

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
GIRLS INCORPORATED OF OMAHA
DECEMBER 31, 2015 AND 2014

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J. DOUGLAS GOODNIGHT
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Girls Incorporated of Omaha

Report on the Financial Statements

We have audited the accompanying financial statements of Girls Incorporated of Omaha (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Omaha as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Arundel, Burdett, Schwab & Wilson, P.C.

Omaha, Nebraska
October 19, 2016

Girls Incorporated of Omaha

STATEMENTS OF FINANCIAL POSITION

December 31,

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash and cash equivalents (note B)	\$ 3,406,870	\$ 3,134,958
Unconditional promises to give:		
United Way funding for the next fiscal year	275,100	285,654
Restricted - current (note E)	4,418,666	5,433,079
Short-term investments (notes B, C, E and F)	5,704,592	10,399,962
Other assets	115,435	81,510
Property and equipment:		
Land	62,111	62,111
Building and improvements	4,943,822	4,917,204
Furniture and equipment	263,168	261,589
Vehicles	368,339	368,339
Recreation and education equipment	102,183	100,683
Computer equipment and software	111,014	101,799
Construction in process (note D)	10,158,475	2,431,821
Less accumulated depreciation and amortization	(3,355,066)	(3,159,570)
Unconditional promise to give:		
Restricted - receivable in one to five years (note E)	886,842	2,370,609
Total assets	<u>\$27,461,551</u>	<u>\$26,789,748</u>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses (note J)	\$ 1,199,615	\$ 312,129
Payroll taxes and related liabilities	89,594	70,132
Total liabilities	<u>1,289,209</u>	<u>382,261</u>
<u>COMMITMENTS AND CONTINGENCIES</u> (note D)	-	-
<u>NET ASSETS</u>		
Unrestricted (note G)	16,870,586	9,382,373
Temporarily restricted (notes E and G)	8,444,912	16,168,270
Permanently restricted (notes F and G)	856,844	856,844
Total net assets	<u>26,172,342</u>	<u>26,407,487</u>
Total liabilities and net assets	<u>\$27,461,551</u>	<u>\$26,789,748</u>

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

STATEMENTS OF ACTIVITIES

Girls Incorporated of Omaha

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2015		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Support and revenue:			
Contributions	\$ 864,318	\$ 158,041	\$ -
United Way funding (note E)	309,570	275,100	-
Special events (net of expenses of \$144,420 and \$118,128 in 2015 and 2014, respectively)	19,574	-	-
Government agency grants	58,239	-	-
Other grants	470,135	85,000	-
Program fees	45,975	-	-
Dividends and interest	492,978	-	-
Realized and unrealized gains (losses)	(427,601)	-	-
Miscellaneous income	14,451	-	-
	<u>1,847,639</u>	<u>518,141</u>	<u>-</u>
Net assets released from restrictions:			
United Way funding	285,654	(285,654)	-
Restrictions satisfied by payments	<u>7,955,845</u>	<u>(7,955,845)</u>	<u>-</u>
Total support and revenue	<u>10,089,138</u>	<u>(7,723,358)</u>	<u>-</u>
Expenses:			
Program services	2,240,528	-	-
Supporting services:			
Management and general	112,823	-	-
Fundraising	<u>247,574</u>	<u>-</u>	<u>-</u>
Total expenses	<u>2,600,925</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	7,488,213	(7,723,358)	-
NET ASSETS AT BEGINNING OF YEAR	<u>9,382,373</u>	<u>16,168,270</u>	<u>856,844</u>
NET ASSETS AT END OF YEAR	<u>\$16,870,586</u>	<u>\$ 8,444,912</u>	<u>\$856,844</u>

