

GIRLSTART
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Girlstart
Austin, Texas

Opinion

We have audited the accompanying financial statements of Girlstart (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girlstart as of December 31, 2021, 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 Girlstart 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 Girlstart's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 controls. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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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 Girlstart'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 Girlstart'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.

Allman & Associates, Inc.

Austin, Texas
April 22, 2022

GIRLSTART
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2021

Assets	
Current Assets:	
Cash and cash equivalents	\$ 303,351
Investments	<u>1,147,596</u>
Total Current Assets	1,450,947
Beneficial interest in Girlstart Endowment Fund	158,069
Fixed assets, net of accumulated depreciation	<u>966,470</u>
Total Assets	<u>\$ 2,575,486</u>
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable	<u>\$ 45,684</u>
Total Current Liabilities	<u>45,684</u>
Total Liabilities	<u>45,684</u>
Net Assets:	
Without donor restrictions	
Undesignated	<u>2,371,733</u>
Total net assets without donor restrictions	2,371,733
With donor restrictions	
Perpetual in nature	<u>158,069</u>
Total net assets with donor restrictions	<u>158,069</u>
Total Net Assets	<u>2,529,802</u>
Total Liabilities and Net Assets	<u>\$ 2,575,486</u>

See accompanying independent auditors' report and notes to financial statements.

GIRLSTART
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STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and support:			
Individual contributions	\$ 348,706	\$ -	\$ 348,706
Corporate and foundation contributions	1,059,958	431,793	1,491,751
Government grants	8,450	-	8,450
Loan forgiveness revenue	310,300	-	310,300
Program revenue	119,532	-	119,532
Fundraising events	178,188	-	178,188
In-kind revenue	34,263	-	34,263
Change in beneficial interest in Girlstart Endowment Fund	-	23,543	23,543
Employee retention credit	135,802	-	135,802
Investment income	423	-	423
	<u>2,195,622</u>	<u>455,336</u>	<u>2,650,958</u>
Released from restrictions	<u>1,026,468</u>	<u>(1,026,468)</u>	<u>-</u>
 Total revenue and support	 <u>3,222,090</u>	 <u>(571,132)</u>	 <u>2,650,958</u>
 Expenses:			
Program services			
After school STEM programs	1,204,559	-	1,204,559
Summer camp STEM programs	832,373	-	832,373
Total STEM programs	<u>2,036,932</u>	<u>-</u>	<u>2,036,932</u>
Management and general	100,035	-	100,035
Fundraising	352,459	-	352,459
	<u>2,489,426</u>	<u>-</u>	<u>2,489,426</u>
 Change in Net assets	 732,664	 (571,132)	 161,532
 Net assets, beginning of the year	 <u>1,639,069</u>	 <u>729,201</u>	 <u>2,368,270</u>
 Net assets, end of year	 <u>\$ 2,371,733</u>	 <u>\$ 158,069</u>	 <u>\$ 2,529,802</u>

See accompanying independent auditors' report and notes to financial statements.

GIRLSTART
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STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

Expense Category	STEM Programs			Management and General	Fundraising	Total
	After School	Summer Camp	Total			
Personnel costs	\$ 792,283	\$ 507,061	\$ 1,299,344	\$ 79,228	\$ 205,994	\$ 1,584,566
Professional fees	89,703	89,703	179,406	8,681	101,277	289,364
STEM supplies and materials	154,701	66,301	221,002	-	-	221,002
Occupancy	47,900	20,529	68,429	1,521	6,083	76,033
Travel	21,725	43,449	65,174	-	7,242	72,416
Depreciation	23,814	26,460	50,274	1,058	1,588	52,920
Office expense	30,799	13,200	43,999	978	3,911	48,888
Information technology	4,130	33,042	37,172	2,065	2,065	41,302
In-kind donation of computers	13,705	17,817	31,522	-	2,741	34,263
Conferences/events	12,780	3,195	15,975	-	15,976	31,951
Insurance	13,019	5,580	18,599	413	1,653	20,665
Bank & credit card fees	-	3,930	3,930	-	3,929	7,859
Interest	-	-	-	6,091	-	6,091
Advertising & promotion	-	2,106	2,106	-	-	2,106
Total Expenses	\$ 1,204,559	\$ 832,373	\$ 2,036,932	\$ 100,035	\$ 352,459	\$ 2,489,426

See accompanying independent auditors' report and notes to financial statements.

