GIRLS ON THE RUN GREATER HOUSTON
Financial Statements
December 31, 2021 and 2020

Independent Auditors' Report

Board of Directors
Girls on the Run Greater Houston

Opinion

We have audited the accompanying financial statements of Girls on the Run Greater Houston, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities 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 Girls on the Run Greater Houston as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls on the Run Greater Houston 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 Girls on the Run Greater Houston's ability to continue as a going concern for one year after the date that the financial statements are 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 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 GAAS 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 GAAS, 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 Girls on the Run Greater Houston'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 Girls on the Run Greater Houston'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.

PWR CPA, LLP

PWR CPA, LLP
Houston, Texas
March 23, 2022

GIRLS ON THE RUN GREATER HOUSTON
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	$ 319,158	$ 146,084
Contributions receivable	-	247,510
Prepaid expenses	564	4,461
Total current assets	319,722	398,055
Property and equipment, net	2,235	8,135
Total assets	$ 321,957	$ 406,190

LIABILITIES AND NET ASSETS

	2021	2020
Liabilities:		
Accounts payable	$ 3,114	$ 1,680
Accrued expenses and other payables	12,602	19,966
Loans payable	-	32,310
Deferred registration and fundraiser event income	15,000	44,811
Total liabilities	30,716	98,767
Net Assets:		
Without donor restrictions	291,241	62,335
With donor restrictions	-	245,088
Total net assets	291,241	307,423
Total liabilities and net assets	$ 321,957	$ 406,190

See accompanying notes to financial statements.

GIRLS ON THE RUN GREATER HOUSTON
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions
Revenues and support:		
Registration fees	$ 104,100	$ -
Sponsors and donations	125,697	-
Event registrations	19,791	-
Grants	97,895	-
Fundraiser events, net (Note 1)	56,338	-
Net assets released from restrictions	245,088	(245,088)
Total revenue and support	648,909	(245,088)
Expenses:		
Program services	357,946	-
Management and general	36,430	-
Fund raising	25,627	-
Total expenses	420,003	-
Increase (decrease) in net assets	228,906	(245,088)
Net assets - beginning of year	62,335	245,088
Net assets - end of year	$ 291,241	$ -

See accompanying notes to financial statements.

GIRLS ON THE RUN GREATER HOUSTON
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions
Revenues and support:		
Registration fees	$ 64,251	$ -
Sponsors and donations	96,003	-
Event registrations	640	-
Grants	6,570	-
Fundraiser events, net (Note 1)	5,733	-
Total revenue and support	173,197	-
Expenses:		
Program services	261,237	-
Management and general	47,019	-
Fund raising	22,999	-
Total expenses	331,255	-
Increase (decrease) in net assets	(158,058)	-
Net assets - beginning of year	220,393	245,088
Net assets - end of year	$ 62,335	$ 245,088

See accompanying notes to financial statements.

GIRLS ON THE RUN GREATER HOUSTON
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Decrease in net assets	$ (16,182)	$ (158,058)
Depreciation of property and equipment	5,900	5,611
Forgiveness of debt	(74,020)	-
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Contributions receivable	247,510	(2,422)
Inventory	-	1,575
Prepaid expenses	3,897	(3,769)
Accounts payable	1,434	(8,575)
Accrued expenses and other payables	(7,364)	22,455
Deferred registration and fundraiser event income	(29,811)	32,000
Net cash provided by (used in) operating activities	131,364	(111,183)
Cash flows from investing activities:		
Purchase of property and equipment	-	(2,414)
Net cash used in investing activities	-	(2,414)
Cash flows from financing activities:		
Proceeds from loan payable	41,710	32,310
Net cash provided by investing activities	41,710	32,310
Net increase (decrease) in cash	173,074	(81,287)
Cash, beginning of year	146,084	227,371
Cash, end of year	$ 319,158	$ 146,084

Note 1 – Summary of Significant Accounting Policies

The major accounting policies of Girls on the Run Greater Houston ("the Organization") are summarized below to assist the reader in understanding the Organization's financial statements.

Organization and purpose

Girls on the Run Greater Houston, a corporation, is a non-profit organization incorporated in 2004 under the laws of Texas for the purpose of inspiring girls to be joyful, healthy, and confident using a fun, experience-based curriculum which creatively integrates running. The Organization provided training and support to girls in the Greater Houston area including Harris, Fort Bend, and Montgomery counties. Girls on the Run Greater Houston operates as an independent council through a licensing program with Girls on the Run International ("GOTRI") of Charlotte, North Carolina, which provides curriculums, training, support, and structure to over 200 independent and affiliated councils in the United States and Canada. The membership agreement with GOTRI runs year to year, and the current agreement expires June 30, 2023. The Organization provides an experiential learning program for girls in grades three through eight that combines training for a 5K running event with character building and uplifting workouts. The positive youth development program delivers a core curriculum that addresses many aspects of girls' development including their physical, emotional, mental and social well-being. Lessons provide girls with the tools to make positive decisions and avoid risky adolescent behaviors.

