

**She's the First, Inc.**

Financial Statements

December 31, 2020 and 2019

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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., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses 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 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 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.

**To the Board of Directors**  
**She's the First, Inc.**  
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***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, 2020, 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.

***Prior Period Financial Statements***

The financial statements of She's the First, Inc. as of December 31, 2019 were audited by other auditors whose report dated September 8, 2020, expressed an unmodified audit opinion on those statements.

*PKF O'Connor Davies, LLP*

July 14, 2021

**She's the First, Inc.**

Statements of Financial Position

	December 31	
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 457,349	\$ 541,093
Grants and contributions receivable	51,409	258,676
Prepaid expenses	<u>-</u>	<u>1,801</u>
	<u>\$ 508,758</u>	<u>\$ 801,570</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 14,451</u>	<u>\$ 22,169</u>
Net Assets		
Without donor restrictions	449,342	609,401
With donor restrictions	<u>44,965</u>	<u>170,000</u>
Total Net Assets	<u>494,307</u>	<u>779,401</u>
	<u>\$ 508,758</u>	<u>\$ 801,570</u>

See notes to financial statements

## She's the First, Inc.

### Statements of Activities

	Year Ended December 31					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Special events income	\$ -	\$ -	\$ -	\$ 283,085	\$ -	\$ 283,085
Direct costs net of special events	-	-	-	(82,526)	-	(82,526)
	-	-	-	200,559	-	200,559
Contributions						
Individual contributions	417,035	28,137	445,172	170,640	461,317	631,957
Corporations and foundations	209,149	-	209,149	390,977	217,417	608,394
Other contributions	19,892	2,289	22,181	51,382	32,227	83,609
Government grant	96,100	-	96,100	-	-	-
Foundation grants	25,000	325,000	350,000	104,500	127,424	231,924
Donated goods, services and office space	68,226	-	68,226	308,441	-	308,441
Net assets released from restrictions	480,461	(480,461)	-	937,319	(937,319)	-
Total Support and Revenue	<u>1,315,863</u>	<u>(125,035)</u>	<u>1,190,828</u>	<u>2,163,818</u>	<u>(98,934)</u>	<u>2,064,884</u>
<b>EXPENSES</b>						
Program services	1,134,023	-	1,134,023	1,337,361	-	1,337,361
Management and general	158,356	-	158,356	352,629	-	352,629
Fundraising	168,543	-	168,543	139,478	-	139,478
Total Expenses	<u>1,460,922</u>	<u>-</u>	<u>1,460,922</u>	<u>1,829,468</u>	<u>-</u>	<u>1,829,468</u>
Change in Net Assets Before Nonoperating Activities	(145,059)	(125,035)	(270,094)	334,350	(98,934)	235,416
<b>NONOPERATING ACTIVITIES</b>						
Uncollectable pledges	(15,000)	-	(15,000)	-	-	-
Change in Net Assets	(160,059)	(125,035)	(285,094)	334,350	(98,934)	235,416
<b>NET ASSETS</b>						
Beginning of year	<u>609,401</u>	<u>170,000</u>	<u>779,401</u>	<u>275,051</u>	<u>268,934</u>	<u>543,985</u>
End of year	<u>\$ 449,342</u>	<u>\$ 44,965</u>	<u>\$ 494,307</u>	<u>\$ 609,401</u>	<u>\$ 170,000</u>	<u>\$ 779,401</u>

