

**GIRLS INCORPORATED  
OF THE CENTRAL COAST  
(A Nonprofit Corporation)**

**FINANCIAL STATEMENTS  
with  
INDEPENDENT ACCOUNTANT'S  
COMPILATION REPORT**

**June 30, 2021**

**McGILLOWAY, RAY, BROWN & KAUFMAN  
ACCOUNTANTS & CONSULTANTS**

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To the Board of Directors  
Girls Incorporated of the Central Coast  
Salinas, California

Management is responsible for the accompanying financial statements of Girls Incorporated of the Central Coast (nonprofit corporation) 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 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

A handwritten signature in black ink that reads "McGilloway, Ray, Brown &amp; Kaufman" with a decorative flourish at the end.

McGilloway, Ray, Brown & Kaufman  
Salinas, California  
December 15, 2021

Gerald Ray, CPA | Patricia Kaufman, CPA, CGMA | Smriti Shrestha, CPA

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Daniel McGilloway Jr, CPA | Sarita Shannon, CPA | Sukhdev Singh, CPA | Whitney Ernest, CPA |  
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GIRLS INCORPORATED OF THE CENTRAL COAST  
(A Nonprofit Corporation)  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,611,093
Grant receivable - Note 3	20,000
Prepaid expenses	17,075
Total current assets	1,648,168
Office equipment	
Less accumulated depreciation	(9,442)
Net office equipment	-
Investments held at Community Foundation - Note 5	154,397
Deposits	1,720
Total assets	\$ 1,804,285

LIABILITIES

Current liabilities	
Accounts payable	\$ 6,876
Accrued liabilities	43,816
Deferred revenue	3,300
Total current liabilities	53,992

NET ASSETS

Without donor restrictions	
Undesignated	674,183
Board designated - Note 2	930,000
Total without donor restrictions	1,604,183
With donor restrictions	
Purpose and time restricted	146,110
Total net assets	1,750,293
Total liabilities and net assets	\$ 1,804,285

The accompanying notes are an integral part of these financial statements.

GIRLS INCORPORATED OF THE CENTRAL COAST  
(A Nonprofit Corporation)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Grants and contracts	\$ 91,606	\$ 256,136	\$ 347,742
Contributions	186,268	4,970	191,238
Special events, net - Note 8	41,014	-	41,014
Program revenue services	2,664	-	2,664
Investment return, net -			
Community Foundation	32,875	-	32,875
Interest and dividends	36,143	-	36,143
Other income	2,090	-	2,090
	<u>392,660</u>	<u>261,106</u>	<u>653,766</u>
Net assets released from restrictions			
Satisfaction of purpose restriction	212,025	(212,025)	-
Satisfaction of time restriction	239,434	(239,434)	-
Total assets released from restriction	<u>451,459</u>	<u>(451,459)</u>	<u>-</u>
Total revenues, gains and other support	<u>844,119</u>	<u>(190,353)</u>	<u>653,766</u>
Expenses			
Program services			
ECHO	206,271	-	206,271
Smart Choices	26,259	-	26,259
Will Power/Won't Power	65,192	-	65,192
Friendly PEERsuasion	111,555	-	111,555
Growing Together	15,014	-	15,014
SSB Summer Camp	25,889	-	25,889
Total program services	<u>450,180</u>	<u>-</u>	<u>450,180</u>
Support services			
Administrative	125,194	-	125,194
Development	143,697	-	143,697
Total support services	<u>268,891</u>	<u>-</u>	<u>268,891</u>
Total expenses	<u>719,071</u>	<u>-</u>	<u>719,071</u>
Change in net assets	<u>125,048</u>	<u>(190,353)</u>	<u>(65,305)</u>
Net assets at beginning of year	<u>1,479,135</u>	<u>336,463</u>	<u>1,815,598</u>
Net assets at end of year	<u>\$ 1,604,183</u>	<u>\$ 146,110</u>	<u>\$ 1,750,293</u>

The accompanying notes are an integral part of these financial statements.