The Organization qualifies as tax exempt under Internal Revenue Code Section 501(c)(3). The Organization is funded by a combination of corporate and individual grants and donations, corporate sponsorships, program registration fees, and registration fees for events.

Basis of accounting

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash and cash equivalents

The Organization considers cash and cash equivalents to include all financial institution deposits with an original maturity of ninety days or less.

Note 1 – Summary of Significant Accounting Policies - (Continued)

Contributions receivable

Contributions receivable consists of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 2.11% for amounts due in 2020 and 1.82% for amounts due in 2021 for pledges received in 2019. The discount will be recognized as contributions revenue in future fiscal years as the discount is amortized over the duration of the contributions. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, subsequent collections, type of contribution, and nature of fundraising activity.

Conditional promises to give are not included as revenue until the conditions are substantially met.

Prepaid expenses

Included in prepaid expenses as of December 31, 2020 is $3,500 in expenses related to a fundraising event that was delayed from 2020 to 2021 due to the outbreak of COVID-19. The Organization recognizes insurance expense ratably over the life of the policies. Prepaid insurance as of December 31, 2021 and 2020 was $564 and $961, respectively.

Property and equipment

Property and equipment are recorded at cost. Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from the property accounts, and any gain or loss is recorded in income or expense. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Useful lives for property and equipment are three years.

Deferred revenue

Deferred revenue consists of sponsorships for a variety of after school and summer programs at specific elementary schools. The Organization recognizes revenues upon completion of these programs, or the event.

Note 1 – Summary of Significant Accounting Policies - (Continued)

Net assets

Net assets without donor restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the "Board") and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which make them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

See Note 5 for more information on the composition of net assets without donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

See Note 6 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Revenues and support

Registration fees and event registrations

Registration fees are recognized upon receipt of payment by the registrant. Event registration fees are recognized when payment has been received and the associated event has concluded.

Contributions received in order to fund these events are recorded as deferred revenue until the event occurs. As of December 31, 2021 and 2020, the amount of deferred revenue recorded was $15,000 and $44,811, respectively.

Note 1 – Summary of Significant Accounting Policies - (Continued)

Sponsors and donations

The Organization solicits and enters into agreements with various corporate sponsors and sponsorship proceeds are recognized in the period in which they are received. Many volunteers have contributed significant amounts of their time to the activities of the Organization. However, since those donated services neither create nor enhance nonfinancial assets nor require specialized skills, the value of the contributed services is not recorded in the accompanying financial statements. Management has estimated that contributed services are $25,000 for pro bono accounting services and $273,000 for 251 volunteer coaches. The Organization received an unconditional promise-to-give amount of approximately $370,000 in 2019. Contributions receivable as of December 31, 2020 of $245,088 which was collected during 2021.

Grants

Grants are recognized when the donor provides the donation in the form of a check or cash or when the Organization has received an unconditional promise to give.

Fundraiser events (net)

Fundraising events are recorded at the net profit of the events so as to not distort the effect of the expenses on the mission of the Organization. This is consistent with non-profit accounting and tax reporting principles.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reported period. Actual results could differ from those estimates.

Allocation of expenses

The cost of providing various programs and other activities has been summarized on a functional and natural classification in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting activities.

Administrative costs

The Organization receives "pro bono" donated accounting services from a relative of its President.

Note 1 – Summary of Significant Accounting Policies - (Continued)

Effect of recent accounting pronouncements

The Organization has reviewed all recently issued, but not yet adopted, accounting standards, in order to determine their effects, if any, on its results of operations, financial position, or cash flows. Based on that review, the Organization believes that no other pronouncements will have a significant effect on its financial statements.

In November 2019, the FASB amended issued ASU 2019-10, which amended ASU 2016-02 "Leases" which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The amended ASU is effective for private companies for fiscal years beginning after December 15, 2020 and interim reporting periods beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the effects that the adoption of ASU 2019-10 will have on the Organization's financial position, results of operations and cash flows and anticipates the new guidance is not expected to significantly impact its financial statements given the Organization has no significant leases.

