

She's the *first*



**Financial Statements
December 31, 2019 and 2018
With Independent Auditor's Report**

She's the First, Inc.
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December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S 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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 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.

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 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 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 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.

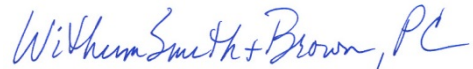
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2019, the Organization adopted new accounting guidance in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) and FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

September 8, 2020

She's the First, Inc.
Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 514,060	\$ 338,513
Grants and contributions receivable	285,709	228,732
Prepaid expenses	<u>1,801</u>	<u>-</u>
Total assets	<u>\$ 801,570</u>	<u>\$ 567,245</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 22,169	\$ 23,260
Net assets		
Without donor restriction	609,401	275,051
With donor restriction	<u>170,000</u>	<u>268,934</u>
Total net assets	<u>779,401</u>	<u>543,985</u>
Total liabilities and net assets	<u>\$ 801,570</u>	<u>\$ 567,245</u>

The Notes to Financial Statements are an integral part of these statements.

She's the First, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenue						
Special event income	\$ 283,085	\$ -	\$ 283,085	\$ 208,921	\$ -	\$ 208,921
Direct costs of special events	(82,526)	-	(82,526)	(18,279)	-	(18,279)
	200,559	-	200,559	190,642	-	190,642
Individual contributions	170,640	461,317	631,957	31,739	362,789	394,528
Corporate and foundation contributions	390,977	217,417	608,394	189,589	221,698	411,287
Foundation grants	104,500	127,424	231,924	68,000	131,500	199,500
Donated property and services	246,385	-	246,385	93,205	13,793	106,998
Other contributions	51,382	32,227	83,609	1,370	126,520	127,890
Net assets released from restrictions	937,319	(937,319)	-	845,271	(845,271)	-
Total support and revenue	2,101,762	(98,934)	2,002,828	1,419,816	11,029	1,430,845
Expenses						
Program services	1,337,361	-	1,337,361	1,327,821	-	1,327,821
Management and general	290,573	-	290,573	168,659	-	168,659
Fundraising	139,478	-	139,478	121,894	-	121,894
Total expenses	1,767,412	-	1,767,412	1,618,374	-	1,618,374
Changes in net assets	334,350	(98,934)	235,416	(198,558)	11,029	(187,529)
Net assets						
Beginning of year	275,051	268,934	543,985	473,609	257,905	731,514
End of year	\$ 609,401	\$ 170,000	\$ 779,401	\$ 275,051	\$ 268,934	\$ 543,985

The Notes to Financial Statements are an integral part of these statements.

She's the First, Inc.
Statements of Functional Expenses
Years Ended December 31, 2019 and 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Expenses								
Grants to partner organizations	\$ 842,980	\$ -	\$ -	\$ 842,980	\$ 864,161	\$ -	\$ -	\$ 864,161
Salaries and wages	295,462	75,669	99,810	470,941	284,737	64,074	94,803	443,614
Donated services and office space	85,183	134,609	26,593	246,385	53,113	38,502	15,383	106,998
Professional fees	18,369	60,855	61	79,285	13,807	47,503	15	61,325
Conferences and travel for site visits and students	85,423	126	3,770	89,319	98,823	1,274	4,388	104,485
Rent	4,000	4,000	4,000	12,000	7,724	1,699	2,577	12,000
Special fundraising events	-	-	82,526	82,526	-	-	18,279	18,279
Miscellaneous other expenses	5,944	15,314	5,244	26,502	5,456	15,607	4,728	25,791
	<u>1,337,361</u>	<u>290,573</u>	<u>222,004</u>	<u>1,849,938</u>	<u>1,327,821</u>	<u>168,659</u>	<u>140,173</u>	<u>1,636,653</u>
Less: Direct costs of special events	<u>-</u>	<u>-</u>	<u>(82,526)</u>	<u>(82,526)</u>	<u>-</u>	<u>-</u>	<u>(18,279)</u>	<u>(18,279)</u>
	<u>\$ 1,337,361</u>	<u>\$ 290,573</u>	<u>\$ 139,478</u>	<u>\$ 1,767,412</u>	<u>\$ 1,327,821</u>	<u>\$ 168,659</u>	<u>\$ 121,894</u>	<u>\$ 1,618,374</u>

The Notes to Financial Statements are an integral part of these statements.

She's the First, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Changes in net assets	\$ 235,416	\$ (187,529)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Changes in certain assets and liabilities		
Grants and contributions receivable	(56,977)	(2,091)
Prepaid expenses	(1,801)	3,636
Accounts payable and accrued expenses	<u>(1,091)</u>	<u>(5,894)</u>
Net change in cash and cash equivalents	175,547	(191,878)
Cash and cash equivalents		
Beginning of year	<u>338,513</u>	<u>530,391</u>
End of year	<u>\$ 514,060</u>	<u>\$ 338,513</u>

Supplemental disclosure of cash flow information

There was no cash paid for interest or taxes during the years ended December 31, 2019 or 2018.

The Notes to Financial Statements are an integral part of these statements.

She's the First, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

1. NATURE OF THE ORGANIZATION

She's the First, Inc. (the "Organization"), is a New York not-for-profit corporation established in 2010 to fulfill the mission of fighting gender inequality through education, by supporting girls who will be first in their families to graduate from high school and by training students everywhere to be global leaders.

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

Without donor restriction - 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.

With donor restriction - 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.

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, 2019 and 2018, cash and cash equivalents consist of monies held in checking and savings accounts.

