

Girls Incorporated of Omaha and Subsidiaries
Omaha, Nebraska

Consolidated Financial Statements
December 31, 2021 and 2020

Together with Independent Auditor's Report

Girls Incorporated of Omaha and Subsidiaries

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Independent Auditor's Report

To the Board of Directors of
Girls Incorporated of Omaha and Subsidiaries
Omaha, Nebraska:

Opinion

We have audited the consolidated financial statements of Girls Incorporated of Omaha and Subsidiaries (collectively, "the Organization") which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

Auditor's Responsibility 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 GAAS, 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 the Organization'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 the Organization'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.

SEIM JOHNSON, LLP

Omaha, Nebraska,
June 22, 2022.

Girls Incorporated of Omaha and Subsidiaries

Consolidated Statements of Financial Position December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,903,586	1,252,605
Restricted cash	208,653	244,784
Contributions and grants receivable	1,187,559	1,011,757
Prepaid expenses and other assets	15,188	23,043
Investments	17,358,364	14,748,052
Property and equipment, net	<u>16,141,473</u>	<u>16,867,798</u>
 Total assets	 <u>\$ 36,814,823</u>	 <u>34,148,039</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 52,420	40,896
Accrued expenses	150,751	131,596
Agency funds	17,646	20,126
Conditional contribution	<u>--</u>	<u>374,200</u>
 Total liabilities	 <u>220,817</u>	 <u>566,818</u>
 Commitments and contingencies		
Net assets:		
Without donor restrictions	27,358,414	26,010,495
With donor restrictions	<u>9,235,592</u>	<u>7,570,726</u>
 Total net assets	 <u>36,594,006</u>	 <u>33,581,221</u>
 Total liabilities and net assets	 <u>\$ 36,814,823</u>	 <u>34,148,039</u>

See notes to consolidated financial statements

Girls Incorporated of Omaha and Subsidiaries

Consolidated Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and grants	\$ 837,776	2,533,216	3,370,992
United Way funding	157,500	157,500	315,000
Special events revenue	243,041	--	243,041
Less: Cost of direct benefits to donors	<u>(88,136)</u>	<u>--</u>	<u>(88,136)</u>
Net revenue from special events	154,905	--	154,905
Membership dues	10,320	--	10,320
Program revenue	28,284	--	28,284
Rental revenue	2,734	--	2,734
Other income	686,700	--	686,700
Net assets released from restrictions	<u>1,735,783</u>	<u>(1,735,783)</u>	<u>--</u>
Total revenues, gains and other support	<u>3,614,002</u>	<u>954,933</u>	<u>4,568,935</u>
EXPENSES:			
Program services	3,300,259	--	3,300,259
Supporting services -			
Management	618,512	--	618,512
Fundraising	192,709	--	192,709
Unallocated payments to Girls Inc. National	<u>12,000</u>	<u>--</u>	<u>12,000</u>
Total expenses	<u>4,123,480</u>	<u>--</u>	<u>4,123,480</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(509,478)	954,933	445,455
INVESTMENT INCOME, NET	<u>1,857,397</u>	<u>709,933</u>	<u>2,567,330</u>
CHANGE IN NET ASSETS	1,347,919	1,664,866	3,012,785
NET ASSETS, BEGINNING OF YEAR	<u>26,010,495</u>	<u>7,570,726</u>	<u>33,581,221</u>
NET ASSETS, END OF YEAR	<u>\$ 27,358,414</u>	<u>9,235,592</u>	<u>36,594,006</u>

See notes to consolidated financial statements

Girls Incorporated of Omaha and Subsidiaries

Consolidated Statement of Activities For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and grants	\$ 1,147,777	1,963,174	3,110,951
United Way funding	127,500	167,500	295,000
Special events revenue	270,289	--	270,289
Less: Cost of direct benefits to donors	(79,504)	--	(79,504)
Net revenue from special events	190,785	--	190,785
Membership dues	11,853	--	11,853
Program revenue	15,242	--	15,242
Rental revenue	2,250	--	2,250
Other income	51	--	51
Loss on disposal of property and equipment	(24,630)	--	(24,630)
Net assets released from restrictions	2,075,762	(2,075,762)	--
Total revenues, gains and other support	3,546,590	54,912	3,601,502
EXPENSES:			
Program services	3,053,420	--	3,053,420
Supporting services -			
Management	594,481	--	594,481
Fundraising	207,999	--	207,999
Unallocated payments to Girls Inc. National	12,000	--	12,000
Total expenses	3,867,900	--	3,867,900
CHANGE IN NET ASSETS FROM OPERATIONS	(321,310)	54,912	(266,398)
INVESTMENT INCOME, NET	1,208,785	713,854	1,922,639
CHANGE IN NET ASSETS	887,475	768,766	1,656,241
NET ASSETS, BEGINNING OF YEAR	25,123,020	6,801,960	31,924,980
NET ASSETS, END OF YEAR	\$ 26,010,495	7,570,726	33,581,221