GIRLSTART
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STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 161,532
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	52,920
Donation of investments	(20,020)
Investment income	(288)
Loan forgiveness revenue	(310,300)
Increase in beneficial interest in Girlstart Endowment	(23,543)
Changes in assets and liabilities	
Contributions receivable	34,675
Grants receivable	110,000
Accounts payable	24,888
	<u>29,864</u>
Net cash provided by operating activities	<u>29,864</u>
Cash flows from investing activities:	
Purchase of fixed assets	(10,903)
Purchase of investments	(150,000)
	<u>(160,903)</u>
Net cash used by investing activities	<u>(160,903)</u>
Cash flows from financing activities:	
Repayment of debt	(150,000)
Proceeds from new debt	310,300
	<u>160,300</u>
Net cash provided by financing activities	<u>160,300</u>
Net change in cash and cash equivalents	29,261
Cash and cash equivalents, beginning of the year	<u>274,090</u>
Cash and cash equivalents, end of the year	<u>\$ 303,351</u>
Supplemental information:	
Income taxes paid	<u>\$ -</u>
Interest paid	<u>\$ 6,091</u>

See accompanying independent auditors' report and notes to financial statements.

GIRLSTART
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1. General Information

Founded in Austin, Texas, Girlstart (the Corporation) is the largest and longest-running community-based informal STEM education nonprofit in the nation specifically dedicated to empowering and equipping girls in STEM through year-round STEM educational programming. Since 1997, Girlstart has served over 100,000 girls and 20,000 teachers and families with school-based programs, professional development for teachers, summer camps, STEM career conferences and expos, large-scale science events for families, and community STEM education outreach programs. Girlstart programs are open to girls K-12 and are focused on serving girls of diverse ethnicities, girls who live in low-income or nonurban environments, and/or are considered at-risk.

The Corporation is primarily funded by contributions, grants and program fees.

2. Summary of Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues are recognized in the accounting period when earned and become measurable. Expenses are recorded in the accounting period incurred, regardless of when paid.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those used in the allocation of expenses and depreciation. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents, unless designated for investment purposes.

Investments

Investments consist of certificates of deposit and mutual funds and are reported at their fair values in the statement of financial position. Interest and investment returns are reported in the statement of activities as investment income.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

2. Summary of Significant Accounting Policies, continued

Beneficial Interest in the Girlstart Endowment Fund

The Beneficial Interest in the Girlstart Endowment Fund consists of an endowment fund held by the Austin Community Foundation (ACF). See Note 7 for further information.

Fixed Assets

Fixed assets, including significant improvements or renovations, costing greater than \$2,000 and with one or more years of useful service life are capitalized at cost, or if donated, at estimated fair value at the time of donation. Costs of routine repairs and maintenance are charged to expense as incurred. Depreciation is calculated using the straight-line method over estimated lives of three to forty years.

Financial Statement Presentation

Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Financial statement presentation follows the Financial Accounting Standards Board ASC 958-205, Not-for-Profit Entities Presentation of Financial Statements:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor imposed restrictions. These net assets may be used for any purpose or designated for a specific purpose by action of the Board of Directors. There are no board designated net assets as of December 31, 2021.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that require 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. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

In-Kind Contributions

Volunteers contribute significant amounts of time to the Corporation's program services, administration and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. Contributed goods and donated professional services are recorded at the estimated fair value at the date of donation. During the year ended December 31, 2021, the Corporation received donated computers and memory upgrades valued at \$34,263.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

2. Summary of Significant Accounting Policies, continued

Revenue Recognition

Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received or promised. Amounts received that are designated for a future period or are restricted by the donor for a specific purpose are reported as net assets with donor restrictions. Unconditional promises to give which do not state a due date are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions. Conditional promises to give are not recognized until the condition on which they depend have been substantially met.

