



FINANCIAL REPORT

GIRLS ON THE RUN OF NOVA

YEARS ENDED JUNE 30, 2021 AND 2020

GIRLS ON THE RUN OF NOVA
FINANCIAL REPORT
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Girls on the Run of NOVA
Fairfax, Virginia

We have reviewed the accompanying financial statements of Girls on the Run of NOVA, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The June 30, 2020 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated June 15, 2021. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. We have not performed any auditing procedures on the financial statements since that date.

Thompson Greenspon

Fairfax, Virginia
November 19, 2021

GIRLS ON THE RUN OF NOVA

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

| | 2021 (Reviewed) | 2020 (Audited) |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 587,793 | \$ 683,559 |
| Employee Retention Credit receivable | 83,552 | - |
| Contributions receivable | 10,000 | 5,000 |
| Prepaid expenses and other current assets | 8,868 | 13,612 |
| Accounts receivable | 262 | - |
| | <u>690,475</u> | <u>702,171</u> |
| Property and Equipment | | |
| Furniture and equipment | 26,644 | 26,644 |
| Software | 4,116 | 4,116 |
| Less: accumulated depreciation and amortization | <u>(30,760)</u> | <u>(30,760)</u> |
| | <u>-</u> | <u>-</u> |
| Other Assets | | |
| Contributions receivable, non-current | - | 10,000 |
| Security deposits | <u>7,803</u> | <u>7,803</u> |
| | <u>7,803</u> | <u>17,803</u> |
| Total Assets | <u><u>\$ 698,278</u></u> | <u><u>\$ 719,974</u></u> |

The Notes to Financial Statements are an integral part of these statements.

Reference is made to the accompanying Review Report of Independent Accountants.

| | 2021 (Reviewed) | 2020 (Audited) |
|---|--------------------------|--------------------------|
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 7,342 | \$ 10,117 |
| Related party payable | 4,680 | - |
| Payroll liabilities and other current liabilities | 25,938 | 41,632 |
| Deferred revenue | - | 40,680 |
| Deferred rent, current portion | 3,054 | 1,967 |
| | <u>41,014</u> | <u>94,396</u> |
| Long-term Liabilities | | |
| Note payable - Economic Injury Disaster Loan | 26,400 | 26,400 |
| Deferred rent, net of current portion | 4,606 | 7,661 |
| | <u>31,006</u> | <u>34,061</u> |
| | <u>72,020</u> | <u>128,457</u> |
| Net Assets | | |
| Without donor restrictions | 572,758 | 529,683 |
| With donor restrictions | 53,500 | 61,834 |
| | <u>626,258</u> | <u>591,517</u> |
| Total Liabilities and Net Assets | <u><u>\$ 698,278</u></u> | <u><u>\$ 719,974</u></u> |

GIRLS ON THE RUN OF NOVA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 (Reviewed) | | | 2020 (Audited) | | |
|--------------------------------------|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | | | | |
| Program fees | \$ 280,247 | \$ - | \$ 280,247 | \$ 674,998 | \$ - | \$ 674,998 |
| Sponsorship | 50,155 | 79,500 | 129,655 | 79,262 | - | 79,262 |
| Donations | 223,483 | 5,000 | 228,483 | 114,409 | 72,834 | 187,243 |
| Other grants | | | | | | |
| Paycheck Projection Program loan | 104,000 | - | 104,000 | 83,700 | - | 83,700 |
| Employee Retention Credit | 106,235 | - | 106,235 | - | - | - |
| Other income | 694 | - | 694 | 2,098 | - | 2,098 |
| Net assets released from restriction | 92,834 | (92,834) | - | 79,600 | (79,600) | - |
| Total Support and Revenue | 857,648 | (8,334) | 849,314 | 1,034,067 | (6,766) | 1,027,301 |
| Expenses | | | | | | |
| Program | 310,689 | - | 310,689 | 481,238 | - | 481,238 |
| Development and fundraising | 180,303 | - | 180,303 | 186,429 | - | 186,429 |
| Management and general | 323,581 | - | 323,581 | 366,694 | - | 366,694 |
| Total Expenses | 814,573 | - | 814,573 | 1,034,361 | - | 1,034,361 |
| Change in Net Assets | 43,075 | (8,334) | 34,741 | (294) | (6,766) | (7,060) |
| Net Assets, beginning of year | 529,683 | 61,834 | 591,517 | 529,977 | 68,600 | 598,577 |
| Net Assets, end of year | \$ 572,758 | \$ 53,500 | \$ 626,258 | \$ 529,683 | \$ 61,834 | \$ 591,517 |

The Notes to Financial Statements are an integral part of these statements.

