

**GIRLS INCORPORATED OF COLUMBUS
AND PHENIX-RUSSELL**

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018



CEDAR HILL
CPAS AND ADVISORS

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CEDAR HILL CPAS AND ADVISORS

INDEPENDENT AUDITORS' 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) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Girls Incorporated of Columbus and Phenix-Russell as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Cedar Hill CPAs and Advisors

Cataula, Georgia
February 19, 2020

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 319,539	\$ 327,947
Unconditional promises to give, less allowance for uncollected	<u>185,682</u>	<u>466,861</u>
Total current assets	505,221	794,808
Long-term unconditional promises to give	223,316	460,484
Contributions receivable under Charitable Remainder Unit	642,778	650,440
Investments, at fair value	8,543,664	7,785,939
Land, building & equipment, net of accumulated depreciation	<u>2,230,030</u>	<u>2,360,622</u>
Total assets	<u>\$ 12,145,009</u>	<u>\$ 12,052,293</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities:		
Accounts payable	\$ 6,190	\$ 9,592
Accrued liabilities	17,740	23,154
Pension plan payable	<u>11,283</u>	<u>-</u>
Total current liabilities	<u>35,213</u>	<u>32,746</u>
Net assets:		
Without donor restrictions	5,000,844	4,108,284
With donor restrictions	<u>7,108,952</u>	<u>7,911,263</u>
Total net assets	<u>12,109,796</u>	<u>12,019,547</u>
Total liabilities and net assets	<u>\$ 12,145,009</u>	<u>\$ 12,052,293</u>

The accompanying notes are an integral part of these financial statements

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
	<u> </u>	<u> </u>	<u> </u>
PUBLIC SUPPORT & REVENUE			
Contributions	\$ 80,281	\$ 8,913	\$ 89,194
Special events	127,274		127,274
Program income	53,032		53,032
Memberships	138,260		138,260
Investment income	117,878	502,207	620,085
Grant income	505,581	303,723	809,304
Change in value of split-interest agreements	-	(7,662)	(7,662)
Other income	-		-
Net assets	<u>1,609,492</u>	<u>(1,609,492)</u>	<u>-</u>
Total public support & revenue	<u>2,631,798</u>	<u>(802,311)</u>	<u>1,829,487</u>
EXPENSES			
Program services	1,516,131		1,516,131
Management and general	<u>223,107</u>		<u>223,107</u>
Total expenses	<u>1,739,238</u>	<u>-</u>	<u>1,739,238</u>
Increase (decrease) in net assets	892,560	(802,311)	90,249
NET ASSETS, beginning of period	<u>4,108,284</u>	<u>7,911,263</u>	<u>12,019,547</u>
NET ASSETS, end of period	<u>\$ 5,000,844</u>	<u>\$ 7,108,952</u>	<u>\$ 12,109,796</u>

The accompanying notes are an integral part of these financial statements

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT & REVENUE			
Contributions	\$ 147,757	\$ 6,000	\$ 153,757
Special events	113,594	-	113,594
Program income	170,132	-	170,132
Memberships	-	-	-
Investment income	79,402	461,323	540,725
Grant income	546,575	101,858	648,433
Change in value of split-interest agreements	-	21,588	21,588
Other income	-	-	-
Gain/(loss) on sale of assets	-	-	-
Net assets	351,188	(351,188)	-
Total public support & revenue	<u>1,408,648</u>	<u>239,581</u>	<u>1,648,229</u>
EXPENSES			
Program services	1,301,112	-	1,301,112
Management and general	200,927	-	200,927
Total expenses	<u>1,502,039</u>	<u>-</u>	<u>1,502,039</u>
Increase (decrease) in net assets	(93,391)	239,581	146,190
NET ASSETS, beginning of period	<u>4,201,675</u>	<u>7,671,682</u>	<u>11,873,357</u>
NET ASSETS, end of period	<u>\$ 4,108,284</u>	<u>\$ 7,911,263</u>	<u>\$ 12,019,547</u>

