

GIRLS INCORPORATED OF
COLUMBUS AND PHENIX-RUSSELL
COLUMBUS, GEORGIA
DECEMBER 31, 2014



GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL

COLUMBUS, GEORGIA

DECEMBER 31, 2014

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4-5
Statement of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	8-12



AJK, LLC

1200 Brookstone Centre Pkwy. □ Suite 105
Columbus, Georgia 31904
(708) 671-9288 Fax (708) 671-9495
www.ajkcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girls Incorporated of Columbus and Phenix-Russell
Columbus, Georgia

We have audited the accompanying financial statements of Girls Incorporated of Columbus and Phenix-Russell (a nonprofit organization) as of and for the year ended December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Girls Incorporated of Columbus and Phenix-Russell's basic financial statements, as listed in the table of contents.

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 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 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 qualified audit opinion.

Prior Period Financial Statements

The financial statements of the Girls Incorporated of Columbus and Phenix-Russell as of December 31, 2013 were audited by James R. Self, Jr., CPA, LLC whose member merged with AJK, LLC on July 1, 2014. James R. Self, Jr., CPA, LLC's opinion on those statements dated June 3, 2014 was qualified because of the departure from generally accepted accounting principles described in the Basis for Qualified Opinion paragraph.

AJK LLC

AJK, LLC
Columbus, Georgia
July 20, 2015

**GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014**

ASSETS

Cash and cash equivalents	\$ 263,615
Accounts receivable	15,210
Unconditional promises to give	
United Way, Inc. funding for next fiscal year	243,500
Long-term unconditional promises to give	
Unrestricted	567,073
Contribution receivable - Charitable Remainder Trust	781,300
Long-term Investments	5,367,571
Property and equipment	<u>2,933,984</u>

TOTAL ASSETS **\$ 10,172,253**

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 39,437
Employee taxes and other amounts withheld	<u>4,064</u>
Total Liabilities	<u>43,501</u>

NET ASSETS

Unrestricted	5,159,763
Temporarily restricted	1,740,272
Permanently restricted	<u>3,228,717</u>
Total Net Assets	<u>10,128,752</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 10,172,253**

See accompanying notes.

**GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

UNRESTRICTED NET ASSETS

Unrestricted revenues and gains	
Contributions	\$ 570,117
Investment income	47,680
Realized and unrealized gains and losses	(53,410)
Program income	30,215
Memberships	110,247
Special events	<u>95,052</u>
Total unrestricted revenues and gains	799,911

Net assets released from restrictions	
Expiration of time restriction - United Way	487,244
Restrictions satisfied by payments	<u>429,004</u>

 Total unrestricted revenues, gains, and other support 1,716,159

Expenses	
Program services	1,424,714
Management and general	<u>195,032</u>
Total expenses	<u>1,619,746</u>

 Increase in unrestricted net assets 96,413

TEMPORARILY RESTRICTED ASSETS

Contributions	
United Way, Inc.	487,244
Grants	206,002
Investment income	332
Net assets released from restrictions	
United Way, Inc.	(487,244)
Restrictions satisfied by payments	<u>(313,763)</u>

 Decrease in temporarily restricted assets (108,429)

See accompanying notes.

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 43,611
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	147,127
Unrealized losses on long-term investments	112,723
(Increase) decrease in operating assets:	
Accounts receivable	16,756
Increase (decrease) in operating liabilities	
Accounts payable	(12,748)
Contributions restricted for long-term purposes	
Unconditional promises to give	<u>178,570</u>
Net cash provided by operating activities	<u>486,039</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	2,016,027
Purchase of investments	(2,399,296)
Purchase of equipment	<u>(113,505)</u>
Net cash used by investing activities	<u>496,774</u>
 NET DECREASE IN CASH	(10,735)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>274,350</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>263,615</u>

See accompanying notes.

**GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014**

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>
Salaries and benefits	\$ 873,585	\$ 804,068	\$ 69,517
Conferences and conventions	9,012	7,128	1,884
Program supplies	65,099	65,099	-
Travel	18,316	17,034	1,282
Taxes - payroll	64,574	59,344	5,230
Computer maintenance	7,762	7,762	-
Utilities	69,619	62,657	6,962
Telephone and internet	15,921	6,368	9,553
Insurance	69,000	34,500	34,500
Building and grounds maintenance	11,910	11,910	-
Building and equipment repairs	23,613	-	23,613
Investment custodial fees	35,815	-	35,815
Professional fees	29,119	14,560	14,559
Office supplies and expense	18,750	17,008	1,742
Dues	1,529	765	764
Affiliation dues	12,000	6,000	6,000
Scholarships	16,762	16,762	-
Teen development	5,575	5,575	-
Depreciation	147,127	147,127	-
Van expenses	69,259	69,259	-
Advertising	14,531	13,904	627
Contract services	21,396	21,396	-
Special trips	6,091	6,091	-
Security	3,627	3,627	-
Postage and printing	2,793	2,793	-
Other expenses	26,062	23,977	2,085
Total Expenses	1,638,847	1,424,714	214,133
Less expenses included with revenues on the statement of activities	19,101	-	19,101
Total expenses included in the expense section of the statement of activities	<u>\$ 1,619,746</u>	<u>\$ 1,424,714</u>	<u>\$ 195,032</u>

See accompanying notes.