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

2015	2014			
<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 1,022,359	\$ 821,788	\$ 1,510,892	\$ -	\$ 2,332,680
584,670	315,453	285,654	-	601,107
19,574	146,792	-	-	146,792
58,239	72,174	-	-	72,174
555,135	332,287	251,533	-	583,820
45,975	47,024	-	-	47,024
492,978	661,054	-	-	661,054
(427,601)	(24,173)	-	-	(24,173)
14,451	18,856	-	-	18,856
<u>2,365,780</u>	<u>2,391,255</u>	<u>2,048,079</u>	<u>-</u>	<u>4,439,334</u>
-	276,125	(276,125)	-	-
-	<u>2,586,680</u>	<u>(2,586,680)</u>	<u>-</u>	<u>-</u>
<u>2,365,780</u>	<u>5,254,060</u>	<u>(814,726)</u>	<u>-</u>	<u>4,439,334</u>
2,240,528	2,150,433	-	-	2,150,433
112,823	111,859	-	-	111,859
<u>247,574</u>	<u>260,290</u>	<u>-</u>	<u>-</u>	<u>260,290</u>
<u>2,600,925</u>	<u>2,522,582</u>	<u>-</u>	<u>-</u>	<u>2,522,582</u>
(235,145)	2,731,478	(814,726)	-	1,916,752
<u>26,407,487</u>	<u>6,650,895</u>	<u>16,982,996</u>	<u>856,844</u>	<u>24,490,735</u>
<u>\$26,172,342</u>	<u>\$ 9,382,373</u>	<u>\$16,168,270</u>	<u>\$856,844</u>	<u>\$26,407,487</u>

Girls Incorporated of Omaha

STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (235,145)	\$ 1,916,752
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	195,496	202,610
Realized and unrealized (gains) losses	427,601	24,173
Restricted contributions	(188,357)	(1,760,020)
(Increase) decrease in:		
Accounts receivable and other assets	(33,925)	(81,510)
Increase in:		
Accounts payable and other liabilities	906,948	252,529
Net cash provided by operating activities	<u>1,072,618</u>	<u>554,534</u>
Cash flows from investing activities:		
Purchase of equipment and building improvements	(7,764,066)	(2,319,196)
Purchase of investments	(1,410,966)	(2,466,374)
Proceeds from sale of investments	5,678,735	978,012
Net cash used in investing activities	<u>(3,496,297)</u>	<u>(3,807,558)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Capital improvements and scholarships	2,610,591	4,376,744
Programs for the next fiscal year	85,000	251,533
Net cash provided by financing activities	<u>2,695,591</u>	<u>4,628,277</u>
Net increase in cash and cash equivalents	271,912	1,375,253
Cash and cash equivalents at beginning of year	<u>3,134,958</u>	<u>1,759,705</u>
Cash and cash equivalents at end of year	<u>\$ 3,406,870</u>	<u>\$ 3,134,958</u>

Supplemental reporting of noncash investing and financing activities for the years ended December 31, 2015 and 2014 are as follows:

Donations of fixed and other assets	<u>\$ 1,500</u>	<u>\$ 12,600</u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

Girls Incorporated of Omaha
STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2015

	<u>Education Programs</u>	<u>Health & Wellness</u>	<u>Life Skills</u>	<u>Total Program Services</u>
Salaries	\$ 569,556	\$314,566	\$193,656	\$1,077,778
Employee benefits	40,662	27,456	15,665	83,783
Payroll taxes	<u>42,381</u>	<u>24,064</u>	<u>14,815</u>	<u>81,260</u>
Total employee compensation	652,599	366,086	224,136	1,242,821
Professional fees	65,116	6,214	3,019	74,349
Supplies	41,445	22,175	15,675	79,295
Telephone	10,881	5,633	3,669	20,183
Postage	1,418	851	559	2,828
Occupancy	86,595	50,159	30,545	167,299
Rental and maintenance of equipment	13,290	9,456	6,528	29,274
Printing and publications	8,839	3,945	2,614	15,398
Mileage and van fuel	9,439	5,044	2,065	16,548
Conferences, conventions and meetings	16,397	8,059	5,953	30,409
Membership dues	262	574	375	1,211
Awards and grants	-	-	-	-
Insurance	24,700	16,578	10,265	51,543
Other operating	13,067	6,274	3,089	22,430
Specific assistance to individuals	79,983	120,177	41,903	242,063
Scholarship payments	63,665	-	-	63,665
Investment expenses	-	-	-	-
Depreciation and other capital expense	95,236	55,478	30,498	181,212
Unallocated payments to national organizations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$1,182,932</u>	<u>\$676,703</u>	<u>\$380,893</u>	<u>\$2,240,528</u>

