

She's the First, Inc.

Financial Statements

December 31, 2021 and 2020

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of She's the First, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of She's the First, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 She's the First, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- 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 She's the First, Inc.'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about She's the First, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

PKF O'Connor Davies, LLP

June 24, 2022

She's the First, Inc.

Statements of Financial Position

	December 31	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 847,127	\$ 457,349
Grants and contributions receivable	192,320	51,409
Prepaid expenses	<u>3,254</u>	<u>-</u>
	<u>\$ 1,042,701</u>	<u>\$ 508,758</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 21,547</u>	<u>\$ 14,451</u>
Net Assets		
Without donor restrictions	713,834	449,342
With donor restrictions	<u>307,320</u>	<u>44,965</u>
Total Net Assets	<u>1,021,154</u>	<u>494,307</u>
	<u>\$ 1,042,701</u>	<u>\$ 508,758</u>

See notes to financial statements

She's the First, Inc.

Statements of Activities

Year Ended December 31

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions						
Individual contributions	\$ 552,945	\$ 24,358	\$ 577,303	\$ 417,035	\$ 28,137	\$ 445,172
Corporations and foundations	604,158	59,029	663,187	209,149	-	209,149
Other contributions	36,290	5,856	42,146	19,892	2,289	22,181
Government grants	106,208	-	106,208	96,100	-	96,100
Foundation grants	25,000	432,500	457,500	25,000	325,000	350,000
Donated goods, services and office space	146,138	112,320	258,458	68,226	-	68,226
Net assets released from restrictions	371,708	(371,708)	-	480,461	(480,461)	-
Total Support and Revenue	<u>1,842,447</u>	<u>262,355</u>	<u>2,104,802</u>	<u>1,315,863</u>	<u>(125,035)</u>	<u>1,190,828</u>
EXPENSES						
Program services	1,242,650	-	1,242,650	1,134,023	-	1,134,023
Management and general	227,815	-	227,815	158,356	-	158,356
Fundraising	107,490	-	107,490	168,543	-	168,543
Total Expenses	<u>1,577,955</u>	<u>-</u>	<u>1,577,955</u>	<u>1,460,922</u>	<u>-</u>	<u>1,460,922</u>
Change in Net Assets Before Nonoperating Activities	264,492	262,355	526,847	(145,059)	(125,035)	(270,094)
NONOPERATING ACTIVITIES						
Uncollectable pledges	-	-	-	(15,000)	-	(15,000)
Change in Net Assets	264,492	262,355	526,847	(160,059)	(125,035)	(285,094)
NET ASSETS						
Beginning 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>
End of year	<u>\$ 713,834</u>	<u>\$ 307,320</u>	<u>\$ 1,021,154</u>	<u>\$ 449,342</u>	<u>\$ 44,965</u>	<u>\$ 494,307</u>

See notes to financial statements

She's the First, Inc.

Statements of Functional Expenses

	Year Ended December 31							
	2021				2020			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Grants to partner organizations	\$ 721,138	\$ -	\$ -	\$ 721,138	\$ 781,560	\$ -	\$ -	\$ 781,560
Salaries, wages and benefits	293,382	106,257	53,812	453,451	265,270	43,170	126,737	435,177
Professional fees	160,583	46,422	13,569	220,574	55,446	63,255	8,450	127,151
Conferences and travel for site visits and students	780	109	1,277	2,166	9,479	78	141	9,698
Rent	-	-	-	-	4,070	-	-	4,070
Miscellaneous other expenses	11,163	14,518	8,807	34,488	3,478	23,567	7,995	35,040
Total Expenses Before Donated Goods, Services and Office Space	<u>1,187,046</u>	<u>167,306</u>	<u>77,465</u>	<u>1,431,817</u>	<u>1,119,303</u>	<u>130,070</u>	<u>143,323</u>	<u>1,392,696</u>
Donated Goods, Services and Office Space								
Goods	-	-	7,045	7,045	-	-	-	-
Professional services	43,124	37,529	-	80,653	-	3,066	-	3,066
Software licenses	-	10,500	10,500	21,000	-	10,500	10,500	21,000
Office space	12,480	12,480	12,480	37,440	14,720	14,720	14,720	44,160
	<u>55,604</u>	<u>60,509</u>	<u>30,025</u>	<u>146,138</u>	<u>14,720</u>	<u>28,286</u>	<u>25,220</u>	<u>68,226</u>
Total Expenses	<u>\$ 1,242,650</u>	<u>\$ 227,815</u>	<u>\$ 107,490</u>	<u>\$ 1,577,955</u>	<u>\$ 1,134,023</u>	<u>\$ 158,356</u>	<u>\$ 168,543</u>	<u>\$ 1,460,922</u>

See notes to financial statements

She's The First, Inc.

Statements of Cash Flows

	Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 526,847	\$ (285,094)
Adjustments to reconcile change in net assets to net cash from operating activities		
In-kind office space receivable	(112,320)	-
Uncollectable pledges	-	15,000
Changes in operating assets and liabilities		
Grants and contributions receivable	(28,591)	192,267
Prepaid expenses	(3,254)	1,801
Accounts payable and accrued expenses	<u>7,096</u>	<u>(7,718)</u>
Net Cash from Operating Activities	389,778	(83,744)
CASH		
Beginning of year	<u>457,349</u>	<u>541,093</u>
End of year	<u>\$ 847,127</u>	<u>\$ 457,349</u>

See notes to financial statements

She's the First, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020, 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.

Measure of Operations

The Organization includes in its measure of operations all revenue and expenses that are integral to its programs and supporting activities, net assets released from donor restrictions, and other funds to support current operating activities. The measure of operations excludes uncollectable pledges.

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, 2021 and 2020.