GIRLS INCORPORATED OF THE CENTRAL COAST  
(A Nonprofit Corporation)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services						Support Services				
	ECHO	Smart Choices	Will Power/ Won't Power	Friendly PEERsuasion	Growing Together	SSB Summer Camp	Total Program Services	Administrative	Development	Total Support Services	Total
Salaries and related expenses	\$ 144,817	\$ 15,147	\$ 51,647	\$ 80,973	\$ 12,576	\$ 19,206	\$ 324,366	\$ 60,158	\$ 66,859	\$ 127,017	\$ 451,383
Other expenses											
Bad debt	-	-	-	-	-	-	-	5,108	-	5,108	5,108
Bank charges	-	-	-	-	-	-	-	1,811	-	1,811	1,811
Depreciation	-	-	-	-	-	-	-	1,080	-	1,080	1,080
Dues and membership	1,483	1,482	1,483	1,483	1,482	1,482	8,895	-	-	-	8,895
Food and events	109	25	2,204	-	-	-	2,338	-	-	-	2,338
Information technology	1,690	263	345	772	-	132	3,202	2,035	2,295	4,330	7,532
Insurance	-	-	-	-	-	-	-	7,096	-	7,096	7,096
Marketing and fundraising	-	-	65	-	-	-	65	-	3,160	3,160	3,225
Miscellaneous	-	-	-	-	-	-	-	11,717	-	11,717	11,717
Supplies	22,765	1,189	2,746	5,421	561	1,008	33,690	855	1,956	2,811	36,501
Phone cards	525	-	190	145	-	-	860	-	300	300	1,160
Printing and postage	4,596	620	614	2,116	335	310	8,591	789	1,801	2,590	11,181
Professional fees	-	50	-	-	-	-	50	18,272	46,795	65,067	65,117
Rent	25,550	7,048	5,286	19,382	-	3,524	60,790	8,810	18,501	27,311	88,101
Scholarships	-	-	-	-	-	-	-	6,900	-	6,900	6,900
Training and conferences	845	41	316	-	29	30	1,261	70	995	1,065	2,326
Travel	263	-	-	179	31	-	473	-	-	-	473
Utilities	1,430	394	296	1,084	-	197	3,401	493	1,035	1,528	4,929
Participant incentives	2,198	-	-	-	-	-	2,198	-	-	-	2,198
<b>Total expense</b>	<b>\$ 206,271</b>	<b>\$ 26,259</b>	<b>\$ 65,192</b>	<b>\$ 111,555</b>	<b>\$ 15,014</b>	<b>\$ 25,889</b>	<b>\$ 450,180</b>	<b>\$ 125,194</b>	<b>\$ 143,697</b>	<b>\$ 268,891</b>	<b>\$ 719,071</b>

The accompanying notes are an integral part of these financial statements.

GIRLS INCORPORATED OF THE CENTRAL COAST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities	
Change in net assets	\$ (65,305)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,080
Change in value - investment held at Community Foundation	(32,875)
(Increase) decrease in operating assets and liabilities	
Promises to give	5,178
Grant receivable	125,593
Prepaid expenses	(4,790)
Accounts payable	(6,516)
Accrued liabilities	5,440
Deferred revenue	1,950
Net cash provided by operating activities	<u>29,755</u>
Net increase in cash and cash equivalents	29,755
Cash and cash equivalents, beginning of year	<u>1,581,338</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,611,093</u></u>

The accompanying notes are an integral part of these financial statements.

GIRLS INCORPORATED OF THE CENTRAL COAST  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**1. Summary of Significant Accounting Policies**

***Organization and Nature of Activities***

Girls Incorporated of the Central Coast (GICC) is a California Nonprofit Corporation organized in 1999 to inspire girls to be strong, smart, and bold, and to respect themselves and the world around them. GICC is an affiliate of the Girls Incorporated, a national organization that has been providing programs for girls since 1864 in the United States and Canada. GICC delivers innovative, research-based programs designed specifically to address the strengths and needs of girls ages 8 to 18. GICC programs focus on empowerment, health and leadership, preparing girls for economic independence and confident adulthood.

GICC began in 1999 in one high school as one program: education, careers, health, opportunities (ECHO). In 2001, the ACTION Council of Monterey County adopted ECHO as its major project with the intention of expanding services, developing organizational capacity and sustainability, and when ready, spinning it off as an independent non-profit organization. In 2006, GICC received its 501(c)(3) designation and became an affiliate of Girls Incorporated. In 2010, a steering committee was formed to prepare for the agency's transition to an independent non-profit. On July 1, 2011, GICC became an independent organization with a 15-member Board of Directors. GICC has grown to serve more than 1,700 girls each year with seven programs, in 43 schools throughout 12 cities and rural Monterey, San Benito, and Santa Cruz counties.

