power and the ability to provide additional real growth in perpetuity while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate-of-return that exceeds the cost of spending plus inflation plus expenses. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives
To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy
The Organization may appropriate for expenditure so much of the fund as the Board determines is prudent, consistent with the provisions of UPMIFA and the intent that the fund be an endowment fund.

The Organization has a policy of considering appropriating for distributions annually of the prior calendar year end market value. It is the intention of the fund that distributions not invade original endowment capital in establishing this policy and the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

9. Endowment funds (continued)

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

Endowment 1

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	$ -	$ 184,690	$ 184,690
Contributions	-	-	-
Investment return (loss)			
Investment income	-	3,169	3,169
Net appreciation (realized and unrealized)	-	11,135	11,135
Total investment return	-	14,304	14,304
Appropriation of endowment assets for expenditure	-	(710)	(710)
Endowment net assets, June 30, 2023	$ -	$ 198,284	$ 198,284

Endowment 2

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	$ -	$ 2,240,793	$ 2,240,793
Contributions	-	-	-
Investment return (loss)			
Investment income	-	45,457	45,457
Net appreciation (realized and unrealized)	-	188,632	188,632
Total investment return	-	234,089	234,089
Appropriation of endowment assets for expenditure	-	(15,780)	(15,780)
Endowment net assets, June 30, 2023	$ -	$ 2,459,102	$ 2,459,102

10. Pension plan

Girls Inc. maintains a defined contribution pension plan under Internal Revenue Code Section 403(b). For each plan year, the Board of Directors will determine the amount of the matching contribution (if any) that the Organization will make for all eligible participants who are actively employed with Girls Inc. on the last day of the plan year. For the year ended June 30, 2023, Girls Inc. made employer contributions of $6,338. Elective deferrals were made by employees.

11. Contributions receivable

Contributions receivable consisting of unconditional promises as of June 30, 2023 is as follows:

Amounts due in:		
Less than one year	$	265,000
One to five years		255,000
Total contributions receivable	$	520,000

12. Conditional promises to give

Conditional contributions are those which depend upon the occurrence of a specified future and uncertain event. The Organization recognizes conditional promises to give when the conditions on which they depend are substantially met or become unconditional. As of June 30, 2023, management does not expect to collect any conditional pledge within one year.

13. 433 Callan lease

On May 7, 2018, the Organization entered into a lease agreement (the “433 Callan Lease Agreement”) with 433 Callan, LLC (“433 Callan”) to lease the property at 433 Callan Avenue, Suite 101, San Leandro, CA 94577. Pursuant to the 433 Callan Lease Agreement, the Organization will lease approximately 2,332 square feet from 433 Callan. Commencing on July 1, 2018, the Organization is required to make rental payments according to the schedule set forth in the 433 Callan Lease Agreement. The Organization accounts for the lease as an operating lease. The lease term commences on July 1, 2018 and terminates on August 31, 2023. The lease has a remaining lease term of approximately 0.17 years and a discount rate of 3.00% as of June 30, 2023. For the year ended June 30, 2023, the Organization incurred $68,640 of rental expense.

Future minimum lease payments required are as follows:

Year ending June 30, 2024	$	11,733
Less: imputed interest		(15)
Operating lease liability	$	11,718

14. IGNITE sublease

In June 2015, the Organization entered into a sublease agreement (the "IGNITE Sublease Agreement") with IGNITE for sub-leasing of a portion of the Property. Pursuant to the IGNITE Sublease Agreement, IGNITE will lease approximately 435 square feet from the Organization. Commencing on July 1, 2015, IGNITE is required to make rental payments on the first day of each month in an amount of $1,200. IGNITE is required to make an initial rental payment of $600 upon execution of the IGNITE Sublease Agreement. The lease term commenced on June 15, 2015 and terminated on June 14, 2017. On June 9, 2017, the Organization exercised the option to extend the term of the lease from June 15, 2017 to June 30, 2018. On July 11, 2018, the Organization exercised the option to extend the term of the lease from June 15, 2018 to month to month. On August 22, 2019, the Organization exercised the option to extend the term of the lease from July 1, 2019 to June 30, 2020. On August 22, 2019, the Organization amended the lease to include 3 additional hotel stations at $200 each per month for a monthly charge of $1,800 effective September 1, 2019.

With the adoption of ASU 2016-02, *Leases* (Topic 842), the Organization elected the practical expedient to not include short-term leases for existing and future short-term leases for all classes of underlying assets. The Organization and IGNITE agreed to a month to month lease commencing July 1, 2020. On August 3, 2020, the Organization and IGNITE entered into a lease addendum to exclude the 3 hotel stations at $200 each per month for a monthly charge of $1,200 effective August 1, 2020.

For the year ended June 30, 2023, the Organization has earned rental income of $14,400. The lease ended as of June 30, 2023.