Reference is made to the accompanying Review Report of Independent Accountants.

GIRLS ON THE RUN OF NOVA

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 (Reviewed) | | | | 2020 (Audited) | | | |
|-----------------------|-------------------|--------------------------------|---------------------------|-------------------|-------------------|--------------------------------|---------------------------|---------------------|
| | Program | Development and Fundraising | Management and General | Total | Program | Development and Fundraising | Management and General | Total |
| Expenses | | | | | | | | |
| Salaries and benefits | \$ 205,949 | \$ 156,016 | \$ 153,944 | \$ 515,909 | \$ 232,856 | \$ 156,924 | \$ 144,682 | \$ 534,462 |
| Race expenses | 35,387 | - | - | 35,387 | 138,034 | - | - | 138,034 |
| Professional fees | 18,726 | - | 127,619 | 146,345 | 16,967 | - | 85,603 | 102,570 |
| Marketing | - | - | 692 | 692 | - | - | 77,549 | 77,549 |
| Rent | 18,257 | 13,696 | 11,722 | 43,675 | 19,669 | 13,255 | 9,834 | 42,758 |
| Girls expenses | - | - | - | - | 40,715 | - | - | 40,715 |
| Coach expenses | 32,370 | - | - | 32,370 | 32,997 | - | - | 32,997 |
| Office expenses | - | - | 19,764 | 19,764 | - | - | 32,764 | 32,764 |
| Fundraising expenses | - | 10,591 | - | 10,591 | - | 16,250 | - | 16,250 |
| Insurance | - | - | 8,170 | 8,170 | - | - | 13,554 | 13,554 |
| Board expenses | - | - | 138 | 138 | - | - | 2,154 | 2,154 |
| Interest expense | - | - | 990 | 990 | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | 554 | 554 |
| Travel | - | - | 542 | 542 | - | - | - | - |
| Total Expenses | \$ 310,689 | \$ 180,303 | \$ 323,581 | \$ 814,573 | \$ 481,238 | \$ 186,429 | \$ 366,694 | \$ 1,034,361 |

The Notes to Financial Statements are an integral part of these statements.

Reference is made to the accompanying Review Report of Independent Accountants.

GIRLS ON THE RUN OF NOVA

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 (Reviewed) | 2020 (Audited) |
|---|--------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 34,741 | \$ (7,060) |
| (Increase) Decrease in | | |
| Accounts receivable | (262) | 5,546 |
| Employee Retention Credit receivable | (83,552) | - |
| Prepaid expenses and other current assets | 4,744 | (1,279) |
| Contributions receivable | 5,000 | 73,400 |
| Increase (Decrease) in | | |
| Accounts payable and accrued expenses | 1,905 | (3,542) |
| Payroll liabilities and other current liabilities | (15,694) | (3,328) |
| Deferred revenue | (40,680) | 40,680 |
| Deferred rent | (1,968) | (904) |
| | <u>(95,766)</u> | <u>103,513</u> |
| Net Cash (Used) Provided by Operating Activities | | |
| Cash Flows from Financing Activities | | |
| Economic Injury Disaster Loan proceeds | - | 26,400 |
| | <u>-</u> | <u>26,400</u> |
| Net (Decrease) Increase in Cash and Cash Equivalents | (95,766) | 129,913 |
| Cash and Cash Equivalents, beginning of year | <u>683,559</u> | <u>553,646</u> |
| Cash and Cash Equivalents, end of year | <u>\$ 587,793</u> | <u>\$ 683,559</u> |

The Notes to Financial Statements are an integral part of these statements.

Reference is made to the accompanying Review Report of Independent Accountants.