Revenue Recognition

Contributions and Promises to Give

Contributions are recognized when the donor makes a contribution or promise to give ("pledge") to the Organization that is, in substance, unconditional. Contributions received are recorded as support with or without donor restriction depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, the net assets are reclassified to net assets without donor restrictions.

Revenue from Contracts with Customers

The Organization accounts for special event income as exchange transactions in the statements of activities and changes in net assets. Revenue from contracts with customers are treated as revenues without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities in the statement of financial position. Revenues are recognized at a point in time, at the date of the event held.

Contributions Receivable

Contributions and grants receivable are stated at unpaid balances. The Organization's policy is to provide an allowance for doubtful accounts equal to the estimated uncollectible amounts. Management has not provided for an allowance for doubtful accounts at December 31, 2019 and 2018 as they believe all amounts are fully collectible.

She's the First, Inc.
Notes to Financial Statements
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Donated Property and Services

Contributions of donated 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 donations, are recorded at their fair values in the period received. These contributions are reflected within the statement of activities and changes in net assets as donated property and services STF.

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.

For the years ended December 31, donated property and services consisted of the following:

	<u>2019</u>	<u>2018</u>
Donated professional services	\$ 167,400	\$ 17,505
Donated event venue and services	13,880	14,493
Donated supplies	5,105	15,000
Donated office space	<u>60,000</u>	<u>60,000</u>
Total	<u>\$ 246,385</u>	<u>\$ 106,998</u>

Donated property and services were included in functional expenses as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Program	\$ 85,183	\$ 99,192
Management and general	134,609	18,845
Fundraising	<u>26,593</u>	<u>13,800</u>
Total	<u>\$ 246,385</u>	<u>\$ 131,837</u>

Funding to International Partner Organizations

The Organization believes firmly in working with local organizations and teams, because they know best what their communities need. The Organization provides funding to internationally based NGOs ("STF Partners") that have been fully vetted for solid financials, programs, and values.

STF Partners provide a nuanced, community-based approach to their interventions. Each girl is equipped with the education, mentorship, and leadership skills she needs to survive and thrive in her environment.

The Organization's grants and support to STF Partners provide: flexible funding to strengthen girls' programs, capacity-building assistance to report impact and troubleshoot obstacles, training for program managers at an annual conference in East Africa, and online resources accessible year-round.

She's the First, Inc.
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Commitments and Contingencies

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 31, 2020. Beginning February 1, 2020, the parties verbally agreed to continue on a month-to-month basis.

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 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. 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

All expenses which were not directly associated with the Organization's programs, primarily management and fundraising expenses, are categorized as management and general expenses or fundraising expense.

Expenses are allocated on a functional basis between the above classifications. Expenses that can be identified within a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are prorated among the functions. Certain costs have been allocated amount program service, management and general and development expense. Such allocations are determined by management on an equitable basis. The expenses that are allocated and the method of allocation are as follows:

<u>Expense Category</u>	<u>Allocation Methodology</u>
Salaries and wages	Time and effort
Donated services and office space	Direct expense
Professional fees	Direct expense
Conferences and travel	Direct expense
Rent	Direct expense
Miscellaneous other expenses	Direct expense

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.

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Accounting Pronouncements Adopted in the Current Year

The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards established a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. This was implemented during 2019, and the Organization has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented with no effect on net assets.

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis during 2019. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Recent Accounting Pronouncement Issued Not Yet Adopted

Leases

In February 2016, FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

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.

At December 31, 2019, four contributors accounted for 51% of grants and contributions receivable. At December 31, 2018, three contributors accounted for 77% of grants and contributions receivable. There were no concentrations in total support and revenue for the years ended December 31, 2019 and 2018.

3. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of unspent funds for grantor and donor specified purposes for programs and services. Assets are available for the following purposes as of December 31:

	<u>2019</u>	<u>2018</u>
Time	\$ 170,000	\$ -
Program services	-	<u>268,934</u>
Total	<u>\$ 170,000</u>	<u>\$ 268,934</u>

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4. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2019 and 2018, \$223,081 and \$50,656, respectively, in funds were received from the Organization's board members and are included in other contributions on the statements of activities and changes in net assets.

5. LIQUIDITY AND AVAILABILITY

As of December 31, 2019 and 2018, the Organization's financial assets available for general expenditures within one year of the Statement of Financial Position date consist of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 514,060	\$ 338,513
Grants and contributions receivable	<u>285,709</u>	<u>228,732</u>
Total financial assets	799,769	567,245
Less: Assets restricted for future periods	<u>65,000</u>	-
Financial assets available to meet general expenditures	<u>\$ 734,769</u>	<u>\$ 567,245</u>

The Organization has a goal to maintain financial assets on hand to meet a minimum of 90 days of fixed operating expenses, which are, on average, approximately \$172,000. 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 2020.

6. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of September 8, 2020, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has identified the following subsequent events requiring disclosure.

Risk of Infectious Disease

The current outbreak of a novel strain of coronavirus (COVID-19) is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results may be adversely affected in 2020. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

CARES Loan

During May 2020, the Organization received a loan from a financial institution authorized through the Paycheck Protection Program authorized by the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") in the amount of \$96,100. The loan may be forgiven by the financial institution based on the use of the loan proceeds in accordance with the CARES Act. If it is determined by the financial institution that the criteria for debt forgiveness has not been met, the loan will mature 2 years from the date of the loan and interest will accrue at 1% annually. Any debt forgiveness will be recognized as expenses are incurred that comply with the allowable costs under the loan agreement. Management has determined that the debt should be fully forgiven as they will meet the required terms for forgiveness by the SBA.