<u>Management and general</u>	<u>Fund raising</u>	<u>Combined total 2015</u>
\$ 35,467	\$ 91,257	\$1,204,502
3,356	7,925	95,064
<u>2,713</u>	<u>6,981</u>	<u>90,954</u>
41,536	106,163	1,390,520
878	104,374	179,601
2,476	7,058	88,829
636	1,698	22,517
69	196	3,093
5,536	16,136	188,971
1,316	2,122	32,712
448	908	16,754
440	475	17,463
878	2,016	33,303
367	207	1,785
-	-	-
2,985	5,214	59,742
890	1,007	24,327
-	-	242,063
-	-	63,665
23,871	-	23,871
18,497	-	199,709
<u>12,000</u>	<u>-</u>	<u>12,000</u>
<u>\$112,823</u>	<u>\$247,574</u>	<u>\$2,600,925</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

Girls Incorporated of Omaha

STATEMENTS OF FUNCTIONAL EXPENSES -CONTINUED

Year ended December 31, 2014

	<u>Education Programs</u>	<u>Health & Wellness</u>	<u>Life Skills</u>	<u>Total Program Services</u>
Salaries	\$ 532,629	\$294,646	\$181,320	\$1,008,595
Employee benefits	47,702	26,388	16,239	90,329
Payroll taxes	<u>39,663</u>	<u>21,941</u>	<u>13,503</u>	<u>75,107</u>
Total employee compensation	619,994	342,975	211,062	1,174,031
Professional fees	80,978	6,744	4,150	91,872
Supplies	42,021	23,246	14,305	79,572
Telephone	10,376	5,741	3,534	19,651
Postage	1,281	709	437	2,427
Occupancy	89,726	49,636	30,545	169,907
Rental and maintenance of equipment	19,072	10,550	6,493	36,115
Printing and publications	7,047	3,899	2,399	13,345
Mileage and van fuel	11,439	6,328	3,894	21,661
Conferences, conventions and meetings	12,091	6,689	4,116	22,896
Membership dues	1,939	1,074	661	3,674
Awards and grants	415	229	142	786
Insurance	25,800	14,273	8,783	48,856
Other operating	16,085	8,897	5,475	30,457
Specific assistance to individuals	66,932	107,126	28,851	202,909
Scholarship payments	49,553	-	-	49,553
Investment expenses	-	-	-	-
Depreciation and other capital expense	96,493	53,379	32,849	182,721
Unallocated payments to national organizations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$1,151,242</u>	<u>\$641,495</u>	<u>\$357,696</u>	<u>\$2,150,433</u>

<u>Management and general</u>	<u>Fund raising</u>	<u>Combined total 2014</u>
\$ 33,997	\$ 90,660	\$1,133,252
3,045	8,120	101,494
<u>2,532</u>	<u>6,752</u>	<u>84,391</u>
39,574	105,532	1,319,137
778	114,374	207,024
2,681	7,152	89,405
663	1,766	22,080
82	218	2,727
5,727	15,273	190,907
1,218	3,246	40,579
450	1,199	14,994
730	1,947	24,338
773	2,058	25,727
126	327	4,127
27	70	883
1,648	4,391	54,895
1,025	2,737	34,219
-	-	202,909
-	-	49,553
24,055	-	24,055
20,302	-	203,023
<u>12,000</u>	<u>-</u>	<u>12,000</u>
<u>\$111,859</u>	<u>\$260,290</u>	<u>\$2,522,582</u>

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

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Girls Incorporated of Omaha (Girls Inc.) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of activities

Girls Incorporated of Omaha (the Organization) serves girls of ages 5 through 18, and college students, with various gender specific programs designed to provide the girls with activities and experiences which meet their needs. The Organization is supported primarily through major local donor contributions, grants and the United Way. Financial activities of a related entity, Barker Avenue House, LLC, are included in the financial statements of the Organization.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless such funds are restricted for long-term purposes.

Promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Promises to give are typically due within one year, however, items that are due in excess of one year are recognized at fair value, which approximates current net present value. Uncollectible promises to give are expected to be insignificant.

