

GIRLFORWARD

Financial Statements

December 31, 2022

GIRLFORWARD

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14

BARNES, GIVENS & BARNES, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
200 EAST EVERGREEN AVENUE, SUITE 117
MOUNT PROSPECT, ILLINOIS 60056-3240
224-764-2442 FAX: 224-764-2448
bgbcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
GirlForward

Opinion

We have audited the accompanying financial statements of GirlForward (an Illinois not-for-profit corporation) (the "Organization"), which comprise of the statement of financial position as of December 31, 2022, and the related statement 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 the Organization as of December 31, 2022, 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 the Organization 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 the Organization'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 control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Barnes, Givens & Barnes, Ltd.

Mount Prospect, Illinois
September 11, 2023

GIRL F O W A R D
Statement of Financial Position
December 31, 2022

ASSETS

Current Assets	
Cash	\$ 513,079
Grants receivable	131,248
Contributions receivable	18,555
Prepaid expense	4,429
Operating lease right of use asset - current	48,073
Total Current Assets	715,384
Non-Current Assets	
Operating lease right of use asset - non-current	33,630
Property and equipment - net	5,085
Deposits	3,900
Total Non-Current Assets	42,615
Total Assets	\$ 757,999

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 2,855
Accrued liabilities	11,157
Operating lease liability - current	50,185
Total Current Liabilities	64,197
Non-Current Liabilities	
Operating lease liability - non-current	35,730
Total Liabilities	99,927
Net Assets	
Net assets without donor restrictions	658,072
Total Liabilities and Net Assets	\$ 757,999

See Accompanying Notes to Financial Statements

GIRLFORWARD
Statement of Activities
For the Year Ended December 31, 2022

Support and Revenue	
Contributions	\$ 275,077
In-kind contributions	21,589
Grants	358,248
Special events	46,856
Special events expense	(11,776)
Interest income	1
	<hr/>
Total Support and Revenue	689,995
	<hr/>
Expenses	
Programs	365,682
Management and general	87,015
Fundraising	139,333
	<hr/>
Total Expenses	592,030
	<hr/>
Change in Net Assets	97,965
Net Assets Without Donor Restrictions - Beginning of Year	560,107
	<hr/>
Net Assets Without Donor Restrictions - End of Year	\$ 658,072
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

GIRLFORWARD
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 202,607	\$ 43,099	\$ 82,435	\$ 328,141
Employee benefits	18,467	3,001	5,422	26,890
Payroll taxes	17,654	1,388	6,263	25,305
Contract services	15,600	9,479	6,500	31,579
Depreciation	-	2,849	-	2,849
Communications	1,898	124	205	2,227
Insurance	5,601	1,400	2,334	9,335
Dues and subscriptions	-	-	15	15
Licenses and fees	1,659	1,887	483	4,029
Marketing	4,405	2,316	9,489	16,210
Membership database	-	-	2,761	2,761
Office expense	7,484	3,474	5,349	16,307
Professional fees	15,000	6,100	-	21,100
Program expense	28,786	-	-	28,786
Professional development	694	217	215	1,126
Rent	32,023	7,417	13,343	52,783
Travel	10,601	3,463	3,184	17,248
Utilities	3,203	801	1,335	5,339
Total Functional Expenses	<u>\$ 365,682</u>	<u>\$ 87,015</u>	<u>\$ 139,333</u>	<u>\$ 592,030</u>

See Accompanying Notes to Financial Statements

GIRLFORWARD
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Change in net assets	\$ 97,965
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-	
Depreciation	2,849
(Increase) decrease in assets-	
Grants receivable	(46,639)
Contributions receivable	(2,205)
Prepaid expense	(129)
Deposits	-
Operating lease right of use asset	45,439
Increase (decrease) in liabilities-	
Accounts payable	1,731
Accrued liabilities	4,375
Operating lease liability	(46,000)
	57,386
Net Cash Provided by Operating Activities	57,386
Cash Flows from Investing Activities	
Purchases of property and equipment	(2,436)
Net Cash (Used in) Investing Activities	(2,436)
Net Increase in Cash	54,950
Cash - Beginning of Year	458,129
Cash - End of Year	\$ 513,079

* * * * *

Supplemental Disclosure of Cash Flow Information -

Cash paid during the year for:

Interest	\$ -
Income taxes	\$ -

See Accompanying Notes to Financial Statements

GIRLFORWARD
Notes to Financial Statements
December 31, 2022

Note A – Organization and Nature of Activities

GirlForward (the “Organization”) is an Illinois not-for-profit organization and a community of support dedicated to creating and enhancing opportunities for girls who have been displaced by conflict and persecution.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and activities and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest-bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to \$250,000.