See notes to consolidated financial statements

Girls Incorporated of Omaha and Subsidiaries

Consolidated Statements of Cash Flows For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,012,785	1,656,241
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	830,746	849,339
Loss on disposal of property and equipment	--	24,630
Net appreciation on investments	(2,204,094)	(1,524,553)
Contributions restricted for a long-term purpose	(92,233)	(165,080)
(Increase) decrease in assets -		
Contributions and grants receivable	(175,802)	(203,981)
Prepaid expenses and other assets	7,855	20,449
Increase (decrease) in liabilities -		
Accounts payable	11,524	(16,947)
Accrued expenses	19,155	10,493
Agency funds	(2,480)	243
Conditional contribution	(374,200)	374,200
Deferred revenue	--	(6,600)
Net cash provided by operating activities	<u>1,033,256</u>	<u>1,018,434</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,338,265)	(4,415,540)
Proceeds from sale of investments	932,047	3,468,897
Purchases of property and equipment	<u>(104,421)</u>	<u>(255,538)</u>
Net cash used in investing activities	<u>(510,639)</u>	<u>(1,202,181)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes -		
Capital	63,633	164,200
Endowment	<u>28,600</u>	<u>10,330</u>
Net cash provided by financing activities	<u>92,233</u>	<u>174,530</u>
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	614,850	(9,217)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	<u>1,497,389</u>	<u>1,506,606</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	<u>\$ 2,112,239</u>	<u>1,497,389</u>
Reconciliation of cash, cash equivalents, and restricted cash to statements of financial position:		
Cash and cash equivalents	\$ 1,903,586	1,252,605
Restricted cash	<u>208,653</u>	<u>244,784</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 2,112,239</u>	<u>1,497,389</u>

See notes to consolidated financial statements

Girls Incorporated of Omaha and Subsidiaries

Consolidated Statement of Functional Expenses For the Year Ended December 31, 2021

	Program Services					Supporting Services		Total
	Education Programs	Health & Wellness	Life Skills	Center Activities	Total	Management	Fundraising	
Salaries	\$ 523,423	362,128	242,535	96,010	1,224,096	320,922	74,766	1,619,784
Employee health and retirement benefits	38,817	18,644	23,504	7,430	88,395	41,578	7,676	137,649
Payroll taxes	37,074	24,900	17,048	7,233	86,255	24,128	5,586	115,969
Total salaries and related expenses	<u>599,314</u>	<u>405,672</u>	<u>283,087</u>	<u>110,673</u>	<u>1,398,746</u>	<u>386,628</u>	<u>88,028</u>	<u>1,873,402</u>
Depreciation	357,221	265,839	174,457	--	797,517	24,922	8,307	830,746
Occupancy and maintenance	172,056	124,261	154,995	670	451,982	19,565	3,307	474,854
Professional fees	17,394	8,173	6,497	--	32,064	130,527	85,414	248,005
Supplies	58,651	83,410	32,024	9,073	183,158	20,366	964	204,488
Activities	91,468	45,584	4,453	5,908	147,413	--	--	147,413
Insurance	44,747	31,573	23,122	--	99,442	4,244	1,002	104,688
Scholarships	535	--	78,263	--	78,798	--	--	78,798
Travel and transportation	28,981	12,348	12,079	1,620	55,028	331	54	55,413
Meals and snacks	2,080	33,653	1,337	4,267	41,337	1,952	60	43,349
Professional development and subscriptions	393	5,256	387	--	6,036	6,175	1,346	13,557
Taxes and other fees	10	--	271	--	281	12,616	512	13,409
Miscellaneous	8,108	--	--	--	8,108	1,918	97	10,123
Printing and postage	133	--	104	112	349	9,126	245	9,720
Special events	--	--	--	--	--	--	3,373	3,373
Advertising and public relations	--	--	--	--	--	142	--	142
Total allocated expenses	<u>\$ 1,381,091</u>	<u>1,015,769</u>	<u>771,076</u>	<u>132,323</u>	<u>3,300,259</u>	<u>618,512</u>	<u>192,709</u>	<u>4,111,480</u>
Unallocated payments to Girls Inc. National								12,000
Total expenses								<u>\$ 4,123,480</u>