The accompanying notes are an integral part of these financial statements

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018

	Program Services	Management & General	Total Expenses 2019	Program Services	Management & General	Total Expenses 2018
Salaries and benefits	\$ 873,036	\$ 156,191	\$ 1,029,227	\$ 687,122	\$ 148,981	\$ 836,103
Program supplies	42,472	-	42,472	81,294	-	81,294
Travel	30,419	-	30,419	29,728	-	29,728
Taxes - payroll	66,787	11,949	78,736	50,236	10,892	61,128
Registration fees	16,965	-	16,965	-	-	-
Utilities	56,299	3,504	59,803	52,482	3,517	55,999
Telephone and internet	6,100	409	6,509	5,811	389	6,200
Insurance	44,776	3,000	47,776	37,361	2,504	39,865
Building and grounds maintenance	30,016	2,011	32,027	23,962	1,606	25,568
Investment custodial fees	44,014	-	44,014	42,179	-	42,179
Professional fees	-	37,109	37,109	-	24,836	24,836
Office supplies and expense	11,567	1,856	13,423	9,085	1,458	10,543
Dues	2,618	-	2,618	-	-	-
Affiliate dues	12,000	4,800	16,800	7,200	4,800	12,000
Scholarships	37,601	-	37,601	31,000	-	31,000
Computer maintenance	9,430	1,514	10,944	9,179	1,473	10,652
Depreciation	130,592	-	130,592	135,754	-	135,754
Van expenses	25,207	-	25,207	22,494	-	22,494
Contract services	-	-	-	9,896	-	9,896
Special event costs	57,518	-	57,518	37,091	-	37,091
Security	7,923	531	8,454	2,276	152	2,428
Postage and printing	1,445	232	1,677	1,984	319	2,303
Other expenses	9,346	-	9,346	24,978	-	24,978
Total Functional Expenses	\$ 1,516,131	\$ 223,107	\$ 1,739,238	\$ 1,301,112	\$ 200,927	\$ 1,502,039

The accompanying notes are an integral part of these financial statements

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 90,249	\$ 146,189
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	130,592	135,754
Increase/(decrease) in discount on long-term pledges	(13,516)	(37,765)
Adjustment to value of CRUT	7,662	21,588
Contributions deposited directly into investment accounts	(532,674)	(561,303)
(Gain)/loss on investments, net	(549,431)	(467,379)
Changes in:		
Pledges receivable, less allowance for uncollectible	281,179	131,841
Long-term pledges receivable, less allowance for uncollectible	250,684	429,133
Accounts payable and accrued expenses	2,467	20,697
	(332,788)	(181,245)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Monthly distribution from endowment to operating funds	324,380	211,536
Net cash used in investing activities	324,380	211,536
Net increase (decrease) in cash and cash equivalents	(8,408)	30,291
Cash and cash equivalents, beginning	327,947	297,656
Cash and cash equivalents, ending	\$ 319,539	\$ 327,947

The accompanying notes are an integral part of these financial statements

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 June 30, 2019, all of the Organization's cash and cash equivalents was within FDIC limits. At June 30, 2018, the Organization's cash and cash equivalents in excess of FDIC limits was \$20,518.

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 \$130,592 and \$135,754 for the years ended June 30, 2019 and 2018, respectively.

Fair Value Measurement

The Foundation uses a three-tier hierarchy established by FASB-ASC 820 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:

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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.)

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

Investment Expenses

Expenses relating to investment revenues, including custodial and accounting fees, amounted to \$44,014 and \$42,179 for the years ended June 30, 2019 and 2018, respectively.

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.

Subsequent to year end, the charitable remainder trust was distributed to all applicable beneficiaries. The amount listed on the Statement of Financial Position reflects the amount that was paid over to the Organization.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions and net assets without donor restriction.

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Contributions

Contributions received are recorded as net assets with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

Deposits Held in Financial Institution

During the year ended June 30, 2019 and 2018, 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 costs for the year ended June 30, 2019 and 2018 were included in special event costs.

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 2017, 2018 and 2019 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.

Reclassifications

Certain items in the 2018 financial statements have been reclassified in order to be in conformity with the 2019 statement presentation.