Functional Accounting

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated on the basis of time and effort among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. The main program provides community-based informal science, technology, engineering and mathematics (STEM) education to girls by providing after school and summer camps programs.

Federal Income Taxes

The Corporation is exempt from federal income taxes, except on unrelated business income, pursuant to the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Therefore, no provision for federal income taxes has been reflected in the financial statements.

The Corporation has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Corporation has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Corporation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Corporation's financial position, changes in net assets or cash flows. Accordingly, the Corporation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021. The Corporation is subject to income tax audits for the previous three years which are open. There are currently no income tax audits for any tax periods in progress.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

2. Summary of Significant Accounting Policies, continued

Credit Risk

Financial instruments which potentially subject the Corporation to credit risk consist of cash and cash equivalents and certificates of deposit. The Corporation's checking accounts exceeded the federal depository insurance limits as of December 31, 2021 by \$35,069. The Corporation's certificates of deposit are purchased by Frost Bank's certificate of deposit account registry service (CDARS). Through CDARS, the Corporation is able to purchase certificates of deposit in other banks that are 100% covered by the federal depository insurance limits.

Change in Not-for-Profit Accounting Standards

In September 2020, the FASB issued ASU 2020-07, *Not-for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual period beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Corporation is currently considering the impact of ASU 2020-07.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. This guidance impacts the presentation of an entity's leasing activities and will require the recognition of lease (right-of-use) assets and related lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements. ASU 2016-02 was scheduled to become effective for fiscal years beginning after December 15, 2019, but has been delayed until annual periods beginning after December 15, 2021. The Corporation is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Risks and Uncertainties

As a result of the spread of Covid-19 coronavirus, economic uncertainties have arisen which may negatively impact future activities of Girlstart, including the possibility that some in-person events may be postponed or cancelled. However, the related financial impact of these and other disruptions cannot be reasonably estimated at this time.

3. Personnel

The Corporation leases its administrative employees through Cognos HR. Cognos HR pays the employees, provides employee benefits such as health, dental, life and workers compensation insurance and a retirement plan. The Corporation paid Cognos HR \$1,139,489 for personnel costs during the year ended December 31, 2021, which includes \$13,917 in retirement plan contributions.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

3. Personnel, continued

The Corporation employs part-time afterschool and summer camp workers and pays them through its own federal tax identification number, instead of under Cognos HR. These payroll and related costs are also included in personnel costs on the statement of functional expenses.

4. Fair Value Measurement and Disclosures

The requirements of Fair Value Measurements and Disclosures of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). Fair Value Measurements and Disclosures also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

The following table represents assets and liabilities reported on the statement of financial position at their fair value as of December 31, 2021 by level within the fair value measurement hierarchy.

Description	Amount	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 252	\$ -	\$ 252	\$ -
Mutual Funds	19,825	19,825	-	-
Certificates of deposit	1,127,519	-	1,127,519	-
Total Investments	<u>\$ 1,147,596</u>	<u>\$ 19,825</u>	<u>\$ 1,127,771</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

4. Fair Value Measurement and Disclosures, continued

The fair value of the Corporation's remaining assets and liabilities approximate the carrying amounts of such instruments due to their short maturity.

5. Fixed Assets

Major classes of fixed assets at December 31, 2021 consisted of the following:

Land	\$ 300,000
Building	498,652
Building improvements	471,611
Furniture and fixtures	30,752
Computer equipment	<u>729,488</u>
	2,030,503
Less accumulated depreciation	<u>(1,064,033)</u>
Fixed assets, net of accumulated depreciation	<u>\$ 966,470</u>

Depreciation expense for the year ended December 31, 2021 was \$52,920.