She's the First, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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

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:

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, 2021 and 2020, 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. During the year ended December 31, 2021, the Organization held an event virtually and all revenue was recognized as contributions in the statements of activities. 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.

She's the First, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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

Revenue Recognition (continued)

Grants and Contributions (continued)

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.

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.

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.

She's the First, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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

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 300 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, 2021, the Organization intends to provide \$695,000 of support to the STF Partners over the next year.

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, 2018.

Reclassifications

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

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 June 24, 2022.

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, 2021 and 2020, approximately \$651,600 and \$176,000 of cash was maintained with an institution in excess of FDIC limits.

She's the First, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

3. Concentrations of Credit Risk *(continued)*

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, 2021, three donors accounted for 100% of grants and contributions receivable. At December 31, 2020, four donors accounted for 83% of grants and contributions receivable.

Major Donor

Contributions from a major donor accounted for 17% and 28% of support and revenue for the years ended December 31, 2021 and 2020. No amount was due from the donor and no other donor accounted for more than 10% of support and revenue for the years ended December 31, 2021 and 2020.

4. Grants and Contributions Receivable

Grants and contributions receivable are summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 77,440	\$ 51,409
Due within two to three years	114,880	-
	<u>\$ 192,320</u>	<u>\$ 51,409</u>

At December 31, 2021, grants and contributions receivable includes donated office space totaling \$112,320 for the next three years.

At December 31, 2021 and 2020, management determined a present value discount would be insignificant and elected not to recognize a discount.

5. Donated Office Space

The Organization received donated office space from a not-for-profit organization for the years ended December 31, 2021 and 2020. In December 2021, the Organization entered into a three-year agreement for the donated office space and recognized a receivable of \$112,320 for the future use of the office space (see Note 4). In-kind revenue and expense from donated office space for the years ended December 31, 2021 and 2020 totaled \$37,440 and \$44,160 and is included in donated goods, services and office space in the statements of activities.

She's the First, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Purpose Restrictions		
Girl-Led Incubator	\$ 22,500	\$ -
Feminist Mentorship	67,500	-
Specified locations (outside U.S.)	5,000	-
Partner coalition - girls' programs	<u>20,000</u>	<u>-</u>
	<u>115,000</u>	<u>-</u>
Time Restrictions		
Donated office space	112,320	-
Operating funds	<u>80,000</u>	<u>44,965</u>
	<u>192,320</u>	<u>44,965</u>
	<u>\$ 307,320</u>	<u>\$ 44,965</u>

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

	<u>2021</u>	<u>2020</u>
Purpose Restrictions		
Specified locations (outside U.S.)	\$ 36,743	\$ 30,426
Ellas Al Frente	7,500	-
Feminist mentorship	282,500	-
Global Girls' Bill of Rights Toolkit	-	25,000
Girls' Rights and Education Global Program	<u>-</u>	<u>300,000</u>
	326,743	355,426
Time Restrictions		
Operating funds	<u>44,965</u>	<u>125,035</u>
	<u>\$ 371,708</u>	<u>\$ 480,461</u>

7. Related Party Transactions

For the years ended December 31, 2021 and 2020, \$74,339 and \$59,940 of revenue was provided by the board members of the Organization.

She's the First, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

8. Availability and Liquidity

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

	<u>2021</u>	<u>2020</u>
Cash	\$ 847,127	\$ 457,349
Grants and contributions receivable	<u>192,320</u>	<u>51,409</u>
Total Financial Assets	<u>1,039,447</u>	<u>508,758</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(307,320)	(44,965)
Less net assets with donor restrictions expected to be met in less than one year	<u>77,440</u>	<u>44,965</u>
	<u>(229,880)</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 809,567</u>	<u>\$ 508,758</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.

9. Government Grants

Paycheck Protection Program ("PPP") Loan Proceeds

During each of the years ended December 31, 2021 and 2020, the Organization received loan proceeds in the amount of \$96,100, under the Paycheck Protection Program ("PPP") from the Small Business Administration ("SBA"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying business for the amount up to 2.5 times their 2019 or 2020 average monthly payroll expenses. The loans and accrued interest will be forgiven as long as the borrow uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its payroll levels. The unforgiven portion of the PPP loan, if any, is payable over two or five years at an interest of 1% with a deferral of payment for the first six months.

The Organization received forgiveness of the entire amount of each of the PPP loans during the year ended December 31, 2021. Included in government grants in the statements of activities is \$96,100 for each of the years ended December 31, 2021 and 2020.

She's the First, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

9. Government Grants (continued)

Employee Retention Credit Presentation

During the year ended December 31, 2021, the Organization qualified for the Employee Retention Credit ("ERC") which is a refundable payroll tax credit for employers who had operations fully or partially suspended due to orders from a governmental authority or whose revenues decreased by a specified threshold. When eligible, an entity can claim a refund in excess of the payroll taxes paid based upon the amount of qualified wages and health insurance paid. Because the amount of the credit is in excess of the payroll taxes paid, the ERC is considered a conditional government grant. Accordingly, the Organization has elected to follow the guidance in ASC 958-605 in which conditional government grants are recognized in income as conditions are met. The full credit of \$10,108 was recognized during the year ended December 31, 2021 and is included in government grants in the statement of activities.

10. COVID-19

The full impact of the COVID-19 outbreak continues to evolve as of the date that these financial statements were available for issuance. COVID-19 remains a rapidly evolving situation. The full duration and extent of the impact of COVID-19 on the Organization and financial results will depend on future development, including the duration and spread of the outbreak. Therefore, the full extent of any adverse impact on the changes in net assets, financial position and cash flows for the remainder of 2022 and beyond cannot be reasonably estimated at this time.

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