See notes to consolidated financial statements

Girls Incorporated of Omaha and Subsidiaries

Consolidated Statement of Functional Expenses For the Year Ended December 31, 2020

	Program Services					Supporting Services		Total
	Education Programs	Health & Wellness	Life Skills	Center Activities	Total	Management	Fundraising	
Salaries	\$ 407,947	257,249	250,347	91,692	1,007,235	351,418	77,605	1,436,258
Employee health and retirement benefits	38,635	26,916	28,558	12,807	106,916	74,003	10,825	191,744
Payroll taxes	29,498	18,530	18,488	6,774	73,290	25,892	5,760	104,942
Total salaries and related expenses	<u>476,080</u>	<u>302,695</u>	<u>297,393</u>	<u>111,273</u>	<u>1,187,441</u>	<u>451,313</u>	<u>94,190</u>	<u>1,732,944</u>
Depreciation	365,216	271,789	178,361	--	815,366	25,480	8,493	849,339
Occupancy and maintenance	107,706	76,222	104,678	--	288,606	14,700	2,030	305,336
Professional fees	4,834	3,090	9,568	--	17,492	42,050	75,070	134,612
Supplies	268,917	138,913	136,277	5,118	549,225	9,915	413	559,553
Activities	1,295	2,534	55	415	4,299	--	--	4,299
Insurance	40,709	28,669	21,140	--	90,518	5,031	907	96,456
Scholarships	320	--	56,062	--	56,382	--	--	56,382
Travel and transportation	15,180	7,017	7,529	393	30,119	1,817	243	32,179
Meals and snacks	1,113	6,391	1,538	3,468	12,510	2,668	36	15,214
Professional development and subscriptions	406	186	309	--	901	3,992	1,260	6,153
Taxes and other fees	--	--	170	--	170	12,815	4,720	17,705
Miscellaneous	80	--	--	--	80	12,063	1,353	13,496
Printing and postage	57	34	194	26	311	12,530	8,705	21,546
Special events	--	--	--	--	--	--	5,970	5,970
Advertising and public relations	--	--	--	--	--	--	4,609	4,609
Interest	--	--	--	--	--	107	--	107
Total allocated expenses	<u>\$ 1,281,913</u>	<u>837,540</u>	<u>813,274</u>	<u>120,693</u>	<u>3,053,420</u>	<u>594,481</u>	<u>207,999</u>	<u>3,855,900</u>
Unallocated payments to Girls Inc. National								12,000
Total expenses								<u>\$ 3,867,900</u>

See notes to consolidated financial statements

Girls Incorporated of Omaha and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2021 and 2020

(1) Organization and Summary of Significant Accounting Policies

The following is a description of the organization and a summary of the significant accounting policies of Girls Incorporated of Omaha and Subsidiaries (collectively, the "Organization"). These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

A. *Description of Organization and Basis of Consolidation*

Girls Incorporated of Omaha (Girls Inc.) 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 to be *Strong, Smart and Bold*. Programs include health and wellness (*Strong*), education (*Smart*), life skills (*Bold*) and general activities at the center. Girls Inc. is supported primarily through major local donor contributions, grants, and the United Way.

Financial activities of its wholly owned subsidiaries, Barker Avenue House, LLC and Protégé House, LLC, are included in the financial statements of Girls Inc. All significant intercompany accounts, balances, and transactions have been eliminated in consolidation.

B. *Basis of Accounting and Presentation*

The Organization maintains its accounting records and prepares its consolidated financial statements (collectively, financial statements) on the accrual basis of accounting in accordance with GAAP. The accompanying financial statements have been prepared in accordance with accounting standards for financial statements of not-for-profit organizations. Under these standards, net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, although they may be designated by action of the Board of Directors.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed 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 that resources be maintained in perpetuity.

C. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

D. *Cash, Cash Equivalents, and Restricted Cash*

Cash, cash equivalents, and restricted cash for purposes of the consolidated statements of cash flows include cash and all highly liquid investments with a maturity date of less than three months from the date of purchase and exclude cash, cash equivalents, and restricted cash included in investments. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

Girls Incorporated of Omaha and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2021 and 2020

E. Contributions and Grants Receivable

Unconditional promises to give, including contributions and grants receivable that are expected to be collected within one year are recognized at net realizable value. Unconditional promises to give that are expected to be collected in future years are recognized at fair value, which is measured as the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities.

