



**Financial Statements**

**December 31, 2013**

**With Independent Auditors' Report**

**She's the First, Inc.**  
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**December 31, 2013**

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## **Independent Auditors' Report**

To the Board of Directors  
She's the First, Inc.

We have audited the accompanying financial statements of She's the First, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditors' 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 entity'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 entity'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 financial position of She's the First, Inc., as of December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*WithumSmith+Brown, PC*

May 15, 2014

**She's the First, Inc.**  
**Statement of Financial Position**  
**December 31, 2013**

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**Assets**

Current assets	
Cash and cash equivalents	\$ 191,634
Contributions receivable	23,362
Grants receivable	<u>50,000</u>
	<u>\$ 264,996</u>

**Liabilities and Net Assets**

Current liabilities	
Accounts payable	\$ 2,770
Net assets	
Unrestricted	201,605
Temporarily restricted	<u>60,621</u>
	<u>262,226</u>
	<u>\$ 264,996</u>

The Notes to Financial Statements are an integral part of this statement.

**She's the First, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2013**

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	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Individual contributions	\$ 257,769	\$ -	\$ 257,769
Corporate and foundation contributions	222,921	-	222,921
Foundation grants	3,600	75,000	78,600
Program service fees	4,000	-	4,000
Donated property and services	85,185	-	85,185
Other contributions	12,421	-	12,421
Net assets released from restrictions	14,379	(14,379)	-
Total support and revenue	<u>600,275</u>	<u>60,621</u>	<u>660,896</u>
Expenses			
Grants and scholarships	187,215	-	187,215
Salaries and wages	143,695	-	143,695
Professional fees	61,664	-	61,664
Travel	21,769	-	21,769
Rent	50,150	-	50,150
Office expenses	8,763	-	8,763
Insurance	1,873	-	1,873
Conferences and meetings	2,585	-	2,585
Other operating expenses	9,554	-	9,554
Total expenses	<u>487,268</u>	<u>-</u>	<u>487,268</u>
Changes in net assets	113,007	60,621	173,628
Net assets at beginning of year	<u>88,598</u>	<u>-</u>	<u>88,598</u>
Net assets at end of year	<u>\$ 201,605</u>	<u>\$ 60,621</u>	<u>\$ 262,226</u>

The Notes to Financial Statements are an integral part of this statement.

**She's the First, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2013**

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**Cash flows from operating activities**

Changes in net assets	\$ 173,628
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Changes in certain assets and liabilities:	
Contributions receivable	(23,362)
Grants receivable	(50,000)
Accounts payable	<u>(37,210)</u>
Net cash provided by operating activities	<u>63,056</u>
Net increase in cash and cash equivalents	63,056

**Cash and cash equivalents**

Cash and cash equivalents, beginning of year	<u>128,578</u>
Cash and cash equivalents, end of year	<u><u>\$ 191,634</u></u>

The Notes to Financial Statements are an integral part of this statement.

**She's the First, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

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**1. Nature of the Organization**

She's the First, Inc. (the "Organization"), a not-for-profit corporation, was formed to fulfill the mission of sponsoring girls' education in developing nations, giving them the chance to become the first in their families to graduate from secondary school.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue is recognized when earned and expenses and costs are recognized when incurred.

**Classification of Net Assets**

Unrestricted - includes resources that have not been restricted by an outside donor, and are, therefore, available for use in carrying out the general operations of the Organization.

Temporarily Restricted - includes resources that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

Permanently Restricted - includes resources whereby donors have stipulated that the corpus of the gift be invested and maintained in perpetuity. Income earned from such gifts is generally available for expenditures according to donor-imposed restriction, if any. The Organization has no permanently restricted net assets.

**Cash and Cash Equivalents**

The Organization considers all highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents. At December 31, 2013, cash and cash equivalents consist of monies held in checking, savings, and PayPal accounts.

**Contributions and Grants Receivable**

Contributions and grants receivable are stated at unpaid balances. The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. Management has not provided for an allowance for doubtful accounts at December 31, 2013 as they believe all amounts are fully collectible.

**Support and Revenue**

The Organization records contributions and grants as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

**Donated Property and Services**

Contributions of donated non-cash assets are recorded at their fair value in 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 donations, are recorded at their fair values in the period received.

A substantial number of unpaid volunteers have made significant contributions of their time to assist in the Organization's programs. The value of this contributed time is not reflected in the accompanying financial statements since it is not susceptible to objective measurement or valuation and does not meet the criteria for recognition.

**She's the First, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Grants and Scholarships Expenses**

The Organization provides funding to global partner organizations in the form of scholarships to sponsor girls' educations in developing nations. The Organization also puts on an annual leadership summit which is attended by student leaders from around the globe. Expenses related to the travel for these student leaders to attend the leadership summit and expenses related to employee site visits to these partner organizations are included in travel expenses on the statement of activities and changes in net assets. At the leadership summit, the Organization provides small grants to chapters who win awards, to support their campus activities, which are funded by its corporate partners.

**Financial Instruments**

The carrying values of the Organization's financial instruments as of December 31, 2013 include cash and accounts payable and approximate their fair values due to the relatively short maturity of these instruments.

**Concentrations of Credit Risk**

The Organization places its cash with high credit quality financial institutions. At times, such amounts may exceed the current insured amount under the Federal Deposit Insurance Corporation. The Organization monitors the financial condition of the banking institutions, along with their cash balances, to minimize this risk.

During the year ended December 31, 2013, one contributor accounted for 11% of total support and revenue and 100% of grants receivable.

**Income Taxes**

The Organization qualifies as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state and local income taxes.

The Organization followed the provisions of authoritative guidance on accounting for uncertainty in income taxes for the year ended December 31, 2013. Under this guidance, tax positions are evaluated for recognition using a more-likely-than-not threshold, and those tax positions requiring recognition are measured at the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.

The Organization has evaluated the likelihood of their tax exempt status being challenged as remote. Accordingly, the Organization has not included any income tax provisions or any potential liabilities for taxes on unrelated business income, including interest and penalties, in the financial statements related to potential violations of their tax exempt status. The Organization has no open years prior to 2010. There are no income tax related interest or penalties reflected in these financial statements.

The Organization files tax returns in the U.S. federal jurisdiction and the State of New York.

**Functional Allocation of Expenses**

Expenses by function have been allocated among program and supporting classifications on the basis of time records and estimates made by management.

Certain operating expenses have been allocated to program services based on the reasonable benefit that the program derived from these expenses. There are various funding sources providing support toward the Organization's programs and some of the expenses charged to the programs represent direct expenses related to program operations and objectives.

**She's the First, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of unspent funds for grantor and donor specified purposes for programs and services. Temporarily restricted assets are available for the following purposes:

Program	<u>\$ 60,621</u>
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**4. Functional Expenses**

The expenses of the Organization on a functional basis are as follows as of December 31:

Program	\$ 330,460
Administrative	97,553
Fundraising	<u>59,255</u>
Total	<u>\$ 487,268</u>

**5. Related Party Transactions**

For the year ended December 31, 2013, \$9,625 in funds was received from the Organization's board members and is included in other contributions on the statement of activities and changes in net assets.

**6. Subsequent Events**

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of May 15, 2014, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in the financial statements.