

GIRLS ON THE RUN OF ATLANTA, INC.
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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Jones and Kolb

Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girls on the Run of Atlanta, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Girls on the Run of Atlanta, Inc. (the "Organization"), which comprise the statements of assets and net assets - modified cash basis as of June 30, 2013 and 2012, and the related statements of revenue, expenses and net assets - modified cash basis and functional expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Girls on the Run of Atlanta, Inc. as of June 30, 2013 and 2012, and its revenue and expenses for years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Jones and Kolb

January 16, 2014

GIRLS ON THE RUN OF ATLANTA, INC.
STATEMENTS OF ASSETS AND NET ASSETS – MODIFIED CASH BASIS
JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	\$ 281,812	\$ 221,577
Certificate of deposit	37,143	36,596
Total current assets	318,955	258,173
PROPERTY AND EQUIPMENT		
Property and equipment, at cost	13,383	13,692
Less accumulated depreciation	4,493	4,353
Total property and equipment	8,890	9,339
Total assets	\$ 327,845	\$ 267,512

NET ASSETS

NET ASSETS		
Unrestricted	\$ 307,845	\$ 222,512
Temporarily restricted	20,000	45,000
Total net assets	\$ 327,845	\$ 267,512

The accompanying notes to financial statements
are an integral part of these statements.

GIRLS ON THE RUN OF ATLANTA, INC.
STATEMENTS OF REVENUE, EXPENSES AND NET ASSETS – MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CHANGE IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 50,714	\$ 55,528
Registration fees	260,346	225,340
In-kind donations	37,562	46,579
Other program income	5,796	3,994
Interest income	572	485
	<hr/>	<hr/>
Total support and revenue	354,990	331,926
NET ASSETS RELEASED FROM RESTRICTIONS	<hr/>	<hr/>
	90,775	49,627
	<hr/>	<hr/>
Total unrestricted support and revenue	445,765	381,553
EXPENSES		
Program services	279,959	266,970
Management and general	55,175	48,303
Fundraising	25,298	27,846
	<hr/>	<hr/>
Total expenses	360,432	343,119
	<hr/>	<hr/>
Change in unrestricted net assets	85,333	38,434
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	65,775	81,729
Net assets released from restrictions	(90,775)	(49,627)
	<hr/>	<hr/>
Change in temporarily restricted net assets	(25,000)	32,102
	<hr/>	<hr/>
CHANGE IN NET ASSETS	60,333	70,536
NET ASSETS, beginning of year	<hr/>	<hr/>
	267,512	196,976
NET ASSETS, end of year	<hr/>	<hr/>
	\$ 327,845	\$ 267,512
	<hr/>	<hr/>

The accompanying notes to financial statements
are an integral part of these statements.

GIRLS ON THE RUN OF ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 110,133	\$ 24,534	\$ 21,612	\$ 156,279
Supplies and materials	47,417	-	-	47,417
Professional fees	9,000	7,177	-	16,177
Sneakers	15,787	-	-	15,787
Rent	11,698	1,309	1,047	14,054
Taxes and licenses	7,651	2,468	1,913	12,032
Program t-shirts	11,616	-	-	11,616
Gifts and prizes	10,308	-	-	10,308
Fees - international	9,484	-	-	9,484
General and administrative	1,024	7,774	53	8,851
Marketing	7,135	505	665	8,305
Insurance	-	8,179	-	8,179
Other event expenses	7,640	396	8	8,044
Other program expenses	6,540	-	-	6,540
Security	5,580	-	-	5,580
Equipment rental	4,770	-	-	4,770
Race director/race logistics	4,512	-	-	4,512
Staff training	3,812	-	-	3,812
CPR/first aid	2,575	-	-	2,575
Board expense	-	2,457	-	2,457
Background checks	1,729	-	-	1,729
Advertising	710	198	-	908
Volunteer training	809	-	-	809
Utilities	25	178	-	203
Volunteer recognition	4	-	-	4
	<u>\$ 279,959</u>	<u>\$ 55,175</u>	<u>\$ 25,298</u>	<u>\$ 360,432</u>

The accompanying notes to financial statements
are an integral part of this statement.

GIRLS ON THE RUN OF ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 86,976	\$ 27,423	\$ 24,717	\$ 139,116
Supplies and materials	77,254	134	-	77,388
Professional fees	9,100	7,347	50	16,497
Sneakers	9,385	-	-	9,385
Rent	7,725	3,303	738	11,766
Taxes and licenses	6,811	2,208	1,703	10,722
Program t-shirts	10,355	-	-	10,355
Gifts and prizes	3,207	-	-	3,207
Fees - international	7,404	-	-	7,404
General and administrative	620	5,750	-	6,370
Marketing	5,348	224	85	5,657
Insurance	5,957	672	156	6,785
Other event expenses	5,183	-	372	5,555
Other program expenses	3,594	-	-	3,594
Security	5,135	-	-	5,135
Equipment rental	3,901	-	-	3,901
Race director/race logistics	5,700	-	-	5,700
Staff training	2,960	-	-	2,960
CPR/first aid	2,636	-	-	2,636
Board expense	32	781	-	813
Background checks	1,517	-	-	1,517
Advertising	3,043	-	-	3,043
Volunteer training	2,118	15	25	2,158
Utilities	-	446	-	446
Volunteer recognition	1,009	-	-	1,009
	<u>\$ 266,970</u>	<u>\$ 48,303</u>	<u>\$ 27,846</u>	<u>\$ 343,119</u>

The accompanying notes to financial statements
are an integral part of this statement.

