

CONSOLIDATED FINANCIAL STATEMENTS

SHE'S THE FIRST, INC. AND AFFILIATE

**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

SHE'S THE FIRST, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of She's the First, Inc. and She's the First, Inc.-Kenya collectively, (the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023, and the consolidated change 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.

We did not audit the financial statements of She's the First, Inc.-Kenya, whose statements reflect total assets of \$114,360, as of December 31, 2023, and total support and revenues of \$69,096 for the year then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for She's the First, Inc.-Kenya, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Prior Year Comparative Statements

The consolidated financial statements of the Organization for the year ended December 31, 2022 were audited by other auditors, whose report dated July 7, 2023, expressed an unmodified opinion on those statements.



October 22, 2024

SHE'S THE FIRST, INC.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 446,552	\$ 836,476
Grants and contributions receivable	235,301	220,880
Prepaid expenses	<u>4,125</u>	<u>10,252</u>
Total current assets	<u>685,978</u>	<u>1,067,608</u>
NONCURRENT ASSETS		
Grants and contributions receivable, net of current portion	<u>25,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 710,978</u>	<u>\$ 1,067,608</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 17,004	\$ 44,746
Accrued salaries and related benefits	<u>27,294</u>	<u>-</u>
Total liabilities	<u>44,298</u>	<u>44,746</u>
NET ASSETS		
Without donor restrictions	418,143	663,232
With donor restrictions	<u>248,537</u>	<u>359,630</u>
Total net assets	<u>666,680</u>	<u>1,022,862</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 710,978</u>	<u>\$ 1,067,608</u>

SHE'S THE FIRST, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 772,476	\$ 535,593	\$ 1,308,069	\$ 1,732,168
Contributed nonfinancial assets	68,598	-	68,598	176,075
Other income	31,068	-	31,068	-
Foreign currency exchange loss	(1,370)	-	(1,370)	-
Special event revenue, net of direct benefit cost to donors	-	-	-	51,784
Net assets released from donor restrictions	<u>646,686</u>	<u>(646,686)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,517,458</u>	<u>(111,093)</u>	<u>1,406,365</u>	<u>1,960,027</u>
EXPENSES				
Program Services	<u>1,372,384</u>	<u>-</u>	<u>1,372,384</u>	<u>1,517,654</u>
Supporting Services:				
Management and General	166,065	-	166,065	239,240
Fundraising	<u>224,098</u>	<u>-</u>	<u>224,098</u>	<u>201,425</u>
Total supporting services	<u>390,163</u>	<u>-</u>	<u>390,163</u>	<u>440,665</u>
Total expenses	<u>1,762,547</u>	<u>-</u>	<u>1,762,547</u>	<u>1,958,319</u>
Change in net assets	(245,089)	(111,093)	(356,182)	1,708
Net assets at beginning of year	<u>663,232</u>	<u>359,630</u>	<u>1,022,862</u>	<u>1,021,154</u>
NET ASSETS AT END OF YEAR	<u>\$ 418,143</u>	<u>\$ 248,537</u>	<u>\$ 666,680</u>	<u>\$ 1,022,862</u>

SHE'S THE FIRST, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR 2022**

	2023				2022	
	Program Services	Supporting Services			Total Expenses	Total Expenses
		Management and General	Fundraising	Total Supporting Services		
Grants to partner organizations	\$ 609,122	\$ -	\$ -	\$ -	\$ 609,122	\$ 751,800
Salaries, wages and benefits	534,648	64,337	188,920	253,257	787,905	473,835
Professional fees	51,557	55,440	800	56,240	107,797	369,576
Conference and travel for site visits and students	56,535	1,469	7,674	9,143	65,678	73,550
Special fundraising event	195	-	-	-	195	42,183
Miscellaneous other expenses	52,847	18,741	14,224	32,965	85,812	60,726
Total expenses before donated goods, services and office space	1,304,904	139,987	211,618	351,605	1,656,509	1,771,670
Donated goods, services and office space:						
Professional services	55,000	13,598	-	13,598	68,598	155,075
Software licenses	-	-	-	-	-	21,000
Office space	12,480	12,480	12,480	24,960	37,440	37,440
Total donated goods, services and office space	67,480	26,078	12,480	38,558	106,038	213,515
Total expenses	1,372,384	166,065	224,098	390,163	1,762,547	1,985,185
Less cost of direct benefit to donors	-	-	-	-	-	(26,866)
TOTAL EXPENSES REPORTED BY FUNCTION ON STATEMENT OF ACTIVITIES	\$ 1,372,384	\$ 166,065	\$ 224,098	\$ 390,163	\$ 1,762,547	\$ 1,958,319

See accompanying notes to consolidated financial statements.

SHE'S THE FIRST, INC.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (356,182)	\$ 1,708
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Decrease (increase) in:		
In-Kind office space receivable	37,440	37,440
Grants and contributions receivable	(76,861)	(66,000)
Prepaid expenses	6,127	(6,998)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(27,742)	23,199
Accrued salaries and related benefits	<u>27,294</u>	<u>-</u>
Net cash used by operating activities	<u>(389,924)</u>	<u>(10,651)</u>
Net decrease in cash and cash equivalents	(389,924)	(10,651)
Cash and cash equivalents at beginning of year	<u>836,476</u>	<u>847,127</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 446,552</u>	<u>\$ 836,476</u>

SHE'S THE FIRST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

She's the First, Inc. 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.