See notes to financial statements

## She's the First, Inc.

### Statements of Functional Expenses

	Year Ended December 31							
	2020				2019			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Grants to partner organizations	\$ 781,560	\$ -	\$ -	\$ 781,560	\$ 842,980	\$ -	\$ -	\$ 842,980
Salaries, wages and benefits	265,270	43,170	126,737	435,177	295,462	75,669	99,810	470,941
Donated goods, services and office space	14,720	28,286	25,220	68,226	85,183	196,665	26,593	308,441
Professional fees	55,446	63,255	8,450	127,151	18,369	60,855	61	79,285
Conferences and travel for site visits and students	9,479	78	141	9,698	85,423	126	3,770	89,319
Rent and event space	4,070	-	-	4,070	4,000	4,000	4,000	12,000
Special fundraising events	-	-	-	-	-	-	82,526	82,526
Miscellaneous other expenses	3,478	23,567	7,995	35,040	5,944	15,314	5,244	26,502
	1,134,023	158,356	168,543	1,460,922	1,337,361	352,629	222,004	1,911,994
Less: Direct costs of special events	-	-	-	-	-	-	(82,526)	(82,526)
	<u>\$ 1,134,023</u>	<u>\$ 158,356</u>	<u>\$ 168,543</u>	<u>\$ 1,460,922</u>	<u>\$ 1,337,361</u>	<u>\$ 352,629</u>	<u>\$ 139,478</u>	<u>\$ 1,829,468</u>

See notes to financial statements

**She's The First, Inc.**

Statements of Cash Flows

	<u>Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (285,094)	\$ 235,416
Adjustments to reconcile change in net assets to net cash from operating activities		
Uncollectable pledges	15,000	-
Changes in operating assets and liabilities		
Grants and contributions receivable	192,267	(29,944)
Prepaid expenses	1,801	(1,801)
Accounts payable and accrued expenses	<u>(7,718)</u>	<u>(1,091)</u>
Net Cash from Operating Activities	(83,744)	202,580
<b>CASH</b>		
Beginning of year	<u>541,093</u>	<u>338,513</u>
End of year	<u>\$ 457,349</u>	<u>\$ 541,093</u>

See notes to financial statements

## **She's the First, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **1. Organization and Tax Status**

#### ***Organization***

She's the First, Inc. (the "Organization") is a New York not-for-profit corporation established in 2010 that has a mission of teaming up with grassroots organizations to make sure girls globally are educated, respected and heard. The vision is a world where every girl chooses her own future.

#### ***Tax Status***

The Organization is a not-for-profit corporation that is exempt from income tax, other than unrelated business income, under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Because the Organization had no net unrelated business income during the years ended December 31, 2020 and 2019, no provision for income taxes has been recorded.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any at the date of the financial statements, and the reported amounts of revenue and support and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Grants and Contributions Receivable***

Grants and contributions receivable that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their present value using a risk adjusted rate. Conditional promises to give are not included as support until conditions are substantially met. The allowance for doubtful accounts is based upon management's assessment of historical and expected net collections and in consideration of business and economic conditions. Management has determined that no allowance is necessary as of December 31, 2020 and 2019.

#### ***Net Asset Presentation***

The financial statements of the Organization report amounts separately by class of net assets based on the presence or absence of donor restrictions with the following net asset classifications:

## **She's the First, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies *(continued)***

#### ***Net Asset Presentation (continued)***

##### ***Net Assets Without Donor Restrictions***

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization, its programs or supporting activities. These net assets may be used at the discretion of the Organization's management and Board of Directors (the "Board").

##### ***Net Assets With Donor Restrictions***

Net assets subject to stipulations imposed by donors and grantors that limit their use either through purpose or time restrictions. Some donor and grantor restrictions are temporary in nature, which will be met by actions of the Organization or by passage of time. These amounts are restricted primarily for programs. Other donor and grantor restrictions are permanent in nature and require the Organization to retain the amounts in perpetuity, but allow the expenditure of income earned. As of December 31, 2020 and 2019, the Organization retains no net assets in perpetuity.

Donor and grantor restricted contributions are reported as increases in net assets with donor restrictions. When a donor or grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities as net assets released from restrictions.

#### ***Revenue Recognition***

##### ***Special Events Income***

Special events income is comprised of an exchange element based on the value of benefits provided and a contribution element for the difference between total fees paid and the exchange element. Fees related to the exchange element are recognized when the performance obligation is met, which is generally on the date the event is held. The contribution element is recognized when received. Due to COVID-19, no special events were held during the year ended December 31, 2020.

##### ***Grants and Contributions***

Unconditional grants and contributions, including promises to give cash and other assets, are reported at net realizable value at the date the grant or contribution is received. Grants and contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

**She's the First, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

**2. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

**Donated Goods, Services and Office Space**

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

A substantial number of 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 financial statements since they do not meet the criteria for recognition.