GICC operates the following major programs on an ongoing basis:

- **ECHO Leadership Mentoring Program** – ECHO is a leadership mentoring program to encourage girls ages 15-17, to pursue post-secondary education and plan for future careers. The sessions are designed to inspire girls to value themselves, reach for their dreams, develop an action plan to achieve their goals, and see themselves as leaders.
- **Youth Leadership Program** – ECHO Leadership Graduates have the opportunity to continue their leadership development in the Youth Leadership Program, by delivering programs to girls in middle and high schools in their home communities. Youth leaders receive extensive training in decision-making, goal setting, facilitation, public speaking and program planning. They learn job-interviewing skills (both as applicants and interviewers), how to read and present a curriculum to others, how to work as a member of a team and how to manage a group of 25-35 girls. In addition, they are required to learn the informational content of each program: pregnancy and substance abuse prevention, preparing for high school and college, media and financial literacy, stress reduction, bullying prevention, female health and developing healthy relationships.
- **Smart Choices** – Smart Choices is a week-long summer camp held at UC Santa Cruz for 8<sup>th</sup> grade girls to help them make smart choices regarding school, relationships, and health. Smart Choices give girls entering high school the opportunity to experience college life and get a head start in planning for high school and beyond. Smart Choices addresses the issues facing these girls by focusing on pursuing higher education, setting goals, making decisions, taking the necessary steps, and understanding the value of an education.
- **Will Power/Won't Power** – Will Power/Won't Power is a series of interactive assertive communication workshops for girls ages 12-14. The program focuses on values and healthy relationships, helps girls identify and avoid risky situations, provides factual information on female health and the reproductive system and encourages girls to value and support each other.



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- **Friendly PEERsuasion** – Friendly PEERsuasion Phase 1 is a program that is a unique response to girls’ needs because it approaches substance-abuse prevention as a peer issue, using the positive influence of young people modeling healthy behavior. Session topics include: Effective communication, healthy stress management, reasons to avoid tobacco and alcohol, responsible use of prescription and over-the-counter medications, harmful impacts of bullying, standing up against bullying, resisting peer and media pressures, public speaking strategies, leadership development, and goal setting.

Upon completion of the Friendly PEERsuasion Phase 1, the middle school girls, “PEERsuaders”(Phase 2), began working closely with their Youth Leaders to improve their public speaking skills, divide activities, prepare materials and practice teamwork. Once preparations are completed, the “PEERsuaders” teach what they have learned at their local elementary schools. The curriculum for Friendly PEERsuasion Phase 2 mirrors the curriculum for the first phase but is simplified for the 4<sup>th</sup> and 5<sup>th</sup> graders. Through Phase 2, the newly minted facilitators help the younger girls to improve their communication skills, make healthier choices around stress management and friendships, and create an atmosphere of support and sisterhood.

- **Growing Together** – Growing Together is a program that supports girls ages 10-12 years old and their moms or another significant adult by creating a safe space where they come together once a week for four weeks to partake in a series of different activities and learn about different topics that can assist in the changes they are or will be going through. Girls gain valuable experience through program activities: problem solving strategies, positive communication skills, knowledge of their reproductive health and changes in their bodies, and the importance of values and setting goals.
- **Strong, Smart, and Bold Summer Camp** – Strong, Smart, and Bold Summer Camp is a two-week day camp for girls ages 8-11. Girls participate in research-based programs:
  - Girls Take Another Look increases their awareness of the scope and power of the media and the effects of media messages on girls and women.
  - Girls Encourage is designed to sustain girls’ interest in sports through adolescence by introducing them to nontraditional activities and adventures.
  - Operation SMART which develops girls’ enthusiasm for and skills in science, technology, engineering and math (STEM) through hands-on activities.

***Basis of Presentation***

The accompanying financial statements are presented using the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP). In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity, resulting in the use of cash, respectively.