GIRLS ON THE RUN OF NOVA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (REVIEWED) AND 2020 (AUDITED)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Girls on the Run of NOVA (the Organization) is a nonprofit organization incorporated under the laws of Virginia for the purpose of inspiring girls to be joyful, healthy and confident using a fun, experience-based curriculum, which creatively integrates running. The Organization is an independent council of Girls on the Run International (GOTR International) that provides curriculum, training and support to over 200 local Girls on the Run councils across the United States and Canada who deliver the program. The membership agreement with GOTR International requires Girls on the Run of NOVA to meet certain requirements such as, but not limited to: delivering the program using a certified coach, working to expand the program within its designated territory, handling its own surpluses and deficits of cash, following lesson plans as laid out in the program materials, and adhering to the core values and branding guidelines of GOTR International. The current membership agreement commenced on March 20, 2013 and concludes on June 30, 2022 and automatically renews annually for a one-year term subject to notice given by GOTR International.

Girls on the Run councils provide an experiential learning program for girls in grades three through eight that combines training for a 3.1-mile running event with self-esteem enhancing, 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 to avoid risky adolescent behaviors. The Organization is funded by a combination of program fees, corporate sponsorships, corporate and individual grants and donations.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

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.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash equivalents include demand deposits and certificates of deposit with original maturities of three months or less.

The Organization maintains its cash balances with one financial institution which, at times, may exceed federally insured limits of \$250,000. The Organization has not experienced any losses from such accounts.

GIRLS ON THE RUN OF NOVA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (REVIEWED) AND 2020 (AUDITED)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Receivable

The Organization accounts for unconditional promises to give as contributions receivable. A contribution is an unconditional transfer of cash or other assets to the Organization or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner. Contributions receivable due within one year are measured at net realizable value and those due in more than one year are measured at the present value of the estimated future cash flows. Changes in the present value of the estimated future cash flows are accounted for as contribution income by the Organization. The Organization has contributions receivable of \$10,000 as of June 30, 2021, all of which is expected to be collected within one year. As of June 30, 2020, the Organization had contributions receivable of \$5,000 which were expected to be collected within one year, and \$10,000 which were expected to be collected after one year. Management considers the contributions receivable to be fully collectible; therefore, no provision has been made for contributions receivable that may not be collected in future periods.

Employee Retention Credit

The Organization qualifies to claim the Employee Retention Credit for 2021. Of the \$106,235 in Employee Retention Credit recognized as support in the Organization's fiscal year ending June 30, 2021, \$38,536 was claimed for calendar year 2020 and \$67,699 through June 30 for calendar year 2021. An accrual of \$83,552 has been made based on management's estimates of the amount they are eligible to claim. The accrual is included in current assets on the current year statement of financial position.

Property and Equipment

Property and equipment are stated at cost if purchased and at fair value at the date of contribution if contributed. The Organization capitalizes all assets purchased or donated with a value of over \$3,500. Management reviews the carrying value of property and equipment to determine if circumstances exist indicating an impairment in such value. If impairment is indicated, an adjustment is made to recorded cost. Expenditures for maintenance and repairs that do not improve or extend the life of an asset are charged to expense as incurred. 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 range from three to five years.

There was no depreciation and amortization expense for the years ended June 30, 2021 and 2020; all property and equipment is fully depreciated.

Deferred Revenue

Deferred revenue as of June 30, 2020 represented tickets sold for a fundraising event scheduled for Fall 2020 and program fees for participants who elected to defer their registration to Fall 2020 due to COVID-19.

GIRLS ON THE RUN OF NOVA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (REVIEWED) AND 2020 (AUDITED)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Revenue for the Organization is primarily derived from tuition and fees from enrolled students for which the contracts typically span less than one year. ASC Topic 606 provides a five-step model for recognizing revenue:

1. Identify the contract
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to performance obligations
5. Recognize revenue

The Organization recognizes revenue from program registrations during the period when the program is being offered (Spring and Fall). Financial assistance is given to girls who participate in Virginia's Free and Reduced Lunch program, daughters of volunteer coaches, siblings and military families. Fees are also charged to runners (excluding girls and coaches who participate in the program) who participate in the 3.1-mile running event.

Contributions, grants and sponsorships are recognized as revenue in the year an unconditional promise to give is received and are recorded at fair value. The Organization reports gifts of cash and other assets as net assets 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, net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as the contribution is received are reported as net assets without donor restrictions.