Donated goods, services and office space consist of the following for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Professional services	\$ 24,066	\$ 229,456
Event venue and services	-	13,880
Supplies	-	5,105
Rent	44,160	60,000
	<u>\$ 68,226</u>	<u>\$ 308,441</u>

Donated goods, services and office space included in functional expenses consist of the following for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Program services	\$ 14,720	\$ 85,183
Management and general	28,286	196,665
Fundraising	25,220	26,593
	<u>\$ 68,226</u>	<u>\$ 308,441</u>

## **She's the First, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies *(continued)***

#### ***Functional Allocation of Expenses***

The Organization reports its expenses for providing programs and certain costs for supporting services by their functional classification on a summarized basis in the statements of activities. Program services expenses are the activities that result in services directly connected with fulfilling the Organization's mission. Supporting expenses consist of management and general activities which include all management and administrative functions, such as oversight and business management, but exclude direct conduct of program services and fundraising activities. Fundraising activities include expenses necessary to encourage and secure the financial support from individuals, corporations and foundations. Indirect expenses are allocated based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results. Salaries, wages and benefits and rent are allocated based on time and effort. All other expenses are directly charged to the functions they benefit.

#### ***Expense Recognition***

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on 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.

#### ***Grants to Partner Organizations***

The Organization believes firmly in working with local organizations and teams, because they are best positioned to serve girls in their communities. Community-based organizations ("CBOs") create lasting change because of their cultural expertise, influence with local stakeholders, and hyper-local advocacy and intervention efforts.

The Organization strengthens the ecosystem of grassroots, women-led girl organizations by providing flexible funding, training, tools and resources, and networking to approximately 100 internationally based non-governmental organizations. Twelve of these organizations are part of its Partner Coalition ("STF Partners"). STF Partners receive significant flexible funding grants and all are closely vetted.

The Organization reviews the amount of support to be provided to STF Partners annually before making a commitment. At December 31, 2020, the Organization intends to provide \$1,510,000 of support to the STF Partners over the next two years.

#### ***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2017.

## **She's the First, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies *(continued)***

#### ***Reclassifications***

Certain prior period amounts have been reclassified to conform with the current year presentation and have no effect on net assets.

#### ***Subsequent Events***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 14, 2021.

### **3. Concentrations of Credit Risk**

#### ***Cash***

Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation's ("FDIC") limit. The Organization does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At December 31, 2020 and 2019, approximately \$176,600 and \$351,800 of cash was maintained with an institution in excess of FDIC limits.

#### ***Grants and Contributions Receivable***

Credit risk with respect to grants and contributions receivable is limited to the number and credit-worthiness of the entities and organizations from whom the amounts are due. Generally, the Organization does not require collateral or other security to support receivables.

At December 31, 2020, four donors accounted for 83% of grants and contributions receivable. At December 31, 2019, five donors accounted for 67% of grants and contributions receivable.

#### ***Major Donor***

Contributions from a major donor accounted for 28% of support and revenue for the year ended December 31, 2020. No amount was due from this donor and no other donor accounted for more than 10% of support and revenue for the year ended December 31, 2020. No donor accounted for more than 10% of support and revenue for the year ended December 31, 2019.

**She's the First, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

**4. Grants and Contributions Receivable**

Contributions receivable are summarized as follows at December 31:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 51,409	\$ 213,711
Due within two years	<u>-</u>	<u>44,965</u>
	<u>\$ 51,409</u>	<u>\$ 258,676</u>

At December 31, 2020 and 2019, management determined a present value discount would be insignificant and elected not to recognize a discount.

**5. Donated Office Space**

In 2016, the Organization entered into an agreement with a not-for-profit organization where, in exchange for donated office space, the Organization is responsible for donating \$12,000 towards a scholarship of the not-for-profit organization's choosing during each one-year term of the agreement. Payments are permitted to be made in installments or a lump-sum payment. In June 2018, this agreement was extended under the same terms through January 30, 2020. At the time of issuance, a formal extension has not been executed and the arrangement has been continuing on a month to month basis.