Contributions and grants receivable are reviewed for collectability and a provision for uncollectible amounts is recognized based on management's judgment and an analysis of individual donors, past collection experience and other relevant factors. At December 31, 2021 and 2020, no allowance is recorded against contributions and grants receivable.

F. Investments

All investments are measured at fair value in the consolidated statements of financial position. Gains or losses on investments are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

G. Fair Value Measurements

The Organization applies the provisions included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At December 31, 2021 and 2020, there were no nonfinancial items recognized or disclosed at fair value and there were no financial assets or liabilities measured at fair value in the financial statements on a nonrecurring basis.

H. Property and Equipment, Net

Property and equipment are stated at cost, or if donated, at fair value on the date donated. Additions of \$2,500 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	5 – 39 years
Furniture, fixtures and equipment	5 – 15 years
Vehicles	5 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the consolidated statements of activities for the respective year end. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized.

I. Deferred Revenue for Special Events

The Organization receives sponsorships in advance of future special events. The sponsorship providers receive commensurate value in return or have a right of return if the event does not take place. This income is deferred and recognized over the periods to which the sponsorship relates. There were no deferred revenues as of December 31, 2021 and 2020.

Girls Incorporated of Omaha and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2021 and 2020

J. *Revenue Recognition*

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Indications of intentions to give are not recognized until the cash or other assets are received. Contributions and grants are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Special Event Revenue – Sponsorships

The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Special Event Revenue – Ticket Sales

The portion of ticket sales that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

K. *Donated Assets, Property and Equipment, and Services*

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

Gifts-in-kind are recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution. Gifts-in-kind are valued and recognized as revenue at their fair value at the time the contribution is received. In-kind contributions of program supplies amounting to \$42,310 and \$190,799 are included in contribution revenue in the consolidated statements of activities for the years ended December 31, 2021 and 2020, respectively.

The Organization also receives gifts-in-kind for use in various fundraising events. For situations in which the Organization is functioning as an agent or intermediary with respect to the gifts-in-kind, the Organization reports an asset and corresponding liability measured at the fair value at the earlier of the time the goods are promised or received from the resource provider, and until the Organization remits the gifts-in-kind to the ultimate beneficiary.

Girls Incorporated of Omaha and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2021 and 2020

L. Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated by an estimate of time spent include salaries, employee health and retirement benefits, and payroll taxes. Overhead costs are allocated using an estimate of square footage. Overhead costs include depreciation, occupancy and maintenance, insurance, and supplies.

M. Advertising Costs

Advertising costs are expensed as incurred and amounted to \$142 and \$4,609 for the years ended December 31, 2021 and 2020, respectively.

N. Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and has received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. The Internal Revenue Service has established standards to be met to maintain the Organization's tax exempt status.

Barker Avenue House, LLC and Protégé House, LLC are single member limited liability companies that have elected to be treated as disregarded entities. As such, the companies are not subject to federal income tax, but rather, their income or loss is allocated to the Organization.

O. Reclassification

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 reporting format.

P. Subsequent Events

The Organization considered events occurring through June 22, 2022 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

Girls Incorporated of Omaha and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2021 and 2020

(2) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,903,586	1,252,605
Restricted cash	208,653	244,784
Contributions and grants receivable	1,187,559	1,011,757
Investments	<u>17,358,364</u>	<u>14,748,052</u>
Total financial assets	<u>20,658,162</u>	<u>17,257,198</u>
Less amounts not available to be used for general expenditure:		
Agency funds	17,646	20,126
Board designated endowment funds	8,667,589	7,230,835
Net assets with donor restrictions	9,235,592	7,570,726
Less net assets with time restrictions for next year	<u>(873,361)</u>	<u>(627,500)</u>
Amounts not available to be used for general expenditure	<u>17,047,466</u>	<u>14,194,187</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,610,696</u>	<u>3,063,011</u>

The Organization maintains cash and cash equivalents on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and liquid financial assets on hand are adjusted as necessary. As part of its liquidity management, donor-restricted cash for capital projects and scholarships are held in separate checking accounts. The Organization invests cash in excess of daily requirements in various marketable securities, which are included as investments in the consolidated statements of financial position.