Investments

The marketable debt and equity securities are stated at fair value as referenced to quoted market prices and other relevant information generated by market transactions. Other investments are carried at cost if purchased or, if donated, at the fair market value on the date of the gift.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and equipment

Property and equipment are carried at cost or, if donated, at fair market value on date of donation. Depreciation and amortization are provided on a straight-line basis over the following estimated useful lives:

	<u>Lives</u>
Buildings and improvements	5 - 39 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

Donated goods and services

Donations of contributed services (that create or enhance nonfinancial assets), and property and equipment are recorded as support at their estimated fair value and are unrestricted unless the donor has restricted the assets for a specific purpose.

Donated goods and services, for which there is no clearly measurable basis for recording the value of such or that do not create or enhance nonfinancial assets, are not reflected in the statements. Services provided primarily include counselors and instructors. Values of unrecorded donated goods and services for 2015 were estimated by personnel of Girls Incorporated of Omaha. The following estimated values do not include the many hours spent by the regular on-going volunteer workers.

Services, material and supplies	<u>\$4,355</u>
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Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allocation of expenses

Reasonable allocations of the Organization's functional expenditures are made at the beginning of each year on anticipated activities in each of the various programs. These allocations are revised periodically and at the end of each year to reflect significant changes in the level of the organization's activities.

Income taxes

Girls Incorporated of Omaha is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organizations' Forms 990, Return of Organization Exempt from Income Tax for the years ended December 31, 2013 through 2015 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reclassifications

Certain amounts of the prior year have been reclassified to conform with the current year presentation. These reclassifications have no effect on net assets or changes in net assets.

NOTE B - INVESTMENTS

Investments included in the operating and endowment accounts measured at fair value on a recurring basis consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Cash on hand to be invested	\$ 30,852	\$ 98,802
Money market funds	165,699	1,323,871
Certificates of deposit	128,383	128,891
Common stocks	989,000	906,324
Bond funds	1,639,888	6,183,636
Alternative equity funds	-	524,525
Domestic equity funds	1,823,207	1,688,937
International equity funds	1,124,114	967,649
	<u>\$5,901,143</u>	<u>\$11,822,635</u>

Balance sheet classifications are as follows at December 31:

	<u>2015</u>	<u>2014</u>
Cash equivalents	\$ 196,551	\$ 1,422,673
Short-term investments	<u>5,704,592</u>	<u>10,399,962</u>
	<u>\$5,901,143</u>	<u>\$11,822,635</u>

NOTE C - FAIR VALUE MEASUREMENTS

Determination of Fair Value

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC 820, the fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

Fair Value Hierarchy

The Organization groups its financial assets generally measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE C - FAIR VALUE MEASUREMENTS - CONTINUED

Determination of Fair Value

- Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities.
- Level 2 - Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, which includes financial instruments for which determination of fair value requires significant management judgment or estimation.

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.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
Cash and cash equivalents	\$ 196,551	\$ 196,551	\$ -	\$ -
Certificates of deposit	128,383	128,383	-	-
Common stocks	989,000	989,000	-	-
Mutual funds	<u>4,587,209</u>	<u>4,587,209</u>	-	-
Total	<u>\$5,901,143</u>	<u>\$5,901,143</u>	<u>\$ -</u>	<u>\$ -</u>

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE C - FAIR VALUE MEASUREMENTS - CONTINUED

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2014				
Cash and cash equivalents	\$ 1,422,673	\$ 1,422,673	\$ -	\$ -
Certificates of deposit	128,891	128,891	-	-
Common stocks	906,324	906,324	-	-
Mutual funds	9,364,747	9,364,747	-	-
Total	<u>\$11,822,635</u>	<u>\$11,822,635</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE D - COMMITMENTS AND CONTINGENCIES

Health and Fitness Center - In prior years, the Girls Inc. Board of Directors approved a project to build and operate a health and fitness center addition to the north Omaha facility. The project was conditional upon procuring at least \$15 million of contributions to cover the estimated cost of the addition. This goal was met and Girls, Inc. recorded the present value of approximately \$16.9 million in contributions and pledges from various donors supporting the project. Additional contributions are being sought to cover the initial operations of the new facility which is expected to be approximately \$3 million.