GIRLS ON THE RUN OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Girls on the Run of Atlanta, Inc. (the "Organization") is a not-for-profit organization that educates and prepares girls in the third through eighth grades for a lifetime of self-respect and healthy living by combining training for a 5k running event with a healthy living education. The Organization operates in Fulton, Gwinnett, Cobb and DeKalb counties. The Organization qualifies as a publicly-supported tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization funds its activities primarily through registration fees and contributions received from individuals, businesses and other organizations.

B. The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Qualified in-kind donations are recorded as revenue and expenses in the modified cash basis financial statements.

C. Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization records contributions of cash and other assets as unrestricted income unless specifically restricted by the donor. Restricted contributions are recorded as restricted income. When the donor stipulation expires, the temporarily restricted net assets are reclassified to unrestricted net assets and are reported as net assets released from restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. At June 30, 2013 and 2012, the Organization did not have any permanently restricted net assets.

D. The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GIRLS ON THE RUN OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

E. Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are five years. Additions and replacements are charged to the property accounts, while repairs and maintenance are charged to expense as incurred.

F. A substantial number of volunteer hours have been donated by individuals in the Organization's program services and, to a lesser extent, its fundraising campaigns and administration. In accordance with the modified cash basis of accounting, only donations of services that create or enhance nonfinancial assets, or require specialized skills that would otherwise typically be purchased, are recorded as support, revenue and expenses.

G. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. The Organization is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the United States Internal Revenue Code. As such, only unrelated business income as defined by Section 512(a)(1) of the Code is subject to tax. The Organization had no unrelated business income for the years ended June 30, 2013 and 2012. Currently, the 2009, 2010 and 2011 tax years are open and subject to examination. However, the Organization is not currently under audit nor has it been contacted by the Internal Revenue Service.

I. Subsequent events have been evaluated by management through January 16, 2014, the date these financial statements were available to be issued.

2. FAIR VALUE OF INVESTMENTS

U.S. generally accepted accounting principles - modified cash basis establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs (Level 1) and minimizes the use of unobservable inputs (Level 3) by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are based on unobservable inputs which are significant to the fair value measurement.

As of June 30, 2013 and 2012, the only asset or liability that is measured at fair value on a recurring basis in periods subsequent to initial recognition is the certificate of deposit. The certificate of deposit is valued based on market rates for similar federally insured certificates of

GIRLS ON THE RUN OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

deposit and is classified within Level 2 of the valuation hierarchy. At June 30, 2013 and 2012, the certificate of deposit was valued at \$37,143 and \$36,596, respectively.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are as follows at June 30:

	<u>2013</u>	<u>2012</u>
Title I school expansion	\$ 10,000	\$ 10,000
Program implementation	<u>10,000</u>	<u>35,000</u>
Total	<u>\$ 20,000</u>	<u>\$ 45,000</u>

Net assets released from restrictions were as follows for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Title I school expansion	\$ 33,775	\$ 20,402
Program implementation	57,000	10,000
Scholarships	-	9,840
Athletic supplies	<u>-</u>	<u>9,385</u>
Total	<u>\$ 90,775</u>	<u>\$ 49,627</u>

4. RELATED PARTY TRANSACTIONS

The Organization has signed a membership agreement with Girls on the Run International, Inc. ("International") that gives International control over how the Organization carries out certain activities. International also provides program and fundraising assistance to the Organization, and, in return, the Organization pays a membership fee to International based upon the number of girls served and gross revenue. Membership fees paid to International for the years ended June 30, 2013 and 2012 totaled \$9,484 and \$7,404, respectively.

5. LEASES

During June 2012, the Organization moved its office to a new leased space located in Atlanta, Georgia. The lease agreement, which expires on August 31, 2015, calls for regular increases, along with no charge for the first month's rent, and reduced rent in August and

GIRLS ON THE RUN OF ATLANTA, INC.
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September of 2012. During the year ended June 30, 2012, the Organization paid a security deposit of \$1,190 in connection with this lease, and this amount is included in rent expense for the year. Total rent expense for the years ended June 30, 2013 and 2012 was \$14,054 and \$11,766, respectively. Future minimum lease payments are due as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2014	\$ 14,637
June 30, 2015	15,076
June 30, 2016	<u>2,525</u>
Total future minimum lease payments	<u>\$ 32,238</u>