NOTE B – LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$319,539
Investments	<u>1,434,712</u>
	<u>\$1,754,251</u>

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

NOTE C - CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents is \$0 and \$2,648 for the years ended June 30, 2019 and 2018, respectively, which is restricted by the donors.

NOTE D - PROMISES TO GIVE

Unconditional promises to give consists of the following:

Unrestricted promises	\$	415,932
Less: unamortized discount		<u>(6,934)</u>
 Net unconditional promises to give	 \$	 <u>408,998</u>
 Amounts due in:		
Less than one year	\$	185,682
One to five years		<u>223,316</u>
	 \$	 <u>408,998</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 2.95%.

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 E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019	2018
Land	\$ 286,743	\$ 286,743
Buildings	4,067,225	4,067,225
Equipment	328,855	328,855
Vehicles	387,856	387,856
	<u>5,070,679</u>	<u>5,070,679</u>
Less: accumulated depreciation	(2,840,649)	(2,710,057)
Net property and equipment	<u>\$ 2,230,030</u>	<u>\$ 2,360,622</u>

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

Depreciation expense for the year was \$130,592 and \$135,754 for the years ended June 30, 2019 and 2018, respectively.

NOTE F - LONG-TERM INVESTMENTS

Unrestricted

The composition of the long-term investments without donor restrictions as of June 30, 2019 and 2018 is as follows:

<u>June 30, 2019</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Cash	\$ 64,882	\$ 64,882	-
Equities	217,923	290,950	\$ 73,027
Fixed income funds	<u>1,102,376</u>	<u>1,078,880</u>	<u>(23,496)</u>
Total	<u>\$ 1,385,181</u>	<u>\$1,434,712</u>	<u>\$ 49,531</u>
<u>June 30, 2018</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Cash	\$ 63,914	\$ 63,914	-
Equities	216,804	289,914	\$ 73,113
Fixed income funds	<u>1,132,811</u>	<u>1,079,693</u>	<u>(53,118)</u>
Total	<u>\$ 1,413,526</u>	<u>\$1,433,521</u>	<u>\$ 19,995</u>

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

Net assets with donor restrictions at June 30, 2019 and 2018 consists of endowment fund investments to be held indefinitely, the income from which is expendable to support the Organization's program services.

The composition of those net assets at June 30, 2019 and 2018 is as follows:

<u>June 30, 2019</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Cash	\$ 372,908	\$ 372,908	-
Equities	3,636,872	4,626,103	\$ 989,231
Fixed income funds	<u>2,078,122</u>	<u>2,109,941</u>	<u>31,819</u>
Total	<u>\$ 6,087,902</u>	<u>\$1,108,952</u>	<u>\$ 1,021,050</u>

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

<u>June 30, 2018</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Cash	\$ 385,293	\$ 385,293	
Equities	3,268,110	4,151,145	\$ 883,035
Fixed income funds	<u>1,863,862</u>	<u>1,815,981</u>	<u>(47,381)</u>
Total	<u>\$ 5,517,265</u>	<u>\$6,352,419</u>	<u>\$ 835,154</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 June 30, 2019 and 2018.

<u>June 30, 2019</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment income	\$ 88,377	\$ 519,660	\$ 608,037
Unrealized gains and losses	<u>29,501</u>	<u>185,931</u>	<u>215,432</u>
Total investment return	<u>\$ 117,878</u>	<u>\$ 705,591</u>	<u>\$ 823,469</u>
<u>June 30, 2018</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income	\$ 94,902	\$ 373,728	\$ 468,630
Unrealized gains and losses	<u>(15,500)</u>	<u>87,595</u>	<u>72,095</u>
Total investment return	<u>\$ 79,402</u>	<u>\$ 461,323</u>	<u>\$ 540,725</u>

NOTE G - 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 2019 and 2018 amounted to \$25,161 and \$11,885, respectively.

GIRLS INCORPORATED OF COLUMBUS AND PHENIX-RUSSELL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE H - CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly.

NOTE I - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 19, 2020, the date the financial statements were available to be issued.

