

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

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT**

June 30, 2023

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Girls Incorporated of the Central Coast (GICC) (a nonprofit organization), 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 GICC 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GICC 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 GICC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Daniel McGilloway Jr, CPA | Sarita Shannon, CPA | Whitney Ernest, CPA
Laura Armbruster, CPA | Rose Maxwell, CPA | Eleonora Garra, CPA | Lisette Craft, CPA

Auditor's 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 auditor's 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 GICC'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 GICC'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.



McGilloway, Ray, Brown & Kaufman
Salinas, California
October 19, 2023

GIRLS INCORPORATED OF THE CENTRAL COAST
(A Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current assets	
Cash and cash equivalents	\$ 631,755
Grants receivable	146,000
Investments, current	859,280
Prepaid expenses	18,806
Total current assets	<u>1,655,841</u>
Office equipment	9,442
Less accumulated depreciation	<u>(9,442)</u>
Net office equipment	-
Right-of-use operating lease asset	109,141
Investments, less current portion	193,052
Investments held at Community Foundation	143,788
Deposits	1,797
Total assets	<u><u>\$ 2,103,619</u></u>

LIABILITIES

Current liabilities	
Accounts payable	\$ 5,583
Accrued liabilities	58,714
Deferred revenue	10,175
Operating lease liability, current	94,050
Total current liabilities	<u>168,522</u>
Long-term liabilities	
Operating lease liability, less current portion	16,249
Total liabilities	<u>184,771</u>

NET ASSETS

Without donor restrictions	
Undesignated	803,848
Board designated	930,000
Total without donor restrictions	<u>1,733,848</u>
With donor restrictions	
Time restricted	185,000
Total net assets	<u>1,918,848</u>
Total liabilities and net assets	<u><u>\$ 2,103,619</u></u>

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Grants and contracts	\$ 154,342	\$ 426,152	\$ 580,494
Contributions	157,192	-	157,192
Special events, net	174,849	-	174,849
Program revenue services	20,934	-	20,934
Net investment income	50,140	-	50,140
Other income	3,523	-	3,523
	<u>560,980</u>	<u>426,152</u>	<u>987,132</u>
Net assets released from restrictions			
Satisfaction of purpose restriction	241,152	(241,152)	-
Satisfaction of time restriction	251,000	(251,000)	-
Total assets released from restriction	<u>492,152</u>	<u>(492,152)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,053,132</u>	<u>(66,000)</u>	<u>987,132</u>
Expenses			
Program services			
ECHO	267,256	-	267,256
Smart Choices	91,105	-	91,105
Will Power/Won't Power	115,393	-	115,393
Friendly PEERsuasion	174,169	-	174,169
Growing Together	23,806	-	23,806
SSB Summer Camp	46,239	-	46,239
Total program services	<u>717,968</u>	<u>-</u>	<u>717,968</u>
Support services			
Administrative	134,908	-	134,908
Development	140,180	-	140,180
Total support services	<u>275,088</u>	<u>-</u>	<u>275,088</u>
Total expenses	<u>993,056</u>	<u>-</u>	<u>993,056</u>
Change in net assets	<u>60,076</u>	<u>(66,000)</u>	<u>(5,924)</u>
Net assets at beginning of year	<u>1,673,772</u>	<u>251,000</u>	<u>1,924,772</u>
Net assets at end of year	<u>\$ 1,733,848</u>	<u>\$ 185,000</u>	<u>\$ 1,918,848</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, 2023

	Program Services						Support Services				Total
	ECHO	Smart Choices	Will Power/ Won't Power	Friendly PEERsuasion	Growing Together	SSB Summer Camp	Total Program Services	Administrative	Development	Total Support Services	
Salaries and related expenses	\$ 178,071	\$ 33,143	\$ 100,416	\$ 133,008	\$ 16,997	\$ 34,252	\$ 495,887	\$ 80,180	\$ 79,033	\$ 159,213	\$ 655,100
Other expenses											
Bank charges	-	319	-	-	-	55	374	4,938	9	4,947	5,321
Contributions to others	5,000	-	-	-	-	-	5,000	-	-	-	5,000
Dues and membership	1,825	1,825	1,825	1,825	1,825	1,825	10,950	-	-	-	10,950
Food and events	10,348	37,700	1,527	3,372	2,985	121	56,053	-	-	-	56,053
Information technology	1,711	312	549	858	-	157	3,587	2,378	1,708	4,086	7,673
Insurance	-	-	-	-	-	-	-	7,898	-	7,898	7,898
Marketing and fundraising	-	875	-	-	-	-	875	450	5,377	5,827	6,702
Miscellaneous	59	-	-	59	-	-	118	5,338	25	5,363	5,481
Supplies	17,434	5,306	1,759	6,067	1,107	3,661	35,334	1,209	527	1,736	37,070
Participant incentives	1,093	165	826	992	165	165	3,406	-	-	-	3,406
Phone cards	175	25	140	275	-	-	615	-	50	50	665
Printing and postage	3,307	891	668	2,450	-	445	7,761	1,126	3,026	4,152	11,913
Professional fees	-	-	-	-	-	-	-	12,576	27,463	40,039	40,039
Lease	27,277	7,525	5,644	20,693	-	3,762	64,901	10,564	19,752	30,316	95,217
Training, conferences and recruitment	1,820	159	197	878	-	764	3,818	7,612	1,867	9,479	13,297
Travel	17,282	2,349	1,458	2,286	727	776	24,878	-	-	-	24,878
Utilities	1,854	511	384	1,406	-	256	4,411	639	1,343	1,982	6,393
Total expense	\$ 267,256	\$ 91,105	\$ 115,393	\$ 174,169	\$ 23,806	\$ 46,239	\$ 717,968	\$ 134,908	\$ 140,180	\$ 275,088	\$ 993,056