In addition to cash donations, the Organization receives goods and services from other organizations. Goods and services received that directly benefit the Organization are recognized at the estimated fair value when the goods are received, or the services are rendered. For the year ended June 30, 2021, the Organization recognized \$90,800 of donated goods and services. Approximately \$8,400 of this related to marketing of the running events, \$66,500 related to donated consulting services, \$12,800 related to donated goods and services used at the 3.1-mile running events, and \$3,100 related to insurance expense. The Organization recognized approximately \$67,000 of donated goods and services for the year ended June 30, 2020. Approximately \$12,300 of this related to marketing of the running events, \$51,300 related to donated consulting services, and \$3,400 related to donated goods and services used at the 3.1-mile running events.

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.

GIRLS ON THE RUN OF NOVA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (REVIEWED) AND 2020 (AUDITED)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restriction. As of June 30, 2021, the net assets with donor restrictions consist of contributions for Fall 2021, Spring 2022 and Fall 2022 events.

Paycheck Protection Program Loans

On April 20, 2020, Girls on the Run of NOVA received a loan pursuant to Round 1 of the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) in the amount of \$83,700 (the PPP Round 1 Loan). The PPP Round 1 Loan is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, Girls on the Run of NOVA must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. Girls on the Run of NOVA has accounted for the PPP Round 1 Loan under Financial Accounting Standards Board (FASB) ASC 958-605, *Application of the Limited Discretion Indicator and Accounting for Cost-Sharing Provisions in a Grant Agreement*, as a conditional contribution in the financial statements. As of June 30, 2020, Girls on the Run of NOVA's management believes they have met the substantial requirements for full forgiveness of the PPP Round 1 Loan and, as such, has recorded contributions revenue totaling \$83,700 during the year ended June 30, 2020.

Girls on the Run of NOVA applied for forgiveness in 2020 and on March 1, 2021, they were notified by their bank that the SBA had approved their forgiveness application. Accordingly, other income of \$83,700 arising from the PPP Round 1 Loan forgiveness has been included in the statements of activities and changes in net assets for the year ended June 30, 2020.

On February 10, 2021, Girls on the Run of NOVA received a second loan pursuant to the PPP in the amount of \$104,000 (the PPP Round 2 Loan). The PPP Round 2 Loan is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the PPP Round 2 Loan, Girls on the Run of NOVA must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. As of June 30, 2021, Girls on the Run of NOVA's management believes they have met the substantial requirements for full forgiveness of the PPP Round 2 Loan and, as such, has recorded contributions revenue totaling \$104,000 during the year ended June 30, 2021.

Girls on the Run of NOVA applied for forgiveness in October 2021 and on October 26, 2021, they were notified by the SBA that the SBA has remitted to their bank the payment of \$104,000 for forgiveness of the PPP Round 2 Loan.

GIRLS ON THE RUN OF NOVA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (REVIEWED) AND 2020 (AUDITED)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization and office expenses, which are allocated on a square footage basis, as well as salaries and benefits which are allocated on the basis of estimates of time and effort.

Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the Commonwealth of Virginia, the Organization is exempt from taxes on income related to its exempt purpose.

The Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements related to uncertain tax positions.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization is not currently under audit by any income tax jurisdiction.

COVID-19

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including the industries in which the Organization operates. In December 2020, the U.S. Food and Drug Administration approved the distribution of COVID-19 vaccines that, once widely adopted and utilized, may materially reduce the impact of COVID-19 going forward, although the impact of the virus including certain new strains remains uncertain. The impact, scope and duration of any new strains of the virus, and the ability to successfully distribute the vaccines, remain largely unknown. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

Recent Accounting Pronouncements

ASU 2016-02

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in ASU 2016-02 supersedes the lease recognition requirements in ASC Topic 840, *Leases (FAS 13)*. ASU 2016-02 requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. Due to COVID-19, the FASB delayed the effective date of this standard for non-public entities to fiscal years beginning after December 15, 2021. The Organization will be evaluating the impact of adoption of this ASU on the financial statements.

GIRLS ON THE RUN OF NOVA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (REVIEWED) AND 2020 (AUDITED)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Standards

In May 2014, the FASB issued ASC Topic 606, *Revenue from Contracts with Customers*. Due to COVID-19, the FASB delayed the effective date of this standard for non-public entities to annual reporting periods beginning after December 15, 2019. The Organization adopted ASC Topic 606 for the initial application on July 1, 2020. The new accounting standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance (ASC Topic 605, *Revenue Recognition*) in U.S. generally accepted accounting principles. The standard also requires expanded disclosures regarding the Organization's revenue recognition policies and significant judgments employed in the determination of revenue.