To date, the organization has expended approximately \$10,158,000 in construction costs and architectural and other fees on the project, which are included in construction-in-process at December 31, 2015. Total cost of the health and fitness center is estimated by management to be approximately \$15.3 million. Construction was largely completed by spring, 2016.

In addition, management and the Board of Directors are currently negotiating with a medical organization to operate the health and fitness facility.

Vehicles - In addition to the aforementioned capital project, a donor has committed a maximum of \$500,000 for the replacement of excessively worn fleet vehicles, to be reimbursed upon proof of purchase. In prior years, the organization recognized approximately \$116,000 in contributions for the purchase of two vehicles.

The organization entered into a line of credit agreement with a bank, beginning June 15, 2015 and maturing on June 14, 2016, under which borrowings can be made up to \$5,100,000. Any loans under this agreement bear interest at a rate which is based upon the prime rate as published in the Wall Street Journal "The Index", and are uncollateralized. There were no borrowings against this agreement as of December 31, 2015. See note K.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE E - TEMPORARY RESTRICTIONS ON ASSETS

Temporary restrictions on assets at the end of 2015 and 2014 relate to various items as follows:

	<u>2015</u>	<u>2014</u>
<u>United Way Funding for Next Year:</u>		
United Way has a June 30 allocation year end. As a result, six months of the allocation for each year's award is considered to be temporarily restricted due to timing of the receipts.	\$ 275,100	\$ 285,654
<u>General Temporarily Restricted Net Assets:</u>		
Unconditional promises to give, reported at present value, net of unamortized discount at 5% of \$21,647		
- current	449,773	172,773
- 1 to 5 years	78,270	231,957
Proceeds for next year programs	<u>85,000</u>	<u>251,533</u>
Total general temporarily restricted net assets	<u>613,043</u>	<u>656,263</u>
<u>Capital Improvement Restrictions:</u>		
Contributions recognized for planned addition of health and fitness center at the north facility, less expenditures to date. Total contributions are reported at present value, net of unamortized discount at 5% of \$243,660	6,726,416	14,338,041
In prior years, the organization was the recipient of the proceeds of golf and tennis tournaments sponsored by various local individuals and corporations. In addition, Girls, Inc. implemented several capital contribution campaigns for renovations at both its north and south facilities. All proceeds are restricted for capital improvements, and are included in investments until used.	<u>672,300</u>	<u>672,300</u>
Total capital improvement restrictions	<u>7,398,716</u>	<u>15,010,341</u>

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE E - TEMPORARY RESTRICTIONS ON ASSETS - CONTINUED

Scholarship Restrictions:

The majority of the scholarship funds are available for post-secondary education. Girls may apply annually for up to four years, and selections are made by a Scholarship Committee. Other scholarship funds are available for special workshops, exchange programs, summer school and miscellaneous programs for membership age girls.

	<u>158,053</u>	<u>216,012</u>
Total Temporarily Restricted Net Assets	<u>\$8,444,912</u>	<u>\$16,168,270</u>

NOTE F - PERMANENT RESTRICTIONS ON ASSETS

Endowment funds include investments of \$856,844 of permanently restricted net assets whereby the donor has stipulated that the principal contribution must be maintained intact in perpetuity. Included in the aforementioned amount is \$397,651 of permanently restricted net assets attributed to Wiebe funds. Investment income on permanently restricted endowment funds is considered to be unrestricted.

NOTE G - ENDOWMENT

The organization's endowment consists of donor-restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Girls Inc., has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE G - ENDOWMENT - CONTINUED

1. The duration and preservation of the various funds.
2. The purposes of the donor-restricted endowment funds.
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.

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 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 positive results while assuming a moderate level of investment risk. The organization expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount.

