

# **Days for Girls International**

Financial Statements with  
Independent Auditor's Report

Year Ended December 31, 2021

Larson Gross 

# Days for Girls International

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## Independent Auditor's Report

To the Board of Directors  
Days for Girls International  
Mount Vernon, Washington

### Opinion

We have audited the accompanying financial statements of Days for Girls International (a nonprofit organization), 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 Days for Girls International 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 Days for Girls International 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 Days for Girls International'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 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 Days for Girls International'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 Days for Girls International'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.

*Larson Gross PLLC*

Bellingham, Washington  
June 16, 2022

Days for Girls International

**Statement of Financial Position**

December 31, 2021

<b>Assets</b>	
Cash and cash equivalents	\$ 499,823
Cash held as fiscal sponsor	193,365
Pledges receivable	141,806
Receivables from foreign affiliates and domestic branches	236,401
Accounts receivable	9,548
Inventory	485,787
Prepaid expenses	21,249
Other assets	27,131
Equipment, net of accumulated depreciation of \$9,551	<u>6,776</u>
<b>Total assets</b>	<b><u>\$ 1,621,886</u></b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 31,322
<b>Net assets</b>	
Without donor restrictions	
Undesignated	931,001
Board-designated – operating reserve	<u>118,851</u>
Total without donor restrictions	1,049,852
With donor restrictions	<u>540,712</u>
Total net assets	<u>1,590,564</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 1,621,886</u></b>

Days for Girls International

**Statement of Activities**

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>			
Contributions and grants	\$ 3,051,712	\$ 540,712	\$ 3,592,424
In-kind contributions	140,212	-	140,212
Other income	83,735	-	83,735
Net assets released from restriction	620,809	(620,809)	-
Total public support and revenue	<u>3,896,468</u>	<u>(80,097)</u>	<u>3,816,371</u>
<b>Expenses</b>			
Program services	3,076,383	-	3,076,383
Management and general	289,391	-	289,391
Fundraising	408,218	-	408,218
Total expenses	<u>3,773,992</u>	<u>-</u>	<u>3,773,992</u>
<b>Change in net assets</b>	122,476	(80,097)	42,379
Net assets – beginning of year	<u>927,376</u>	<u>620,809</u>	<u>1,548,185</u>
<b>Net assets – end of year</b>	<u><u>\$ 1,049,852</u></u>	<u><u>\$ 540,712</u></u>	<u><u>\$ 1,590,564</u></u>

Days for Girls International

**Statement of Functional Expenses**

Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 705,364	\$ 170,479	\$ 123,053	\$ 998,896
Payroll taxes	59,344	13,624	9,740	82,708
Benefits	19,490	2,439	3,262	25,191
Total salaries, payroll taxes, and benefits	784,198	186,542	136,055	1,106,795
Kit distribution	1,251,489	-	-	1,251,489
International grants and assistance	436,910	-	-	436,910
Contractors	206,018	27,324	36,533	269,875
Office	96,049	15,270	52,790	164,109
Professional fees	85,082	42,293	35,997	163,372
In-kind	37,383	-	102,829	140,212
Global education and development	64,787	-	-	64,787
Advertising	208	9,997	40,997	51,202
Global policy and advocacy	38,676	-	-	38,676
Occupancy	28,922	1,789	89	30,800
Global monitoring, learning and evaluation	22,028	174	-	22,202
Travel	15,986	1,020	256	17,262
Other	8,647	4,982	2,672	16,301
Total expenses	<u>\$ 3,076,383</u>	<u>\$ 289,391</u>	<u>\$ 408,218</u>	<u>\$ 3,773,992</u>

Days for Girls International

**Statement of Cash Flows**

Year Ended December 31, 2021

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 42,379
Adjustments to reconcile net assets to net cash used by operating activities:	
Depreciation	3,153
Forgiveness of Paycheck Protection Program loan	(168,163)
(Increase) decrease in assets	
Pledges receivable	(33,191)
Receivables from foreign affiliates and domestic branches	65,623
Accounts receivable	(4,837)
Inventory	(113,322)
Prepaid expenses	19,728
Other assets	3,875
Decrease in liabilities	
Accounts payable and accrued expenses	<u>(24,406)</u>
<b>Net cash used by operating activities</b>	<b>(209,161)</b>
<b>Cash flows from investing activities</b>	
Purchases of equipment	<u>(2,250)</u>
<b>Net cash used by investing activities</b>	<b><u>(2,250)</u></b>
Net decrease in cash and cash equivalents	(211,411)
Cash and cash equivalents – beginning of year	<u>904,599</u>
<b>Cash and cash equivalents – end of year</b>	<b><u><u>\$ 693,188</u></u></b>
Cash and cash equivalents is reported within the statement of financial position as follows:	
Cash and cash equivalents	\$ 499,823
Cash held as fiscal sponsor	<u>193,365</u>
<b>Cash flows from operating activities</b>	<b><u><u>\$ 693,188</u></u></b>

**Notes to Financial Statements**

December 31, 2021

**Note 1 – Summary of Significant Accounting Policies**

**Nature of activities** – Days for Girls International (the Organization) is a Washington State nonprofit corporation established in 2011. The Organization’s mission is to increase access to menstrual care and education by developing global partnerships, cultivating social enterprises, mobilizing volunteers, and innovating sustainable solutions that shatter stigmas and limitations for women and girls.

The Organization facilitates the production of patented Days for Girls kits (kits) in two ways: in conjunction with its foreign related charitable organizations (see Note 5) and by providing local enterprises with exclusive licensing access to its patented kits. Additionally, the Organization provides education curriculum, local jobs and leadership opportunities. These domestic and foreign relationships are collectively referred to as “affiliates.”

The Organization also reaches communities through relationships with affiliates who donate to women and girls all over the globe. The Organization utilizes many volunteers, who are organized into domestic chapters, teams, or solo sewists, to produce kits and serve as advocates for the issue of menstrual equity.

**Basis of accounting** – The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Basis of presentation** – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as net assets without donor restrictions.

*Net assets with donor restrictions* – Support received subject to donor-imposed restrictions or time restrictions that will be met either through actions of the Organization or by passage of time are classified as net assets with donor restrictions. This includes donor-imposed restrictions stipulating that assets be invested in perpetuity. In accordance with purposes stipulated by donors, earnings from such assets may be classified as net assets without donor restrictions or net assets with donor restrictions. The Organization did not hold any net assets with donor-imposed restrictions to be held in perpetuity as of December 31, 2021.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of restrictions. When donor restrictions are met during the same period that the revenue is received, the revenue is recorded as without donor restrictions.

**Notes to Financial Statements**

December 31, 2021

**Note 1 – Summary of Significant Accounting Policies – (Continued)**

**Cash and cash equivalents** – The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in this account, and management does not believe it is exposed to any significant credit risk.

**Receivables** – Pledges and accounts receivable (receivables) are recorded at net realizable value. Net realizable value is equal to the gross amount of receivables less an estimated allowance for doubtful accounts. Management of the Organization bases its estimates of doubtful accounts on several factors. These factors include the Organization's prior experience collecting receivables, the aging of the receivables at year-end, and management's appraisal of current economic conditions. Based on the above factors, management considers all receivables to be fully collectible and therefore has not made any allowance for uncollectible receivables. All receivables are expected to be collected within one year.

**Inventory** – Inventory is recorded at the lower of cost or market. Inventory is recorded using the first in, first out method. Inventory consists of branded items to sell on the Organization's website, as well as raw materials that are sold to affiliates for the production of kits.

**Equipment** – The Organization capitalizes all equipment acquisitions in excess of \$1,000 with a useful life of one year or more. Equipment acquisitions are recorded at cost. Additions, improvements, or expenditures which add to productive capacity or extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation is recorded using the straight-line method over estimated useful lives of the assets, which are 5 years.

Depreciation expense totaled \$3,153 for the year ended December 31, 2021.

**Contributions and grants** – Contributions and grants revenue is recognized in the period received or when an unconditional promise to give is made, whichever is earlier. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Amounts collected and disbursed under fiscal sponsorship arrangements (see Note 4) are recognized as contributions and grants revenue and kit distribution expense, respectively, in these financial statements. There were no contributions and grants concentration during the year ended December 31, 2021.

**Donated goods and services** – Donations of goods and services are recorded as support at their estimated fair market value at the date of donation. Donated services are recognized if services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased. In addition, many volunteers have donated significant amounts of time to the Organization's activities. The services of these volunteers are not recorded in the accompanying financial statements as they do not meet the criteria for recognition. Of the total in-kind contributions for the year ended December 31, 2021, 73% was donated advertising received from one donor.

**Advertising** – The Organization expenses advertising costs as incurred. Advertising expense totaled \$51,202 for the year ended December 31, 2021. As noted above, an additional \$102,827 of advertising was received as an in-kind donation during the year ended December 31, 2021.

**Notes to Financial Statements**

December 31, 2021

**Note 1 – Summary of Significant Accounting Policies – (Continued)**

**Federal income tax** – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization files IRS Form 990 which is open for IRS examination for three years after the filing due date.

**Functional allocation of expenses** – The costs of providing various programs and other activities have been summarized on the functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited and have been allocated on a reasonable basis that is consistently applied.

Allocation of expenses among multiple functions is tracked throughout the year. The method of allocation applied to expenses is based on time and effort. To accomplish this, management reviews detailed salary breakdowns to determine an estimated percentage of time spent in a given function. A similar ratio is then applied to other categories of expenses as well.

**Use of estimates** – The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates include depreciable lives equipment and allocation of expenses between program and supporting services.

**Reclassifications** – Certain reclassifications have been made to the prior year’s financial statements to conform to the current year’s presentation.

The most significant reclassification was net assets specific to country, region, or chapter totaling \$262,192 that was reclassified from the beginning balance of net assets with donor restrictions to the beginning balance of net assets without donor restrictions in the statement of activities.

**Subsequent events** – In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 16, 2022, the date that the financial statements were available to be issued.

**Note 2 – Liquidity and Availability**

The following represents the Organization’s financial assets available for general expenditures over the next twelve months as of December 31, 2021:

Cash and cash equivalents	\$ 499,823
Cash held as fiscal sponsor	193,365
Pledges receivable	141,806
Accounts receivable	<u>9,548</u>
Total financial assets	844,542

Days for Girls International

Notes to Financial Statements

December 31, 2021

**Note 2 – Liquidity and Availability** – (Continued)

Less amounts not available for general expenditure within one year	
Board-designated – operating reserve	\$ 118,851
Net assets with donor restrictions	<u>327,903</u>
Financial assets not available for general expenditures within one year	<u>446,754</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 397,788</u>

The Organization has a board-designated operating reserve, with the goal of building reserving three months of expenses. As of December 31, 2021, the operating reserve is at approximately one month reserve. Future budgets include plans to increase the reserve as a percentage of revenue. The operating reserve funds are to be utilized for emergent cash needs, as determined by the Board of Directors, and can only be released with Board approval. As such, these board-designated assets are not considered available for general expenditure within the next year. However, the board-designated amounts could be made available, if necessary.

The Organization has certain net assets with donor restrictions limited to use for specific countries, regions, and chapters, but which are considered available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above. The Organization has other net asset with donor restrictions limited to use, which are not considered available for general expenditures within one year. Accordingly, these assets have been excluded from the quantitative information above.

In addition, the Organization has available a \$100,000 line-of-credit with a bank to be used as needed (see Note 6).

**Note 3 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at December 31 2021:

Specific country, region, or chapter	\$ 212,809
Fiscally sponsored organizations	193,365
Communications Officer	<u>134,538</u>
	<u>\$ 540,712</u>

**Note 4 – Fiscal Sponsorship**

The Organization acts as fiscal sponsor to 14 chapters as of December 31, 2021. The chapters engage in activities that are consistent with the Organization's mission. The Organization has opened a separate bank account on behalf of each of these chapters and accepts tax-deductible donations on behalf of fiscally sponsored chapters and administers the expenditures of those funds for designated tax-exempt charitable purposes. The Organization's fiscal sponsorship of such chapters is generally on an on-going basis. In all cases, the Organization has variance power over the fiscal sponsorship contributions it receives. As of December 31, 2021, net assets with donor restrictions held for fiscal sponsorship of specific chapters totaled \$193,365.

**Notes to Financial Statements**

December 31, 2021

**Note 4 – Fiscal Sponsorship** – (Continued)

Revenue and expense under these fiscal sponsorship arrangements totaled \$212,136 and \$206,107, respectively, during the year ended December 31, 2021.

The Organization also receives contributions on behalf of many other domestic chapters, groups, and solo sewists (domestic branches). Such contributions, when earmarked for a specific domestic branch, are generally granted to the domestic branch to cover kit production costs. The Organization does not act as fiscal sponsor for these domestic branches. In all cases, the Organization has variance power over the contributions designated for domestic branches, including monitoring the amount of designated contributions to ensure that transfers only occur to cover reasonable kit production costs. Amounts collected for and distributed to these domestic branches for kit production and distribution totaled approximately \$276,000 during the year ended December 31, 2021.

**Note 5 – Related Party Transactions**

The Organization receives legal and women’s health services from four members of its Board of Directors at no cost to the Organization. There were no such services received for the year ended December 31, 2021. In addition, the Organization received contributions from members of the Board of Directors totaling \$26,968 as of December 31, 2021.

The Organization is affiliated with the following foreign charities:

- Days for Girls Uganda
- Days for Girls Australia Limited
- Days for Girls New Zealand
- Days for Girls Nepal
- Days for Girls Guatemala
- Days for Girls Canadian Society
- Days for Girls United Kingdom
- Days for Girls Rwanda
- Days for Girls Ghana

These foreign affiliates exist to support the same mission as the Organization. The Organization provides significant financial and educational support to these affiliates. While the affiliates have an economic interest in the Organization, the Organization lacks the prerequisite level of control over the affiliates to require consolidation. Thus, the affiliates’ financial statements are not consolidated within the Organization’s financial statements at December 31, 2021.

Grants and assistance paid to these foreign affiliates totaled \$436,910 during the year ended December 31, 2021. In addition, amounts collected for and distributed to these foreign affiliates for kit production and distribution totaled approximately \$166,000 during the year ended December 31, 2021.

The Organization’s receivables from and payables to foreign affiliates and domestic branches totaled \$236,401 and \$22,920, respectively, at December 31, 2021.

**Notes to Financial Statements**

December 31, 2021

**Note 6 – Line-of-Credit**

The Organization maintains an unsecured \$100,000 line-of-credit (LOC) with a bank. Draws on the LOC bear interest at the bank's prime rate plus 6.75% (10% at December 31, 2021). No draws have been taken on the LOC as of December 31, 2021 resulting in \$100,000 available on the line-of-credit.

**Note 7 – Paycheck Protection Program Loan**

In May 2020, the Organization received a \$168,163 loan from the Federal Paycheck Protection Program. This loan accrued interest at 1%, was guaranteed by the Small Business Administration. This loan was fully forgiven in May 2021 and included in contributions and grants on the accompanying statement of activities.

**Note 8 – Operating Leases**

In September 2020, the Organization entered into a lease agreement for resource shop space in Utah. The term of the lease expires in September 2023. Monthly payments totaling \$1,900 through September 2021 and escalate \$100 annually until the expiration date. Rent expense totaled \$24,323 for the year ended December 31, 2021. Future annual lease payments are as follows for the years ending December 31:

2022	\$ 24,300
2023	<u>18,900</u>
	<u>\$ 43,200</u>

**Note 9 – Recent Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases*. This guidance, as amended by subsequent ASU's on the topic, requires lessees to recognize a right-to-use asset and a lease obligation for all leases. Lessees are permitted to make an accounting policy election to not recognize an asset and liability for leases with a term of twelve months or less. Additional qualitative and quantitative disclosures, including significant judgments made by management, are required. Application is required for annual periods beginning after December 15, 2021. The Organization expects to adopt this standard on January 1, 2022. While the Organization is still evaluating impact of the new accounting guidance on its financial statements, based on management's preliminary assessment, the Organization will record assets and liabilities for long-term operating leases currently included in Note 8 - Operating Leases.