The Organization applied the modified retrospective approach to all contracts when adopting ASC Topic 606. At July 1, 2020, there was not a material adjustment to revenue and no cumulative catch-up was required. Therefore, the comparative financial statements for the year ended June 30, 2020 have not been restated and continue to be reported under the prior revenue recognition guidance.

Subsequent Events

The date to which events occurring after June 30, 2021, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is November 19, 2021, which is the date on which the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statement of financial position date for general expenditure are as follows as of June 30:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 587,793 | \$ 683,559 |
| Accounts receivable | 262 | - |
| Contributions receivable, current | 10,000 | 5,000 |
| Financial assets, at year end | 598,055 | 688,559 |
| Less those unavailable for general expenditures within one year due to donor restrictions | (53,500) | (61,834) |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 544,555</u> | <u>\$ 626,725</u> |

Financial assets of \$53,500 and \$61,834 at June 30, 2021 and 2020, respectively, are subject to donor or other contractual restrictions that make them unavailable for expenditure within one year of the statement of financial position date unless certain conditions are met. Because a donor's restriction requires resources to be used in a particular manner, Girls on the Run of NOVA must maintain sufficient financial resources to meet those obligations and responsibilities to its donors. Thus, financial assets may not be available as its general expenditures, liabilities, and other obligations come due.

Girls on the Run of NOVA has a goal to maintain financial assets, which consist of cash on hand to meet 30 days of normal operating expenses, which approximates \$97,000. The Organization also maintains a reserve cash account, which approximates \$426,000 at June 30, 2021.

GIRLS ON THE RUN OF NOVA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (REVIEWED) AND 2020 (AUDITED)

3. NOTE PAYABLE

Economic Injury Disaster Loan

On June 30, 2020, the Organization received an Economic Injury Disaster Loan (EIDL) from the SBA in the aggregate amount of \$26,400. The loan is payable in 360 equal monthly installments of principal and interest and bears interest at a rate of 2.75 percent per annum. The loan is secured by all tangible and intangible personal property of the Organization. The first payment was originally due starting 12 months following the receipt of the date of the loan. Effective March 16, 2021, the SBA announced that all SBA disaster loans made in calendar year 2020, including COVID-19 EIDLs, will have a first payment due date extended from 12-months to 24-months from the date of the note. Interest continues to accrue during the deferment period and borrowers may make full or partial payments if they choose. Interest expense as of June 30, 2021 is \$726.

4. LEASES

The Organization entered into a lease for office space in Fairfax, Virginia, effective May 1, 2018, that calls for monthly payments of \$3,449, with increases of 2.5 percent per year, through August 4, 2023. The lease includes an abatement of rent for three months.

Rent expense approximated \$41,700 and \$42,800 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments are as follows at June 30, 2021:

| <u>Year ending June 30:</u> | |
|-----------------------------|------------------|
| 2022 | \$ 44,750 |
| 2023 | 45,868 |
| 2024 | 3,902 |
| Total | <u>\$ 94,520</u> |

5. RETIREMENT PLAN

The Organization adopted a 401(k) plan effective January 1, 2013, in which all employees aged 21 or older and with three months of service are eligible to participate. The Organization elected not to make a discretionary contribution to the plan for the years ended June 30, 2021 and 2020.

6. RELATED PARTY TRANSACTIONS

The Organization paid approximately \$19,000 and \$20,000, respectively, as an annual renewal fee, based on revenues, to GOTR International for the years ended June 30, 2021 and 2020. During the year ended June 30, 2021, the Organization recognized \$5,825 as contributions revenue with donor restrictions and \$3,118 as in-kind contributions from GOTR International in the accompanying financial statements. At June 30, 2021, the amount due to GOTR International totaled \$4,680.

7. CONCENTRATION OF RISK

Approximately 71 percent of sponsorship revenues are from four sponsors for the year ended June 30, 2021. Approximately 32 percent of sponsorship revenues are from one sponsor for the year ended June 30, 2020.

The contributions receivable balance is from one donor for the years ended June 30, 2021 and 2020.