6. Net Assets With Donor Restrictions

At December 31, 2021, the Corporation had net assets with donor restrictions restricted for the following purposes or periods:

Subject to restrictions in perpetuity:

Beneficial interest in the Girlstart Endowment Fund	<u>\$ 158,069</u>
Total net assets with donor restrictions	<u>\$ 158,069</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2021:

Satisfaction of donor restrictions:

Timing restrictions satisfied:

NASA grant	\$ 110,000
Contributions	<u>34,675</u>
Total timing restrictions satisfied	144,675

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

6. Net Assets With Donor Restrictions, continued

Purpose restrictions satisfied:	
Expansion and strategic plan	225,000
North Texas area	220,000
Summer camp	201,793
Houston area	100,000
California area	90,000
Boston area	30,000
Georgetown area	15,000
Total purpose restrictions satisfied	881,793
Total net assets released from restrictions	\$ 1,026,468

7. Girlstart Endowment Fund

The Girlstart Endowment Fund was established in 2007 with the Austin Community Foundation (ACF). As an endowed fund with ACF, the assets are held irrevocably with ACF and are managed to accomplish the designated charitable purpose – to provide general support for Girlstart. The amount available to grant from the Endowment Fund is determined by the ACF Board of Governors’ spending policy, which currently allows for 5% of the Fund’s value at December 31st to be available to grant in the following year.

Girlstart has granted variance power to the Austin Community Foundation. The Girlstart Endowment Fund is subject to the provision of the articles of incorporation and bylaws of the Austin Community Foundation, including the power reserved by their Board of Governors to modify any condition or restriction on the distribution of funds if in its sole judgment (without the approval of any trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the ACF.

As the beneficiary of the Girlstart Endowment Fund, Girlstart has recorded an asset on its books as a beneficial interest in the Girlstart Endowment Fund, included in net assets with donor restrictions. A summary of the activity in the Endowment Fund for the year ended December 31, 2021 is as follows:

Balance at December 31, 2020	\$ 134,526
Investment income, net of fees	23,543
Balance at December 31, 2021	\$ 158,069

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

7. Girlstart Endowment Fund, continued

There were no contributions into, or distributions from, the Endowment Fund during the year ended December 31, 2021.

8. Loans Payable

On March 23, 2021, Girlstart was approved for a Paycheck Protection Program (PPP) promissory note in the amount of \$310,300, with an interest rate of 1% per annum based on a year of 365 days until maturity. Girlstart used the proceeds of the loan only for purposes authorized by the PPP. The Corporation initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released on November 9, 2021. \$310,300 was recognized as loan forgiveness revenue for the year ended December 31, 2021.

On July 1, 2020, the U.S. Small Business Administration authorized an EIDL loan to Girlstart in the amount of \$150,000, with an interest rate of 2.75%. The loan was payable over 30 years with monthly payments of \$641 to begin 12 months from the date of the promissory note. However, the loan was fully paid off and interest of \$6,091 was paid in the year ending December 31, 2021.

9. Liquidity and Availability

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

Cash and cash equivalents	\$ 303,351
Investments	<u>1,147,596</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,450,947</u>

The Corporation manages day-to-day cash needs through a continually-refined system of tracking the cadence of contributions, as well as on-hand cash management. As part of the liquidity management plan, the Corporation invests cash in excess of daily requirements in certificates of deposit. The Corporation has a goal to maintain financial assets, which consists of cash and certificates of deposit, on hand to meet six months of normal operating expenses.

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December 31, 2021

10. Lease Commitments

On September 1, 2020, the Corporation entered into a lease for office space in Houston. Under the terms of the lease, minimum monthly payments of \$1,086 were required for 12 months through August 31, 2021. The lease continued on a month to month basis beginning September 1, 2021.

On September 1, 2020, the Corporation entered into a lease for additional office space in Houston. Under the terms of the lease, minimum monthly payments of \$978 were required for 12 months through August 31, 2021. The lease continued on a month to month basis beginning September 1, 2021.

On August 10, 2020, the Corporation entered into a lease for office space in North Texas. Under the terms of the lease, minimum monthly payments of \$1,425 were required for 12 months through July 31, 2021. The lease continued on a month to month basis beginning August 1, 2021.

Total lease expense for the year ended December 31, 2021 was \$41,354.

11. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management evaluated subsequent events through the date the audit report was available for issuance, April 22, 2022, and there were no events that qualified for disclosure.