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

GIRLS INCORPORATED OF THE CENTRAL COAST
(A Nonprofit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities	
Change in net assets	\$ (5,924)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Change in value - investment held at Community Foundation	(10,411)
Interest earned on investments	(17,639)
Reinvested dividends	(4,368)
Noncash portion of lease expense for operating lease	91,230
(Increase) decrease in operating assets and liabilities	
Grants receivable	(106,000)
Prepaid expenses	(68)
Accounts payable	(548)
Accrued liabilities	6,851
Deferred revenue	5,275
Operating lease liability	(90,072)
Deposits	(77)
Net cash used by operating activities	<u>(131,751)</u>
Cash flows from investing activities	
Purchase of investments	(144,513)
Purchase of money market funds	(129,755)
Net realized gains (losses) on investments	(17,638)
Net cash used by investing activities	<u>(291,906)</u>
Net decrease in cash and cash equivalents	(423,657)
Cash and cash equivalents, beginning of year	<u>1,055,412</u>
Cash and cash equivalents, end of year	<u>\$ 631,755</u>
Supplemental disclosures of noncash, investing and financing activities	
Impact of change in accounting principle with adoption of Topic 842 Leases, effective July 1, 2022	
Right-of-use operating asset	\$ 200,371
Operating lease liability	(200,371)
	<u>\$ -</u>
Cash paid for amounts included in measurement of lease liability	
Operating cash flows from operating lease liabilities	<u>\$ 94,056</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, 2023

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 1,300 girls each year with seven programs, in 36 school sites throughout 9 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 8th 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.

GIRLS INCORPORATED OF THE CENTRAL COAST
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June 30, 2023

- **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 4th and 5th 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.

GIRLS INCORPORATED OF THE CENTRAL COAST
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 ended June 30, 2023. 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, 2023.

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.

Cash amounts reported in the prior year reviewed financial statements have been restated in the current year.

Investments

Investments consist of US Treasury bills, corporate fixed income securities, mutual funds, and a Stewardship Fund held with the Community Foundation of Monterey County. A summary of GICC's short and long-term investments are summarized in Note 5. Investments are stated at fair value in the statement of financial position. Dividend income, interest income, and unrealized gains or losses on investments are included on the statement of activities as investment income, which is presented net of investment expenses.

Concentrations of Credit Risk

Cash and cash equivalents include accounts insured by the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC).

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.

GIRLS INCORPORATED OF THE CENTRAL COAST
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023. 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.

Office Equipment

Office equipment is 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.

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 45% of total revenue for the year ended June 30, 2023.

Contributions of Nonfinancial Assets

GICC follows Accounting Standard Codification Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind which will improve transparency in reporting nonprofit gifts-in-kind.

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, 2023, 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, program 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 \$1,274 for the year ended June 30, 2023.

GIRLS INCORPORATED OF THE CENTRAL COAST
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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.

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

Leases

GICC adopted Accounting Standards Update No. 2016-02 Leases (Topic 842) as amended, using the modified retrospective transition approach effective for the year 2023. The standard requires that a lease contract with a term of one year or greater be recognized in the financial statement as a lease liability with a corresponding right-of-use asset. Key information about the leasing arrangement is disclosed further in Note 10.

Operating lease right-of-use (“ROU”) assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease terms at the commencement date in accordance with ASC Topic 842, *Leases*. As the implicit rate for the lease is not readily determinable, GICC uses the risk-free rate based on a two-year treasury bill of 2.80% at commencement date in determining the present value of future payments.