**6. Net Assets With Donor Restrictions and Releases from Restrictions**

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

	<u>2020</u>	<u>2019</u>
<b>Time Restrictions</b>		
Operating funds	<u>\$ 44,965</u>	<u>\$ 170,000</u>

Net assets with donor restrictions were released from net assets with donor restrictions for the following purposes for December 31:

	<u>2020</u>	<u>2019</u>
<b>Purpose Restrictions</b>		
Campus	\$ -	\$ 13,789
International	30,426	576,606
General programs	-	221,924
Global Girls' Bill of Rights Toolkit	25,000	-
Girls' Rights and Education Global Program	<u>300,000</u>	<u>-</u>
	<u>355,426</u>	<u>812,319</u>
<b>Time Restrictions</b>		
Operating funds	<u>125,035</u>	<u>125,000</u>
	<u>\$ 480,461</u>	<u>\$ 937,319</u>

## She's the First, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 7. Related Party Transactions

For the years ended December 31, 2020 and 2019, \$59,940 and \$223,081 of revenue was provided by the board members of the Organization. Donated services included in the revenue provided by board members total \$0 and \$85,000 for the years ended December 31, 2020 and 2019.

### 8. Availability and Liquidity

The following represents the Organization's financial assets at December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$457,349	\$541,093
Grants and contributions receivable	51,409	258,676
Total Financial Assets	<u>508,758</u>	<u>799,769</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions - time restrictions	(44,965)	(170,000)
Less net assets with donor restrictions expected to be met in less than one year	<u>44,965</u>	<u>105,000</u>
	<u>-</u>	<u>(65,000)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$508,758</u>	<u>\$734,769</u>

The Organization's goal is generally to maintain financial assets in excess of 90 days of operating expenses. The Organization receives contributions annually from donors to fund grants to partner organizations and other programmatic costs. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization anticipates that all grants and contributions receivable, including those with donor restrictions, will be available in 2021.

### 9. Paycheck Protection Program ("PPP") Loan Proceeds

On April 30, 2020, the Organization received loan proceeds in the amount of \$96,100 under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times their 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended, over a period between eight to twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal or interest until the amount of loan forgiveness is approved by the Small Business Administration ("SBA").

## **She's the First, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **9. Paycheck Protection Program (“PPP”) Loan Proceeds (*continued*)**

The Organization has elected to report the PPP loan proceeds as a conditional grant under requirements contained in ASU 2018-08, “Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.” Accordingly, the Organization recognizes income as the conditions in the PPP loan are met. For the year ended December 31, 2020, the Organization recognized \$96,100 of the PPP loan proceeds as government grant income in 2020 the statement of activities. On June 21, 2021, the Organization was notified that the PPP loan has been forgiven.

### **10. COVID-19**

The Organization’s operations and financial performance may continue to be affected by the COVID-19 virus. If the outbreak continues and conditions worsen, it may continue to adversely affect the Organization’s activities, financial conditions, results of operations, and cash flows. Economic uncertainty is related to the potential reduction and/or delays in contributions related to a decrease in discretionary income from potential donors. Management is unable to estimate the financial impact, if any, related to this mater. However, the Organization has taken steps to maintain its financial liquidity and flexibility.

### **11. Subsequent Event**

On January 26, 2021, the Organization received loan proceeds in the amount of \$96,100 under Second Draw provisions of the PPP as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the “Economic Aid Act”). The Second Draw provisions of the Economic Aid Act provides for loans to qualifying entities for amounts up to 2.5 times their 2019 or 2020 average monthly payroll expenses. The Second Draw PPP loan bears an interest rate of 1% per annum. All or a portion of the Second Draw PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended by the Economic Aid Act, over a period between eight to twenty-four weeks from the date the Second Draw PPP loan proceeds are received (the “Second Draw Covered Period”). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Second Draw Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the Second Draw PPP Loan, if any, is payable within five years from the date of the PPP loan with a deferral of payments of principal or interest until the amount of loan forgiveness is approved by the SBA. If the Organization does not apply for forgiveness, payments begin approximately sixteen months after the loan date.

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