Note 2 – Contributions Receivable

Contributions receivable consist of the following unconditional promises to give at:

	December 31,	
	2021	**2020**
Amounts due in:		
Less than one year	$ -	$ 127,422
One year and more	-	125,000
Total contributions	-	252,422
Discounts	-	(4,912)
Total contributions receivable	$ -	$ 247,510

No allowance for contributions receivable was recorded as of December 31, 2021 and 2020.

Note 3 – Property and Equipment, Net

Property and equipment are summarized as follows at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Furniture and equipment	$ 13,072	$ 13,072
Leasehold improvements	5,950	5,950
Less: accumulated depreciation	(16,787)	(10,887)
Property and equipment, net	$ 2,235	$ 8,135

Depreciation expense totaled $5,900 and $5,611 for the years ended December 31, 2021 and 2020, respectively.

Note 4 – Functional Expenses

The Organization's functional expenses for the years ended December 31, 2021 and 2020 are comprised of the following:

2021	Total Expenses	Program Services	Mgmt. and General	Fund Raising
After school program expenses	$ 54,626	$ 54,626	$ -	$ -
Salaries	241,558	217,402	12,078	12,078
Payroll taxes and benefits	21,605	19,445	1,080	1,080
5-K race expenses	36,730	36,730	-	-
Conferences, conventions, meetings	5,704	4,564	570	570
Program license fees	6,828	-	6,828	-
Insurance	1,149	1,149	-	-
Fees for services (non-employees)	4,415	-	4,415	-
IT expenses	2,200	1,760	-	440
Advertising and promotion	1,938	646	646	646
Office expenses and miscellaneous	37,350	18,674	9,338	9,338
Depreciation	5,900	2,950	1,475	1,475
Total	$ 420,003	$ 357,946	$ 36,430	$ 25,627

Note 4 – Functional Expenses – (Continued)

2020	Total Expenses	Program Services	Mgmt. and General	Fund Raising
After school program expenses	$ 19,137	$ 19,137	$ -	$ -
Salaries	205,110	184,600	10,255	10,255
5-K race expenses	5,296	5,296	-	-
Conferences, conventions, meetings	5,325	4,259	533	533
Program license fees	19,578	-	19,578	-
Insurance	7,039	7,039	-	-
Payroll taxes and benefits	21,157	19,041	1,058	1,058
IT expenses	1,611	1,289	-	322
Fees for services (non-employees)	4,974	-	4,974	-
Advertising and promotion	3,259	1,087	1,086	1,086
Office expenses and miscellaneous	33,158	16,684	8,132	8,342
Depreciation	5,611	2,805	1,403	1,403
Total	$ 331,255	$ 261,237	$ 47,019	$ 22,999

Note 5—Net Assets Without Donor Restrictions

None of the Organizations net assets without donor restrictions are Board designated as of December 31, 2021 and 2020.

Note 6—Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

	December 31, 2021	December 31, 2020
Subject to expenditure for specified purpose or period:		
Program services	$ -	245,088
Total net assets with donor restrictions	$ -	$ 245,088

The purposes of the above donor restricted amounts are as follows:

Marketing and program services - Initiatives to help the Organization accomplish its goals in the Houston surrounding area.

Note 7—Commitments and Contingencies

The Organization entered into an operating lease arrangement for office space necessary to the operations on February 25, 2019. The Organization signed an amendment to the operating lease on October 4, 2021 extending the lease term to August 31, 2025. Rent expense for the years ended December 31, 2021 and 2020 related to this lease is $29,067 and $28,609 respectively.

Future minimum lease payments under the operating leases are as follows:

Years ending December 31,		
2022	$	28,008
2023		27,796
2024		28,432
2025		29,067
Total	$	113,303

Note 8—Concentration of Accounts Receivable

For the year ended December 31, 2020, one donor made up 99% of accounts receivable, respectively.

Note 9—Loan Payables

On April 7, 2020, the Organization received a Small Business Administration ("SBA") loan under the government's assistance related to COVID-19. The SBA loan was for $32,310, with an interest rate of 0.98% and due in twenty-four months. The SBA loan was to assist the Organization in payroll during the COVID-19 time period. A second SBA loan was made on February 9, 2021 for $41,710 with the same terms and conditions. The SBA loans were forgivable if the Organization's payroll during this time utilized all of the monies provided. The first loan was forgiven on April 7, 2021 and the second loan was forgiven on November 16, 2021. The forgiven loans were accounted for as interest-free grants during the year ended December 31, 2021.

Note 10—Subsequent Events

Management has evaluated subsequent events through March 23, 2022, the date on which the financial statements were available to be issued. Management has not deemed any subsequent events significant enough for disclosure.