During the year ended December 31, 2022, the Organization filed for non-governmental organization ("NGO") status in Kenya. This coincides with the Organization's goal to be in closer proximity to its partners and to localize in their communities. The Organization received its certificate of registration and official NGO status in May 2023.

Program Services -

The Girls First Institute: A skills-building, outcomes-improving professional development program designed exclusively for women who uplift girls in their communities. Led by and for women serving girls in the Global South.

Girl-Centric Advocacy: Our programs that teach girls about their rights and support their decisions on how to best advocate for themselves. We provide girls with the platforms and resources they need to speak up for their rights in their homes, schools, and communities.

Principles of consolidation -

The accounts of She's the First, Inc. have been consolidated with She's the First, Inc.-Kenya (collectively, the Organization) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

SHE'S THE FIRST, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation (continued) -

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Organization had approximately \$110,901 of cash and cash equivalents held at a financial institution in Kenya as of December 31, 2023. Banks in Kenya are regulated by the Central Bank of Kenya. The Kenya Insurance Deposit Cooperation provides insurance coverage of up to a maximum of 500,000 Kenyan Shillings (around \$3,200). The Organization banks with NCBA which is the 3rd largest bank in terms of asset base in the region as well as the 3rd most profitable bank. Management believes the risk related to these deposits to be minimal.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

Income taxes -

She's the First, Inc. is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Organization is not a private foundation.

She's the First, Inc.-Kenya is a company limited by guarantee registered under the laws and regulations of Kenya. As long as its activities are exclusively for charitable purposes, its income is exempt from taxation in Kenya.

Support from contributions and grants -

Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

SHE'S THE FIRST, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Support from contributions and grants (continued) -

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of December 31, 2023.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Organization had no conditional contributions to be received in future years as of December 31, 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of contributed services and rent. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. None of the contributed nonfinancial assets awarded during the current year were restricted by donors.

Foreign currency translation -

The U.S. Dollar is the functional currency for the Organization worldwide operations. Transactions in currencies other than U.S. Dollars are converted into U.S. Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into U.S. Dollars at the exchange rate in effect at the date of the Consolidated Statement of Financial Position.

Use of estimates -

The preparation of the consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

SHE'S THE FIRST, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

The Organization has received written promises to give from various donors totaling \$260,301 as of December 31, 2023. The discount on the long-term portion of receivables is not material and has not been recorded.

Grants and contributions receivable are expected to be collected as follows as of December 31, 2023:

Less than one year	\$ 235,301
One to five years	<u>25,000</u>
GRANTS AND CONTRIBUTIONS RECEIVABLES	<u>\$ 260,301</u>

3. EMPLOYEE RETENTION CREDIT

During the year ended December 31, 2023, 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 revenue decreased by a specified threshold. \$29,096 was received and is recorded in "other income" on the Consolidated Statement of Activities and Change in Net Assets.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2023:

Subject to expenditure for specified purpose:	
Girl-Centric incubator	\$ 25,000
Feminist Mentorship	36,097
Ellas Al Frente	75,000
Partner coalition - girls programs	<u>25,000</u>
	<u>161,097</u>
Subject to passage of time:	
Donated office space	37,440
Operating funds	<u>50,000</u>
	<u>87,440</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 248,537</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2023:

Purpose restrictions accomplished:	
Girl-Centric incubator	\$ 41,000
Feminist Mentorship	252,653
Ellas Al Frente	100,000
Partner coalition - girls programs	25,000
Specified locations (outside US)	115,593
Expiration of time restrictions:	
Donated office space	37,440
Operating funds	<u>75,000</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 646,686</u>

SHE'S THE FIRST, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following as of December 31, 2023:

Cash and cash equivalents	\$ 446,552
Grants and contributions receivable	<u>235,301</u>
Subtotal financial assets available within one year	681,853
Less: Donor restricted funds	<u>(248,537)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 433,316</u>

Organization has a policy to structure its financial assets to be available and liquid as its obligations become due.

6. CONTRIBUTED NONFINANCIAL ASSETS

The Organization was the beneficiary of certain contributed nonfinancial assets which allowed the Organization to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the gift.

The contributed nonfinancial assets consisted of the following for the year ended December 31, 2023:

Donated Professional Services	<u>\$ 68,598</u>
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The contributed nonfinancial assets have been recorded in support and in the following functional expense categories (also describe the natural expense category where they are recorded) for the year ended December 31, 2023:

Program Service	\$ 67,480
Management and General	26,078
Fundraising	<u>12,480</u>
TOTAL	<u>\$ 106,038</u>

In December 2021, the Organization entered into a three-year agreement for donated office space and recognized the related revenue and a receivable of \$112,320 for the future use of the office space. Each year, \$37,440 is recognized in office space expense (accounting for the difference between contributed nonfinancial assets recognized in 2023 and the expenses recognized).

7. RETIREMENT PLAN

She's the First, Inc. provides retirement benefits to its employees through a 401(k) defined contribution plan (the Plan). Eligible employees may participate after three months of employment. She's the First, Inc. did not make any contributions to the Plan for the year ended December 31, 2023.

SHE'S THE FIRST, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

8. CONCENTRATION OF REVENUE

Contributions from a major donor accounted for 20% of the Organization's support and revenue for the year ended December 31, 2023. The Organization has no reason to believe that its relationship with the donor will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) could adversely affect the Organization's ability to finance ongoing operations.

9. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 22, 2024, the date the consolidated financial statements were issued.