Receivables and Allowance for Doubtful Accounts

Receivables are uncollateralized customer obligations. Payments of accounts receivable are allocated to the specific invoices identified on the customer’s remittance or, if unspecified, investigated to identify the appropriate invoice to which to apply the payment.

Management reviews all individual customer accounts receivable balances that exceed ninety (90) days from invoice date and based on the assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Based upon these reviews, management believed all accounts receivable to be fully collectible and, accordingly, no allowance for uncollectible accounts receivable is reflected in the accompanying financial statements.

GIRLFORWARD
Notes to Financial Statements
December 31, 2022

Note B – Summary of Significant Accounting Policies (continued)

Fixed Assets

Property and equipment are carried at cost if purchased or fair value at the date of donation. Depreciation is computed using the straight-line method over five years. The Organization generally capitalizes property and equipment expenditures over \$1,000.

Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations.

Revenue Recognition

The Organization has adopted Accounting Standards Update (ASU) No. 2014-19 – *Revenue from Contracts with Customers* (Topic 606), as amended. The standard contains principles that an organization applies to determine the measurement of revenue and the timing of when it is recognized. The adoption of this accounting pronouncement did not result in significant changes in the timing of the Organization’s revenue recognition.

Donations, Grants and Bequests – A majority of the Organization’s operating revenue is derived from donations, grants and bequests. The Organization recognizes contributions of cash and securities when received.

Special Events and Fundraising – The Organization receives revenue from special events and fundraising. Revenue is recognized at the time the event takes place.

Net Assets

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. If the governing board were to designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, those funds would also fall under this category.

GIRLFORWARD
Notes to Financial Statements
December 31, 2022

Note B – Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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. 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.

Functional Allocation of Expenses

In the Statement of Functional Expenses, all expenses are allocated to the appropriate programs and supporting services on the basis of actual expense. Certain expenses that are joint among all programs are allocated evenly across all of the programs.

Adoption of New Accounting Policy

Due to amendments to U.S. generally accepted accounting principles (US GAAP), commencing January 1, 2022, all of the Organization’s real estate and equipment leases that have lease terms exceeding 12 months will now be required to be recorded on the Statement of Financial Position as right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

Lease-related expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is classified as an operating lease or a finance lease. Total lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that the Organization is reasonably certain to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

Implementation of these amendments is reflected retrospectively as of January 1, 2022, the effective date of the amendments. As a result of implementation, the Organization recorded additional lease assets of \$127,142, liabilities of \$131,915 and a change in beginning net assets of \$4,773 as of January 1, 2022. To ease the burden of implementation, the Organization elected an available package of practical expedients permitted under the transition guidance included in the amended US GAAP that permits the Organization to carry forward the historical lease identification, classification and initial direct costs associated with its pre-existing leases.

GIRLFORWARD
Notes to Financial Statements
December 31, 2022

Note B – Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Policy (continued)

The implementation of these amendments did not materially impact net income or cash flows (see following caption "Leases" for further details). Apart from these amendments, there have been no other changes in significant accounting policies during the year ended December 31, 2022, as compared to the significant accounting policies described in the Organization's financial statements for the year ended December 31, 2021.

Leases

The Organization determines if an arrangement is a lease or contains a lease at the inception of the contract. Operating leases are presented under the captions operating lease right-of-use (ROU) assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying Statement of Financial Position as of December 31, 2022. Finance leases are presented under the captions finance lease right-of-use (ROU) assets, current portion of finance lease liabilities, and long-term portion of finance lease liabilities in the accompanying Statement of Financial Position as of December 31, 2022.

Both operating lease and finance lease ROU assets and lease liabilities are initially measured at the present value of future lease payments over the lease term as determined at each lease's commencement date. In measuring assets and liabilities for certain classes of underlying assets, the Organization has elected a practical expedient to account for lease and nonlease components together as a single lease component. The Organization has used their incremental borrowing rate of 5.5% as the interest rate to discount lease payments.