***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or grantor restrictions over which the Board of Directors have discretionary control in carrying out the operations of GICC.

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NOTES TO FINANCIAL STATEMENTS  
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*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor-imposed restrictions and for which the applicable restriction was not met as of the year end of the current reporting period. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. GICC management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

***Tax-Exempt Status***

GICC has been granted tax-exempt status by the Internal Revenue Service under Code Section 501(c)(3). Certain types of income are considered unrelated business taxable income which is taxed at regular corporate income tax rates. GICC had no unrelated business taxable income during the year June 30, 2021. GICC believes that its tax positions will, more likely than not, be sustained based on their technical merits, should there be an examination by a taxing authority.

Management evaluated GICC's tax positions and concluded they took no uncertain tax positions requiring adjustment to the financial statements to comply with the provisions issued by the Financial Accounting Standards Board.

GICC had no interest and penalties related to income taxes for the year ended June 30, 2021.

***Cash and Cash Equivalents***

For the purposes of the statement of cash flows, GICC considers all highly liquid investments and certificates of deposit with an original maturity of three months or less when purchased to be cash equivalents.

***Concentrations of Credit Risk***

Cash and cash equivalents include accounts insured by the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). As of June 30, 2021 the total bank balance exceeded the FDIC limit by \$257,138.

Investments include accounts insured by SIPC. The SIPC insures securities and cash in the event of broker-dealer failure. The SIPC provides up to \$500,000 for protection for brokerage accounts held in each separate capacity, with a limit of \$250,000 for claims of un-invested cash balances. At times, such amounts may exceed SIPC limits.

***Promises to Give and Grants Receivable***

Promises to give and grants receivable generally represent various amounts owed to GICC from various donating entities and individuals. No provision for doubtful accounts has been made since all receivables are considered collectible by GICC at June 30, 2021. All promises to give are expected to be collected within two years. The fair value of the promises to give due in more than one-year, approximate the carrying amounts and no present value discount was considered necessary.

See Note 3 for additional information regarding grants receivable.

GIRLS INCORPORATED OF THE CENTRAL COAST  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

***Property and Equipment***

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful life of 7 years.

Maintenance and repairs that do not improve or extend the useful lives of respective assets are charged against income; major renewals and betterments of \$5,000 or greater are capitalized and depreciated.

Depreciation expense for the year ended June 30, 2021 was \$1,080.

***Grants and Contributions***

GICC enters into various grant agreements. Revenue related to these agreements are recognized in accordance with the terms and conditions included therein.

Contributions are recognized as revenue when received or unconditional promised. Grants and contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

Revenue received for grants and contracts was 54% of total revenue for the year ended June 30, 2021.

***Contributed Services***

Contributions of donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by GICC if not provided by donation.

The contributed services for the year ended June 30, 2021, did not meet the requirements above, therefore no amounts were recognized in the accompanying financial statements.

***Volunteer Services***

A substantial number of volunteers donated significant amounts of time to GICC's fundraising campaign, allocation functions, and administrative oversight. Such services are not reflected in the financial statements since they do not create or enhance non-financial assets nor require specialized skills that would typically be purchased.

***Advertising Expense***

Advertising costs are expensed as incurred. Advertising expenses totaled \$2,198 for the year ended June 30, 2021.

***Functional Expenses***

The costs of providing GICC's program and supporting services have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Administrative and development expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of GICC.

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The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time spent
Utilities	Size of staff
Printing	Size of staff and number of participants
Supplies	Actual and size of staff
Rent	Size of staff

***Recently Issued and Upcoming Accounting Standards Update (ASU)***

ASU 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance to clarify the principles for recognizing revenues from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, disclosures are required about customer contracts, significant judgement and changes in judgements, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years beginning after December 15, 2018. In June 2020, FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) to delay the effective date for annual reporting to fiscal years beginning after December 15, 2019, for Topic 606. GICC has analyzed the provisions and have concluded that no significant changes are necessary to conform with the new standard.