The Organization also maintains endowment funds which are primarily held in investment accounts. The Organization has board designated endowment funds for operations that could be made available to meet unexpected liquidity needs, if needed. Such funds amounted to \$4,627,482 and \$4,015,068 as of December 31, 2021 and 2020, respectively. Donor-restricted endowment funds are not available for general expenditure.

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(3) Contributions and Grants Receivable

A summary of contributions and grants receivable at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Capital	\$ 46,550	46,550
United Way funding for next year	157,500	167,500
Future operations	727,500	600,000
Operations	15,909	--
Programs	<u>240,100</u>	<u>197,707</u>
Contributions and grants receivable	<u>\$ 1,187,559</u>	<u>1,011,757</u>
Amounts due in:		
Less than one year	\$ 1,122,559	772,001
One to four years	<u>65,000</u>	<u>239,756</u>
Contributions and grants receivable	<u>\$ 1,187,559</u>	<u>1,011,757</u>

No discount was recognized for contributions and grants receivable as of December 31, 2021 and 2020 as management believes the exclusion of a discount does not have a material effect on the financial statements due to the majority of the amounts being due within one year.

(4) Conditional Promises to Give

Conditional promises to give are not included as support until the conditions are met. In 2021, the Organization received a challenge grant for \$450,000, dependent upon securing operating contributions in each of the following three fiscal years (2022 – 2024). During 2021, the Organization recognized \$150,000 of contribution revenue as the funding was secured and the conditions were met. There was a remaining conditional balance of \$300,000 at December 31, 2021.

(5) Fair Value Measurements

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

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Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs are unobservable for the asset or liability.

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value. For the years ended December 31, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Money market funds – Funds are reported at fair value using quoted market prices.

Mutual funds – All mutual funds are traded on a national securities exchange and are valued at the net asset value of the underlying investments.

Common stock – Common stock is traded on a national securities exchange and is valued at the latest quoted market prices.

The following table presents the balances of investment securities measured at fair value on a recurring basis at December 31, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 574,430	--	--	574,430
Mutual funds:				
Domestic equity	9,780,753	--	--	9,780,753
International equity	1,841,670	--	--	1,841,670
Bonds	2,908,201	--	--	2,908,201
Common stock	2,253,310	--	--	2,253,310
Investments	<u>\$ 17,358,364</u>	<u>--</u>	<u>--</u>	<u>17,358,364</u>
	2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 428,972	--	--	428,972
Mutual funds:				
Domestic equity	8,031,077	--	--	8,031,077
International equity	1,850,818	--	--	1,850,818
Bonds	2,698,110	--	--	2,698,110
Common stock	1,739,075	--	--	1,739,075
Investments	<u>\$ 14,748,052</u>	<u>--</u>	<u>--</u>	<u>14,748,052</u>

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

(6) Property and Equipment, Net

A summary of property and equipment at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 62,111	62,111
Buildings and improvements	21,945,064	21,865,986
Furniture, fixtures and equipment	1,276,610	1,260,642
Vehicles	306,539	306,539
Construction in progress	9,375	--
	<u>23,599,699</u>	<u>23,495,278</u>
Less: Accumulated depreciation	<u>(7,458,226)</u>	<u>(6,627,480)</u>
Property and equipment, net	<u>\$ 16,141,473</u>	<u>16,867,798</u>

Depreciation expense of \$830,746 and \$849,339 for the years ended December 31, 2021 and 2020, respectively, is included in the consolidated statements of activities and functional expenses.

(7) Commitments and Contingencies

The Organization entered into a license agreement with a medical organization to operate the licensed health clinic. The license agreement is for a five year period which began on November 21, 2016, with automatic renewals of one year terms, unless the agreement is terminated according to the license provision. The Organization will provide utilities, maintenance, security, and appropriate insurance for the building. The license will provide certain other minimum insurance coverage. There is no rental fee established in the agreement.

(8) Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Board-designated endowment funds for:		
Operations	\$ 4,627,482	4,015,068
Transitional Living Facility maintenance reserve fund	<u>4,040,107</u>	<u>3,215,767</u>
Total board designated endowment funds	8,667,589	7,230,835
Undesignated funds	<u>18,690,825</u>	<u>18,779,660</u>
Total net assets without donor restrictions	<u>\$ 27,358,414</u>	<u>26,010,495</u>