The organization has a policy of appropriating for distribution each year only those funds that are necessary for maintaining positive current operations. In establishing this policy, the organization considered the long-term expected return on its endowment. Accordingly, over the long term, the organization expects the current spending policy to allow its endowment to grow annually. 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.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE G - ENDOWMENT - CONTINUED

Endowment net asset information as of December 31, 2015 and 2014 is as follows:

Endowment net asset composition by type of fund as of December 31, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u> -</u>	<u>\$856,844</u>	<u>\$856,844</u>

Changes in endowment net assets for the year ended December 31, 2015:

Endowment net assets, beginning of year	\$ <u> -</u>	<u>\$856,844</u>	<u>\$856,844</u>
Investment return:			
Investment income	26,043	-	26,043
Net appreciation (realized and unrealized)	<u>(41,344)</u>	<u> -</u>	<u>(41,344)</u>
Total investment return	<u>(15,301)</u>	<u> -</u>	<u>(15,301)</u>
Contributions	-	-	-
Investment expenses	(2,308)	-	(2,308)
Reimbursement of endowment assets	<u>17,609</u>	<u> -</u>	<u>17,609</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$856,844</u>	<u>\$856,844</u>

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE G - ENDOWMENT - CONTINUED

Endowment net asset composition by type of fund as of December 31, 2014:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$856,844	\$856,844

Changes in endowment net assets for the year ended December 31, 2014:

Endowment net assets, beginning of year	\$ -	\$856,844	\$856,844
Investment return:			
Investment income	30,590	-	30,590
Net appreciation (realized and unrealized)	<u>(1,880)</u>	<u>-</u>	<u>(1,880)</u>
Total investment return	<u>28,710</u>	<u>-</u>	<u>28,710</u>
Contributions	-	-	-
Investment expenses	(1,871)	-	(1,871)
Appropriation of endowment assets for expenditure	<u>(26,839)</u>	<u>-</u>	<u>(26,839)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$856,844</u>	<u>\$856,844</u>

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE H - EMPLOYEE BENEFITS

The defined contribution retirement plan of Girls Incorporated of Omaha (The Plan) was restated in 2009 in order to incorporate all prior amendments adopted by Girls, Inc. since the last amendment of the Plan effective January, 1994. The restated plan document included a number of changes to comply with new regulations under Sections 415 and 403(b) of the Internal Revenue Code, and was effective as of January 1, 2009.

An amendment was adopted to the plan as of January 1, 2013 whereby new vendors were approved for use with respect to investments.

Employees are eligible to participate in the Plan immediately upon employment and are eligible to receive matching employer contributions on the first entry date (January 1 or July 1) after they have reached age twenty-one and have completed one year of service. The Organization will contribute an amount equal to the elective deferral of the participant in excess of 2% of the eligible monthly compensation and not to exceed 5% of such monthly compensation.

Management believes that The Plan is operating under the requirements of the Employee Retirement Income Security Act of 1974.

Total expense for the years ended December 31, 2015 and 2014 is \$25,579 and \$31,786, respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

The Organization has a substantial portion of its investments held in trust at a national, highly regarded financial institution. These and other investments are above federally insured levels or are in non-insured assets, and are subject to market fluctuations.

NOTE J - INTERESTED PERSONS AND RELATED PARTY TRANSACTIONS

Construction costs in 2015 and 2014 of \$6,213,000 and \$1,566,000, respectively, were incurred by the organization with a company whose majority-owner is a member of the Board of Directors. In addition, architectural services of \$143,000 and \$666,000 in the years ended December 31, 2015 and 2014, respectively, were incurred with a company whose employee is a member of the Board of Directors. Lastly, the Organization has entered into contracts for fund-raising and consulting services from a company owned by the spouse of the Executive Director, with related expenses of \$74,000 and \$113,000 in the years ended December 31, 2015 and 2014, respectively.

Accounts payable at December 31, 2015 and 2014 include amounts due to the above parties of approximately \$1,145,000 and \$265,000, respectively.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2016 the date the financial statements were available to be issued, to determine whether any events should be recognized or disclosed in these statements. There were no material transactions or events in the subsequent period requiring disclosure or recognition in the statements, except for the following:

The organization borrowed up to \$2,236,000 subsequent to the end of the year on the line of credit it held with a bank. The loan has since been paid.

In addition, on August 4, 2016, the organization purchased a multi-unit residential building intended to be used for transitional living facilities for young women. A verbal commitment of donations to reimburse the cost of the building of \$320,000 has been received from a long-time donor. Management is also in the process of procuring future donors for the operations of the facility.