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Girls Incorporated of Columbus and Phenix-Russell is a non-profit organization created to provide recreational, social, and educational programs for girls. The Organization is supported through donor contributions and United Way.

Cash and Cash Equivalents

Cash and cash equivalents are insured by FDIC up to \$250,000 at each financial institution. At December 31, 2014 the Organization's cash and cash equivalents were insured by the FDIC limits.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the direct write-off method to record bad debts. This method approximates generally accepted accounting principles.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

Property and Equipment

It is the Organization's policy to capitalize property and equipment purchased with a cost of over \$1,000. Lesser amounts are expensed. Depreciation is computed using the straight-line method. Depreciation expense was \$147,127 for the year ended December 31, 2014.

Fair Value Measurement

The Foundation uses a three-tier hierarchy established by the FASB-ASC to prioritize the assumptions referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1: quoted prices in active markets for identical investments.

Level 2: other significant observable inputs (including quoted prices for similar investments in active markets, interest rates and yield curves, prepayment speeds, credit risk, etc.)

Level 3: significant unobservable inputs (including the Organization's own assumptions in determining the fair value measurement.)

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Expenses

Expenses relating to investment revenues, including custodial and accounting fees, amounted to \$19,101.

Contribution Receivable - Charitable Remainder Unitrust

The Organization is a 1/5 beneficiary of a charitable remainder unitrust. A charitable remainder unitrust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term, usually the designated beneficiaries lifetime. At the end of the trust's term, the remaining assets are available for the beneficiaries use. The portion of the trust attributable to the present value of the future benefits to be received by the Organization is recorded in the Statement of Activities as a temporarily restricted contribution in the year the trust is established. This amount represented the present value of the estimated future payments. On an annual basis the Organization revalues the contribution receivable based on the applicable mortality tables and current market conditions.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions

Contributions received are recorded as restricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Deposits Held in Financial Institution

During the year ended December 31, 2014, there were instances when the Organization's demand deposits on hand in financial institutions exceeded the depositors' insurance provided by the Federal Deposit Insurance Corporation.

Advertising

Advertising costs are expensed when incurred. Advertising for the year ended December 31, 2014 was \$14,531.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE B - CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents is \$15,526, which is permanently restricted by the donors.

NOTE C - PROMISES TO GIVE

Unconditional promises to give consists of the following:

Unrestricted promises	574,522
United Way, Inc.	<u>243,500</u>
	818,022
Less unamortized discount	<u>7,449</u>
Net unconditional promises to give	<u>810,573</u>
Amounts due in:	
Less than one year	243,500
One or more years	<u>567,073</u>
	<u>810,573</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows by using a discount rate of 1%.

Although donor designations to the United Way, Inc. may vary, differences between the amounts allocated and collected from the United Way, Inc. have been historically insignificant.

The Organization's use of the direct write-off method to record bad debts approximates generally accepted accounting principles.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	311,743
Buildings	4,328,717
Equipment	350,375
Vehicles	<u>387,856</u>
	5,378,691
Less: accumulated depreciation	<u>2,444,707</u>
	<u>2,933,984</u>

Depreciation expense for the year was \$147,127.

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE E - LONG-TERM INVESTMENTS

Unrestricted

The composition of the unrestricted long-term investments as of December 31, 2014 is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Cash	210,489	210,489	-
Equities:			
Securities	177,101	227,922	50,821
Growth funds	99,719	118,183	18,464
Blended funds	365,203	395,962	30,759
Fixed income funds:			
Low duration bond funds	544,131	523,545	(20,586)
Income fund	360,702	356,635	(4,067)
Intermediate duration bond funds	<u>313,296</u>	<u>307,615</u>	<u>(5,681)</u>
	<u>2,070,641</u>	<u>2,140,351</u>	<u>69,710</u>

All equity securities are Level 1 and all debt securities are Level 2.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2014.

Investment income	47,690
Unrealized gains and losses	<u>(53,410)</u>
	<u>(5,720)</u>

Restricted

Permanently restricted net assets at December 31, 2014 consists of endowment fund investments to be held indefinitely, the income from which is expendable to support the Organization's program services.

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE E - LONG TERM INVESTMENTS (CONTINUED)

The composition of the endowment fund net assets at December 31, 2014 is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Cash	245,834	245,834	-
Mutual funds:			
Value funds	203,650	204,234	584
Growth funds	228,519	331,181	102,662
Blended funds	1,108,511	1,532,126	423,615
Fixed income funds:			
Low duration bond funds	151,694	146,173	(5,521)
Intermediate duration bond funds	<u>736,420</u>	<u>753,644</u>	<u>17,224</u>
	<u>2,674,628</u>	<u>3,213,192</u>	<u>538,564</u>

All equity securities are Level 1 and all debt securities are Level 2.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2014.

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income	42,726	193,647	236,373
Unrealized gain and losses	<u>-</u>	<u>(65,485)</u>	<u>(65,485)</u>
Total investment return	<u>42,726</u>	<u>128,162</u>	<u>170,888</u>

NOTE F - PENSION PLAN

The Organization maintains a defined contribution retirement plan which covers all employees who qualify with respect to age and length of service. The contribution for 2014 amounted to \$13,305.

NOTE G - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 20, 2015, the date the financial statements were available to be issued.