2. Financial Assets Availability, Liquidity and Reserves Management

The following reflects GICC’s financial assets as of June 30, 2023, 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	\$ 631,755
Grant receivable	146,000
Investments, current	859,280
Financial assets as of June 30, 2023	<u>1,637,035</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions:	
Restricted by donor with time restrictions	(185,000)
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><u>\$ 522,035</u></u>

GIRLS INCORPORATED OF THE CENTRAL COAST
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023. 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. Grants Receivable

Grants receivable consisted of the following at June 30, 2023:

County of Santa Cruz	\$ 66,000
Nancy Buck Ransom Foundation	20,000
Chapman Foundation	30,000
Community Health Trust	15,000
City of Soledad	15,000
Total grants receivable	\$ 146,000

The GICC believes all grants receivable are expected to be collected within two years.

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.
- 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 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, 2023.

GIRLS INCORPORATED OF THE CENTRAL COAST
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NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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) represent 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, 2023, the following table sets forth by level, within the fair value hierarchy, GICC's assets at fair value:

	Total	(Level 1)	(Level 2)	(Level 3)
Money Markets	\$ 714,041	\$ 714,041	\$ -	\$ -
Treasury Bills	145,239	145,239	-	-
Mutual Funds	122,922	122,922	-	-
Corporate Fixed Income	70,130	-	70,130	-
Investments held at Community Foundation for Monterey County	143,788	-	-	143,788
	<u>\$ 1,196,120</u>	<u>\$ 982,202</u>	<u>\$ 70,130</u>	<u>\$ 143,788</u>

At June 30, 2023, the following table sets forth a summary of changes in the fair value of the GICC's Level 3 assets:

Beginning balance	<u>\$ 133,377</u>
Investment Return:	
Contributions	672
Interest and dividends	4,292
Unrealized gain	6,917
Administrative fees	(1,470)
Investment return, net	<u>10,411</u>
Ending balance	<u>\$ 143,788</u>

5. Investments

Investments consists of the following as of June 30, 2023:

	Cost Basis	Fair Value	Unrealized Appreciation
Money Market	\$ 714,041	\$ 714,041	\$ -
Treasury Bills	144,685	145,239	554
Mutual Funds	104,670	122,922	18,252
Corporate Fixed Income	71,297	70,130	(1,167)
	<u>\$ 1,034,693</u>	<u>\$ 1,052,332</u>	<u>\$ 17,639</u>

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Below is a table summarizing GICC’s short and long-term investments.

Short term investments	
Treasury bills	\$ 145,239
Money market funds	714,041
	\$ 859,280
Long term investments	
Mutual funds	\$ 122,922
Corporate Fixed Income	70,130
	\$ 193,052

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 full 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 approval 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 that 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, 2023, there were no distributions from the Fund.

6. Net Assets – With Donor Restrictions

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

Restricted for use due to time	\$ 185,000
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Released from net assets with donor restrictions for the year ended June 30, 2023, are as follows:

Released for satisfaction of specific purpose:

ECHO	\$ 125,250
Smart Choices	22,500
Growing Together	12,380
Will Power/Won't Power	38,511
Friendly PEERsuasion	42,011
SSB Summer Camp	500
	241,152
Released for use due to time	251,000
Total	\$ 492,152

7. Retirement Plan

GICC maintains a 403(b) plan. 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, 2023, 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 \$20,196 for the year ended June 30, 2023.

8. Special Events, net

GICC held various special fundraising events during the year ended June 30, 2023. The following represents the results of those events:

Revenues	\$ 141,661
Donations	120,642
Expenses	(87,454)
Special events, net	\$ 174,849

9. Related Party Transactions

The total donations received by GICC from board members for the year ended June 30, 2023 was \$24,617.

10. Leases

GICC leases administrative office space under an operating lease with the term expiring in August 2024. Lease payments under this agreement totaled \$94,056 for the year ended June 30, 2023. Lease expense is recognized for this lease on a straight-line basis over the lease term.

At June 30, 2023, the Organization is committed to total minimal rental payments under a non-cancelable operating lease of approximately \$112,246. The monthly rent of the office space is \$7,838 with an annual increase in June.

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The following summarizes the assets and liabilities included in the balance sheet for operating lease as of June 30, 2023:

Right-of-use operating lease asset	\$ 109,141
Current operating lease liability	\$ 94,050
Long-term operating lease liability	16,249
Total lease liability	\$ 110,299

The following summarizes the remaining lease term and discount rate as of June 30, 2023:

Operating lease remaining term	1.16 Years
Operating lease discount rate	2.80%

The total rent expense for the year ended June 30, 2023 was \$95,217. Cash paid for amounts included in the measurement of lease liability was \$90,072.

The future minimum lease payments as of June 30, 2023, reflect the rental payments through the termination date of the lease:

<u>Year Ending June 30:</u>	
2024	\$ 95,937
2025	16,309
Total lease payments	112,246
Less: interest	1,947
Present value of lease liability	\$ 110,299

11. Subsequent Events

In connection with the preparation of the financial statements, GICC has evaluated subsequent events after the statement of financial position date of June 30, 2023 through October 19, 2023, 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.