Operating lease expense is recognized on a straight-line basis over the term of each lease. Finance lease expense is recognized in two separate components, interest expense on the lease liability and amortization of the right-of-use (ROU) asset. In the accompanying Statement of Activities for the year ended December 31, 2022, the interest expense on the lease liabilities has been combined with other interest expense and displayed as a single number under the caption, other income (expenses), and the amortization of the ROU assets has been combined with other depreciation and amortization and displayed as components of cost of revenues and general and administrative expenses, respectively.

Operating lease ROU assets include all fixed contractual lease payments and initial direct costs incurred, less any lease incentives received from the lessor. Facility leases generally obligate the Organization for lease expense, but nonlease reimbursements to the lessor of the proportionate share of common area maintenance (CAM), and non-component reimbursements to the lessor of certain of the lessor's costs such as real estate taxes and lessor insurance premiums applicable to the leased property are not included because the CAM is a variable rate that depends on current market price and are expensed as incurred.

GIRLFORWARD
Notes to Financial Statements
December 31, 2022

Note B – Summary of Significant Accounting Policies (continued)

Leases (continued)

As permitted by US GAAP, we have elected not to apply these new lease accounting policies to leases with a term of less than one year at the lease's commencement date. Expenses associated with these short-term leases are recognized on a straight-line basis over the term of the lease.

The lease for commercial real estate contains options granting the Organization the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise lease renewal options is generally at the Organization's sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension. The Organization's lease agreements do not contain any material variable lease payments, residual value guarantees, options to purchase leased assets, or restrictive covenants.

Note C - Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization files Form 990, Return of Organization Exempt from Income Tax with the Federal government. The Organization also files Form AG990-IL, Illinois Charitable Organization Annual Report with the Attorney General of the State of Illinois. Management has determined that the Organization has no income tax liability as of December 31, 2022. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at December 31, 2022. The Organization's 2020-2022 tax years are open for examination by the IRS and State of Illinois. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

GIRLFORWARD
Notes to Financial Statements
December 31, 2022

Note D – Property and Equipment

Property and equipment consist of the following:

Furniture and fixtures	\$ 1,922
Computer equipment	9,827
Less: accumulated depreciation	<u>(6,664)</u>
Total	<u>\$ 5,085</u>

Depreciation expense for the year ended December 31, 2022 was \$2,849.

Note E– Leases

The Organization are parties, as lessee, to various operating leases and finance leases for corporate facilities and equipment. The components of lease expense for the year ended December 31, 2022, consist of the following:

<u>Cost element</u>	<u>Amount</u>
Operating lease cost	
Amortization of right-of-use assets	\$ 45,439
Interest on lease liabilities	<u>6,117</u>
Total operating lease cost	<u>\$ 51,556</u>

Future minimum lease payments for the next five years and in the aggregate under all noncancelable leases with a term of one year or greater as of December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2023	\$ 53,667
2024	<u>36,471</u>
Total future minimum lease payments	90,138
Less: imputed interest included therein	<u>(4,223)</u>
Net	<u>\$ 85,915</u>

GIRLFORWARD
Notes to Financial Statements
December 31, 2022

Note E – Leases (continued)

The following table provides additional information related to the Organization’s leases as of December 31, 2022:

	<u>Operating Leases</u>
Current portion of lease liabilities	\$ 50,185
Long-term portion of lease liabilities	35,730
Total lease liabilities	\$ 85,915
Weighted average remaining lease term	1.5 years
Weighted average discount rate	5.50%

Note F—Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts with donor-imposed purpose and time restrictions.

Financial assets, at year-end:	
Cash and cash equivalents	\$ 513,079
Grants receivable	131,248
Contributions receivable	18,555
Less contractual or donor-imposed restrictions:	
Donor restrictions for specific purposes	-
Financial assets available to meet cash needs for general expenditure within one year	\$ 662,882

GIRLFORWARD
Notes to Financial Statements
December 31, 2022

Note G – Donated Materials and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed program supplies and services of \$21,589 were recognized as revenue for the year ended December 31, 2022. Numerous volunteers have donated significant amounts of time to the Organization. However, no amounts have been reflected in the financial statements for those services.

Note H – Subsequent Events

The Organization has determined that no material events or transactions occurred subsequent to December 31, 2022 and through the date of the independent auditor's report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements.