

Days for Girls International

Financial Statements with
Independent Auditor's Report

Years Ended December 31, 2022 and 2021

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

I 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, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my 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, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Days for Girls International and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Matter

The December 31, 2021 financial statements of Days for Girls International were audited by other auditors, whose report dated June 16, 2022, expressed an unmodified opinion on those statements.

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

My 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 my 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 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 GAAS, I:

- 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 my 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.

I am 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 I identified during the audit.



Bellingham, Washington
May 11, 2023

Days for Girls International
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 730,457	\$ 693,188
Pledges receivable	556,574	141,806
Receivables from affiliates	327,372	236,401
Inventory	206,786	485,787
Other assets	95,925	64,704
Total assets	\$ 1,917,114	\$ 1,621,886
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 130,821	\$ 24,652
Deferred grant support	98,060	6,670
Total liabilities	228,881	31,322
Net assets		
Without donor restrictions		
Board-designated operating reserve	88,390	118,851
Undesignated	985,775	632,090
Total without donor restrictions	1,074,165	750,941
With donor restrictions	614,068	839,623
Total net assets	1,688,233	1,590,564
Total liabilities and net assets	\$ 1,917,114	\$ 1,621,886

Days for Girls International

Statements of Activities

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions	\$ 2,937,069	\$ 561,332	\$ 3,498,401	\$ 2,752,801	\$ 839,623	\$ 3,592,424
In-kind contributions	731,515	-	731,515	140,212	-	140,212
Other income	112,558	-	112,558	83,735	-	83,735
Satisfaction of restrictions	786,887	(786,887)	-	620,809	(620,809)	-
Total support and revenue	4,568,029	(225,555)	4,342,474	3,597,557	218,814	3,816,371
Expenses						
Program services	3,088,852	-	3,088,852	3,076,383	-	3,076,383
Management and general	763,355	-	763,355	289,391	-	289,391
Fundraising	392,598	-	392,598	408,218	-	408,218
Total expenses	4,244,805	-	4,244,805	3,773,992	-	3,773,992
Changes in net assets	323,224	(225,555)	97,669	(176,435)	218,814	42,379
Net assets – beginning of year	750,941	839,623	1,590,564	927,376	620,809	1,548,185
Net assets – end of year	\$ 1,074,165	\$ 614,068	\$ 1,688,233	\$ 750,941	\$ 839,623	\$ 1,590,564

Days for Girls International

Statements of Functional Expenses

Years Ended December 31, 2022

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 663,124	\$ 207,841	\$ 192,404	\$ 1,063,369	\$ 705,364	\$ 170,479	\$ 123,053	\$ 998,896
Payroll taxes	53,839	18,220	15,747	87,806	59,344	13,624	9,740	82,708
Employee benefits	13,671	3,453	3,102	20,226	19,490	2,439	3,262	25,191
Total payroll and related	730,634	229,514	211,253	1,171,401	784,198	186,542	136,055	1,106,795
Kit distribution	1,149,045	-	600	1,149,645	1,251,489	-	-	1,251,489
In-kind expenses	235,800	428,115	67,600	731,515	37,383	-	102,829	140,212
International grants and assistance	440,867	-	-	440,867	436,910	-	-	436,910
Contractors	283,290	2,879	6,996	293,165	206,018	27,324	36,533	269,875
Office related	56,099	36,839	41,479	134,417	96,049	15,270	52,790	164,109
Global education and development	123,122	-	-	123,122	64,787	-	-	64,787
Miscellaneous	69,688	14,677	9,691	94,056	114,259	7,965	3,017	125,241
Professional services	-	51,331	6,627	57,958	85,082	42,293	35,997	163,372
Advertising and promotion	307	-	48,352	48,659	208	9,997	40,997	51,202
Total expenses	\$ 3,088,852	\$ 763,355	\$ 392,598	\$ 4,244,805	\$ 3,076,383	\$ 289,391	\$ 408,218	\$ 3,773,992

Days for Girls International

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Changes in net assets	\$ 97,669	\$ 42,379
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Noncash changes in other assets	30,004	7,028
Forgiveness of Paycheck Protection Program loan	-	(168,163)
(Increase) decrease in assets		
Pledges receivable	(414,768)	(33,191)
Receivables from affiliates	(90,971)	65,623
Inventory	279,001	(113,322)
Other assets	(57,809)	14,891
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	106,169	(31,076)
Deferred grant support	91,390	6,670
	<u>40,685</u>	<u>(209,161)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchases of equipment	<u>(3,416)</u>	<u>(2,250)</u>
	<u>(3,416)</u>	<u>(2,250)</u>
Net cash used by investing activities		
Net increase in cash and cash equivalents	37,269	(211,411)
Cash and cash equivalents – beginning of year	<u>693,188</u>	<u>904,599</u>
Cash and cash equivalents – end of year	<u><u>\$ 730,457</u></u>	<u><u>\$ 693,188</u></u>

Notes to Financial Statements

December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies

Nature of activities – Days for Girls International (the Organization) is a Washington State nonprofit corporation formed 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 6) 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. Accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of presentation – The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under this standard, the Organization is required to present its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions or time restrictions that will be met either through actions of the Organization or by passage of time, including contributions restricted by the donor to be invested in perpetuity.

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. In the period donor restrictions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of restrictions. When donor restrictions are met during the same period that the contribution is received, the contribution is recorded as net assets without donor restrictions.

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 these accounts, and management does not believe it is exposed to any significant credit risk.

Notes to Financial Statements

December 31, 2022 and 2021

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

Receivables – Pledges receivable and receivables from affiliates (collectively “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, except for \$30,000 of pledges expected to be collected in 2024.

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.

Contributions – Contributions support consists of contributions and grants and 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 5) are recognized as contributions support and kit distribution expense, respectively, in the accompanying financial statements. Amounts expected to be collected under the federal government’s employee retention tax credit total \$477,824, which constitutes 11% of total support and revenue and 86% of the pledges receivable balance for the year ended December 31, 2022. There were no contributions concentrations during the year ended December 31, 2021.

Donated goods and services – Donations of goods and services are recorded at their estimated fair values at the date of donation. Donated services are recognized if the 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 program services and fundraising campaigns. The services of these volunteers are not recorded in the accompanying financial statements as they do not meet the criteria for recognition.

Donated services are recorded at their fair market value according to the rate for that specific service and donated goods are recorded at their fair market value based on similar goods available in the area. The Organization uses all goods and services in their operations and does not monetize and in-kind goods and services received. There were no donor restrictions on donated services during the years ended December 31, 2022 and 2021. Donated services recognized from professionals possessing specialized skills totaled \$731,515 and \$140,211 during the years ended December 31, 2022 and 2021, respectively. There were no donated goods during the years ended December 31, 2022 and 2021.

Advertising – Advertising costs are expensed as incurred and totaled \$48,659 and \$51,202 for the years ended December 31, 2022 and 2021, respectively. These expenses are presented as advertising and promotion in the accompanying statements of functional expenses. As noted above, an additional \$65,100 and \$102,827 of advertising was received as in-kind donations during the years ended December 31, 2022 and 2021, respectively.

Notes to Financial Statements

December 31, 2022 and 2021

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

Functional allocation of expenses – The costs of providing various programs and other activities have been summarized on the functional basis in the accompanying statements of activities and functional expenses. Expenses are directly allocated where possible and certain expenses not directly related to a particular function are allocated on a reasonable basis that is consistently applied. The method of allocation applied to expenses is based on estimates of time and effort. To accomplish this, management reviews detailed wage 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.

Federal income taxes – The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from federal income tax on income derived from activities related to its tax-exempt purposes. Accordingly, no provision for income tax is necessary.

Use of estimates – The preparation of 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.

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 contributions donor restricted to a specific country, region, or chapter totaling approximately \$300,000, which was reclassified from contributions without donor restrictions to contributions with donor restrictions in the accompanying 2021 statement of activities.

Subsequent events – In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 11, 2023, the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure within one year consist of the following at December 31:

	2022	2021
Cash and cash equivalents	\$ 730,457	\$ 693,188
Pledges receivable	556,574	141,806
Receivables from affiliates	327,372	236,401
Other financial assets	22,776	9,548
Less amounts not available for general expenditure within one year		
Board-designated operating reserve	(88,390)	(118,851)
Donor-restricted for specific purposes	(614,068)	(839,623)
	<u>\$ 934,721</u>	<u>\$ 122,469</u>

Notes to Financial Statements

December 31, 2022 and 2021

Note 2 – Liquidity and Availability – (Continued)

The Organization has a board-designated operating reserve, with the goal of building reserving three months of expenses. As of December 31, 2022 and 2021, the operating reserve is at less than one month of expenses. Future budgets include plans to increase the reserve as a percentage of support and 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. In addition, the Organization has certain donor-restricted net assets limited to use (see Note 4), which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been subtracted from the quantitative information above. The Organization has a \$100,000 line-of-credit with a bank available to be use as needed (see Note 3).

Note 3 – 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% (14.25% at December 31, 2022). The LOC is set to renew annually, unless cancelled by the Organization. No draws have been taken on the LOC as of December 31, 2022.

Note 4 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Program support for specific country, region, or chapter	\$ 381,464	\$ 516,193
Program support for fiscally sponsored groups	179,868	193,365
Communications Officer	52,736	130,065
	<u>\$ 614,068</u>	<u>\$ 839,623</u>

Note 5 – Fiscal Sponsorship

The Organization acted as fiscal sponsor to 12 and 14 chapters as of December 31, 2022 and 2021, respectively. 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. Contributions recognized under these fiscal sponsorship arrangements totaled \$221,197 and \$212,136 during the years ended December 31, 2022 and 2021, respectively. Expenses incurred under these fiscal sponsorship arrangements totaled \$234,693 and \$206,107 during the years ended December 31, 2022 and 2021, respectively.

Notes to Financial Statements

December 31, 2022 and 2021

Note 5 – Fiscal Sponsorship – (Continued)

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 these domestic branches totaled \$317,221 and \$275,824 during the years ended December 31, 2022 and 2021, respectively. Amounts distributed to these domestic branches totaled \$300,875 and \$262,450 during the years ended December 31, 2022 and 2021, respectively. Collections for, and distributions to, domestic branches are included in contributions support and kit distributions expense, respectively, in the accompanying financial statements. Net assets with donor restrictions held on behalf of these domestic branches totaled \$39,407 and \$23,061 as of December 31, 2022 and 2021, respectively.

Note 6 – Related Parties

The Organization provides financial assistance to certain foreign charities that are affiliated with the Organization through common board members. 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, 2022 and 2021.

Grants and support provided to these foreign affiliates, which are included within kit distribution and international grants and assistance expenses in the accompanying statements of functional expenses, totaled the following during the years ended December 31:

	<u>2022</u>	<u>2021</u>
Days for Girls Uganda	\$ 130,633	\$ 179,405
Days for Girls Kenya	93,284	46,481
Days for Girls Ghana	55,867	143,769
Days for Girls Nepal	46,233	69,376
Days for Girls Malawi Club	12,668	81,006
Days for Girls South Africa	4,182	-
Days for Girls United Kingdom	2,496	196
Days for Girls Australia Limited	2,000	-
Days for Girls Canada Society	-	239
Days for Girls New Zealand	-	500
	<u>\$ 347,363</u>	<u>\$ 520,972</u>

Days for Girls International
Notes to Financial Statements
December 31, 2022 and 2021

Note 6 – Related Parties – (Continued)

Amounts due from related parties totaled the following at December 31:

	<u>2022</u>	<u>2021</u>
Days for Girls Kenya	\$ 200,769	\$ 58,465
Days for Girls Uganda	90,797	111,460
Days for Girls South Africa	22,483	-
Days for Girls Canada Society	9,400	-
Days for Girls Ghana	3,536	37,561
Others	387	28,915
	<u>\$ 327,372</u>	<u>\$ 236,401</u>

Amounts payable to foreign affiliates totaled \$29,520 and \$7,254 for the years ended December 31, 2022 and 2021, respectively. These related party payables are included within accounts payable and accrued liabilities in the accompanying statements of financial position.