ASU 2020-07

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this update will apply to not-for-profits that receive contributed nonfinancial assets. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. GICC is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, which amends the FASB Accounting Standards Codification and creates Topic 842, *Leases*, requiring organizations to recognize lease assets and lease liabilities on the statement of net position and requiring disclosure of key information about leasing arrangements. The guidance is effective for periods beginning after December 15, 2020. ASU No. 2016-02 mandates a modified retrospective approach. In June 2020, FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) to delay the effective date for annual reporting to fiscal years beginning after December 15, 2021, for Topic 842. GICC is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

GIRLS INCORPORATED OF THE CENTRAL COAST  
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NOTES TO FINANCIAL STATEMENTS  
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**2. Financial Assets Availability, Liquidity and Reserves Management**

The following reflects GICC’s financial assets as of June 30, 2021, reduced by amounts not available for general expenditure due to contractual or donor-imposed restrictions within one year. Amounts not available include amounts set aside for the operating reserve upon approval of the Board of Directors.

The following assets are available to meet cash needs for general expenditure within one year:

Cash and cash equivalents	\$ 1,611,093
Grant receivable	20,000
Investments held at Community Foundation	<u>154,397</u>
Financial assets as of June 30, 2021	1,785,490
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions:	
Restricted by donor with purpose or time restrictions	(146,110)
Board designated	
Amounts set aside for operating reserve - minimum cash position	<u>(930,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 709,380</u>

As part of GICC’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, GICC has established an operating reserve approximately equal to twelve months of operating expenses, which is \$930,000 as of June 30, 2021. This was established through approval of the Board of Directors to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

**3. Grant Receivable**

Grant receivable consisted of the following at June 30, 2021:

Chapman Foundation	<u>\$ 20,000</u>
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As of June 30, 2021, the foundation constitutes 100% of total grant receivable. The receivable as of June 30, 2021 is expected to be collected within one year.

**4. Fair Value Measurements**

GICC measures fair value as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, GICC uses the market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

GICC uses the fair value hierarchy to determine the fair values based on the following:

- Level 1 – Holdings use quoted (unadjusted) prices for identical assets or liabilities in active markets.

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- Level 2 – Holdings use the following methods: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in non-active (few transactions, limited information, non-current prices, high variability over time), inputs other than quoted prices that are observable for the assets or liabilities (e.g. interest rates, yield curves volatilities, default rates, etc.), and inputs that are derived primarily from or corroborated by other observable market data.
- Level 3 – Holdings use is based on the GICC’s best estimate of what market participants would use in pricing the investments at the measurement date. It involves prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

There have been no changes in valuation techniques for these assets for the year ended June 30, 2021.

The following is a description of the valuation methodologies used for assets measured at fair value:

***Investments Held at Community Foundation of Monterey County – Stewardship Fund***

Investments held at the Community Foundation of Monterey County (CFMC) represents amounts held in the Stewardship Fund of Community Foundation. CFMC invests the assets held in the fund. See Note 5 for additional information. GICC has used the fair value of its pro-rata share of the investment pool held by CFMC to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the CFMC; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

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

At June 30, 2021 the following table sets forth by level, within the fair value hierarchy, GICC’s assets at fair value:

	<u>(Level 3)</u>
Investments held at Community Foundation for Monterey County	<u>\$ 154,397</u>

At June 30, 2021 the following table sets forth a summary of changes in the fair value of the GICC’s Level 3 assets:

Beginning balance, June 30, 2020	\$ 121,522
Contributions	300
Interest and dividends	4,183
Unrealized gain	29,862
Administrative fees	(1,470)
Investment return, net	32,875
Ending balance, June 30, 2021	<u>\$ 154,397</u>

GIRLS INCORPORATED OF THE CENTRAL COAST  
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**5. Investment Held at Community Foundation**

On March 6, 2015, GICC established an Agency Stewardship Fund (Fund) with the Community Foundation of Monterey County (Foundation), for the benefit of GICC with an initial contribution of \$100,000. GICC granted variance power to the Foundation; thus, the Foundation has fully authority and discretion as to the investment and reinvestment of the assets.

The Foundation will make annual distributions from the Fund, if so requested. Absent the establishment of an annual distribution, grants from the Fund will be made at GICC's request. Distributions from the Fund are for GICC's discretionary use, so long as such uses are legal and do not jeopardize GICC's 501(c)(3) status with the IRS.