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(9) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted at December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Programs	\$ 1,326,650	478,229
Transitional Living Facility	904,057	752,855
Transitional Living Facility - maintenance reserve fund	500,000	500,000
Capital improvements	569,852	506,219
Scholarships	163,343	236,401
	<u>3,463,902</u>	<u>2,473,704</u>
Subject to time restrictions:		
United Way funding for next year	157,500	167,500
Operating funds for future years	915,861	660,000
	<u>1,073,361</u>	<u>827,500</u>
Endowments:		
Term endowment funds -		
Health and fitness facility maintenance reserve fund	3,560,515	3,179,874
Unspent appreciation of endowment funds, which must be appropriated before use -		
Restricted by donors for scholarships	50,405	30,839
Original gift values to be held in perpetuity for scholarships -		
Mary S. Landen Scholarship	144,465	139,965
MHB Staff Award	86,100	62,000
Original gift values to be held in perpetuity for operations -		
Girls Inc. Endowment Fund	459,193	459,193
John A. and Harriet K. Wiebe Endowment Fund	397,651	397,651
	<u>1,087,409</u>	<u>1,058,809</u>
Total corpus	<u>1,087,409</u>	<u>1,058,809</u>
Total endowments	<u>4,698,329</u>	<u>4,269,522</u>
Total net assets with donor restrictions	<u>\$ 9,235,592</u>	<u>7,570,726</u>

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

(10) Endowments

The Organization holds endowment funds for support of its programs and operations, scholarships, and the ongoing operations and maintenance of its facilities. As required by GAAP, net assets and the changes therein associated with endowment funds, including funds designated by the Board of Directors of the Organization (the Board) to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Management has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent any donor-imposed restrictions, interest, dividends, and net appreciation of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The composition of endowment net assets by type of fund is as follows at December 31, 2021 and 2020:

	2021		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds	\$ --	4,651,779	4,651,779
Board-designated endowment funds	<u>8,667,589</u>	<u>--</u>	<u>8,667,589</u>
	<u>\$ 8,667,589</u>	<u>4,651,779</u>	<u>13,319,368</u>

	2020		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds	\$ --	4,222,972	4,222,972
Board-designated endowment funds	<u>7,230,835</u>	<u>--</u>	<u>7,230,835</u>
	<u>\$ 7,230,835</u>	<u>4,222,972</u>	<u>11,453,807</u>

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

Strategies Employed for Achieving Objectives

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

Endowment assets are invested using the following asset allocation range:

Domestic stocks	20% - 50%
International stocks	10% - 30%
Bonds	15% - 40%
Alternative investments	5% - 30%
Cash and cash equivalents	0% - 15%

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

The Organization preserves the whole dollar value of the original gift as of the gift date of donor-restricted endowments, absent explicit donor stipulations to the contrary. Interest, dividends and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when spent. The Organization has a spending policy of 5 – 7% annually.

(11) Retirement Plan

The Organization participates in a defined contribution 403(b) plan which is available to all employees immediately upon employment. The Organization will contribute an amount equal to the elective deferral of the participant up to the first 5% deferred. Total expense for the program for the years ended December 31, 2021 and 2020 was \$43,028 and \$45,719, respectively.

(12) Related Party Transactions

The Organization received support of approximately \$321,000 and \$501,000 for the years ended December 31, 2021 and 2020, respectively, from related parties, primarily board members. As of December 31, 2021 and 2020, \$11,000 and \$50,000, respectively, was included in contributions receivable from related parties. In addition, the Organization has entered into contracts for fund-raising and consulting services from a company owned by the spouse of the Executive Director. Amounts paid for professional services for the years ended December 31, 2021 and 2020 was approximately \$75,000 and the Organization has entered into a contract to pay \$75,000 for each of the years ending December 31, 2022, 2023, and 2024.

(13) Concentrations, Risks, and Uncertainties

The Organization routinely invests its funds in fixed income and equity mutual funds and one common stock. Investment in these securities is not insured or guaranteed; however, management believes that credit risk related to these investments is minimal.

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

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

(14) Paycheck Protection Program Loan

The Organization applied for and was granted a \$374,200 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. The loan accrued interest, but the payments were not required to begin for six months to one year after the funding of the loan. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. In March 2021, the Organization received notice from the SBA that their PPP loan had been forgiven in full and has therefore been recognized as other income on the consolidated statement of activities for the year ended December 31, 2021.

The Organization applied for and was granted a \$312,500 loan under the PPP administered by a SBA approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. The loan accrued interest, but the payments were not required to begin for seven months after the funding of the loan. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. In October 2021, the Organization received notice from the SBA that their PPP loan had been forgiven in full and has therefore been recognized as other income on the consolidated statement of activities for the year ended December 31, 2021.