The Foundation's fees for administrating the Fund are assessed quarterly. The administrative fee is taken from income generated by the assets held in Fund, unless GICC wishes to make additional donations to cover the fee. The corpus of the Fund shall be included in the permanent endowment of the Foundation. GICC may terminate the Fund or received payment larger than the Foundation distribution (i.e., receive all or part of their fund), by submitting in writing a copy of a resolution authorizing such action approved by three-fourths (3/4) of the directors of GICC's board. Any such distribution shall be subject to the approved of the Foundation's board of directors and shall not be unreasonably withheld.

In the event that GICC ceases operation as a qualified 501(c)(3) organization as designed by the Internal Revenue Service (IRS), the board of directors of the Foundation, in consultation with the Board of Directors of GICC, may designate other qualified charitable organization as successor beneficiaries are qualified by the IRS as 501(c)(3) organizations. No matter the new beneficiary, however, the corpus of the Fund shall continue to remain the permanent possession of the Foundation and its endowment. In all cases, the board of the Foundation has full right and authority to exercise its "power of variance" in redirecting the use of the assets of the Fund in keeping with the original intent of GICC, insofar as possible.

For the year ended June 30, 2021, there were no distributions from the Fund.

**6. Net Assets – With Donor Restrictions**

Net assets with donor restrictions consist for the following purposes as of June 30, 2021:

Restricted for use due to time	\$ 139,500
Restricted for specific purpose:	
SSB Summer Camp	<u>6,610</u>
Total	<u>\$ 146,110</u>

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Released from net assets with donor restrictions for the year ended June 30, 2021, are as follows:

Released for satisfaction of specific purpose:

ECHO	\$ 135,315
Smart Choices	4,690
Growing Together	14,534
Will Power/Won't Power	15,764
Friendly PEERsuasion	15,832
SSB Summer Camp	<u>25,890</u>
	212,025
Released for use due to time	<u>239,434</u>
Total	<u><u>\$ 451,459</u></u>

**7. Retirement Plan**

GICC maintains a 403(b) plan with an original effective date on July 1, 2012. The Plan was amended, and the restated provisions became effective on July 1, 2018. The Plan is offered to all employees that are eligible under the plan provisions. The Plan allows for pre-tax and Roth participant deferrals. The Plan provides for a discretionary matching contribution from GICC which is determined each year by the Board of Directors. During the year ended June 30, 2021, the Board of Directors approved a contribution of 5% for each eligible employee's compensation to the plan. The total amount of the matching contribution by GICC to the Plan was \$11,267 for the year ended June 30, 2021.

**8. Special Events, net**

GICC held various special fundraising events during the year ended June 30, 2021. The following represents the results of those events:

Revenues	\$ 47,445
Donations	32,009
Expenses	<u>(38,440)</u>
Special events, net	<u>\$ 41,014</u>

**9. Related Party Transactions**

The total donations received by GICC from board members for the year ended June 30, 2021 was \$15,030.

**10. Lease Commitment**

A seven-year lease agreement was entered on July 5, 2017, with a base year rent of \$3,400 per month and provides for an annual increase in the base rent. The lease agreement has an option to renew for an additional three years. In September 2020, the Board of Directors approved to add an additional suite as rental space for an additional \$2,126 per month.



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Future minimum payments under this operating lease are summarized as follows at June 30, 2021:

For the year ending	Amount
2022	\$ 68,319
2023	69,685
2024	71,079
2025	11,885
	\$ 220,968

Total rent expense was \$88,101 for the year ended June 30, 2021.

## 11. Risks and Uncertainties

### *COVID-19*

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus, COVID-19, as a pandemic, which continues to spread throughout the United States. The impacts of COVID-19 may have a material adverse impact on GICC.

Future potential impacts that GICC could face are a reduction in special events and grants revenue. In addition, COVID-19 could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect future program services, grant and donor funding.

Any of the foregoing could harm GICC and management cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact GICC. Although management is continuing to monitor and assess the effects of the COVID-19 pandemic, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

No adjustments have been made to these financial statements as a result of this uncertainty.

## 12. Subsequent Events

### *Date of Management Review*

In connection with the preparation of the financial statements, GICC has evaluated subsequent events after the statement of financial position date of June 30, 2021 through December 15, 2021, which was the date the financial statements were available to be issued and determined there were no items that required disclosure in the financial statements.