THOMPSON GREENSPON

CPAs & Advisors | Partnering for Success

FINANCIAL REPORT

GIRLS ON THE RUN OF NOVA

YEARS ENDED JUNE 30, 2023 AND 2022

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FINANCIAL REPORT
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CONTENTS

THOMPSON GREENSPON
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Girls on the Run of NOVA (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls on the Run of NOVA as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls on the Run of NOVA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, Girls on the Run of NOVA changed its method of accounting for leases in 2022 due to the adoption of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and the related amendments. Our opinion is not modified with respect to that matter.

Prior Period Financial Statements

The 2022 financial statements were reviewed by us, and our report thereon, dated November 10, 2022, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

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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 of NOVA's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 of NOVA'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 of NOVA'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.

Thompson Greenspon

Fairfax, Virginia
December 21, 2023

GIRLS ON THE RUN OF NOVA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023 (Audited)	2022 (Reviewed)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 456,942	$ 762,450
Contributions receivable	46,000	35,426
Prepaid expenses and other current assets	19,583	7,891
Accounts receivable	1,538	3,115
Total Current Assets	524,063	808,882
Property and Equipment		
Furniture and equipment	26,644	26,644
Software	4,116	4,116
Less: accumulated depreciation and amortization	(30,760)	(30,760)
Net Property and Equipment	-	-
Other Assets		
Investments	302,892	-
Operating lease right-of-use asset	233,432	-
Security deposits	7,803	7,803
Total Other Assets	544,127	7,803
Total Assets	$ 1,068,190	$ 816,685

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

	2023 (Audited)	2022 (Reviewed)
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 14,388	$ 19,869
Related party payable	5,145	-
Payroll liabilities and other current liabilities	39,270	28,476
Current portion of operating lease liability	41,810	-
Deferred rent, current portion	-	4,606
Total Current Liabilities	100,613	52,951
Long-term Liabilities		
Operating lease liability, net of current portion	199,872	-
Total Liabilities	300,485	52,951
Net Assets		
Without donor restrictions	723,374	713,734
With donor restrictions	44,331	50,000
Total Net Assets	767,705	763,734
Total Liabilities and Net Assets	$ 1,068,190	$ 816,685

GIRLS ON THE RUN OF NOVA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023 (Audited)			2022 (Reviewed)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Program fees	$ 610,000	$ -	$ 610,000	$ 544,631	$ -	$ 544,631
Sponsorship	57,228	70,081	127,309	49,117	69,000	118,117
Donations	176,479	35,500	211,979	224,770	28,000	252,770
In-kind support	30,510	-	30,510	21,273	-	21,273
Other grants						
Employee Retention Credit	-	-	-	46,388	-	46,388
Investment income, net	4,978	-	4,978	-	-	-
Other income	5,299	-	5,299	1,077	-	1,077
Net assets released from restriction	111,250	(111,250)	-	100,500	(100,500)	-
Total Support and Revenue	995,744	(5,669)	990,075	987,756	(3,500)	984,256
Expenses						
Program	615,228	-	615,228	487,560	-	487,560
Development and fundraising	134,635	-	134,635	119,635	-	119,635
Management and general	236,241	-	236,241	239,585	-	239,585
Total Expenses	986,104	-	986,104	846,780	-	846,780
Change in Net Assets	9,640	(5,669)	3,971	140,976	(3,500)	137,476
Net Assets, beginning of year	713,734	50,000	763,734	572,758	53,500	626,258
Net Assets, end of year	$ 723,374	$ 44,331	$ 767,705	$ 713,734	$ 50,000	$ 763,734

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

GIRLS ON THE RUN OF NOVA

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023 (Audited)				2022 (Reviewed)			
	Program	Development and Fundraising	Management and General	Total	Program	Development and Fundraising	Management and General	Total
Expenses								
Salaries and benefits	$ 347,953	$ 118,117	$ 118,734	$ 584,804	$ 274,785	$ 106,345	$ 131,365	$ 512,495
Race expenses	162,953	-	-	162,953	117,805	-	-	117,805
Professional fees	15,441	-	80,525	95,966	17,025	-	68,037	85,062
Marketing	-	-	245	245	-	-	651	651
Rent	31,580	10,720	10,777	53,077	23,956	9,271	11,453	44,680
Coach expenses	57,301	-	-	57,301	53,989	-	-	53,989
Office expenses	-	-	13,744	13,744	-	-	18,208	18,208
Fundraising expenses	-	5,798	-	5,798	-	4,019	-	4,019
Insurance	-	-	8,946	8,946	-	-	3,759	3,759
Board expenses	-	-	262	262	-	-	443	443
Interest expense	-	-	-	-	-	-	253	253
Miscellaneous	-	-	2,657	2,657	-	-	-	-
Travel	-	-	351	351	-	-	5,416	5,416
Total Expenses	$ 615,228	$ 134,635	$ 236,241	$ 986,104	$ 487,560	$ 119,635	$ 239,585	$ 846,780

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

GIRLS ON THE RUN OF NOVA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023 (Audited)	2022 (Reviewed)
Cash Flows from Operating Activities		
Change in net assets	$ 3,971	$ 137,476
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Net unrealized and realized gain on investments	591	-
(Increase) Decrease in		
Accounts receivable	1,577	(2,853)
Employee Retention Credit receivable	-	83,552
Prepaid expenses and other current assets	(11,692)	977
Contributions receivable	(10,574)	(25,426)
Increase (Decrease) in		
Operating lease assets and liabilities	3,644	-
Accounts payable and accrued expenses	(336)	7,847
Payroll liabilities and other current liabilities	10,794	2,538
Deferred rent	-	(3,054)
Net Cash (Used) Provided by Operating Activities	(2,025)	201,057
Cash Flows from Investing Activities		
Proceeds from sale of investment securities	36,870	-
Purchase of investment securities	(340,353)	-
Net Cash Used by Investing Activities	(303,483)	-
Cash Flows from Financing Activities		
Economic Injury Disaster Loan payment	-	(26,400)
Net Cash Used by Financing Activities	-	(26,400)
Net (Decrease) Increase in Cash and Cash Equivalents	(305,508)	174,657
Cash and Cash Equivalents, beginning of year	762,450	587,793
Cash and Cash Equivalents, end of year	$ 456,942	$ 762,450
Schedule of Noncash Investing and Financing Activities		
Derecognition of deferred rent	$ (4,606)	$ -

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

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, concludes on June 30, 2023 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.

Investments

Marketable securities are recorded at fair value in the statements of financial position. Unrealized gains and losses are included in the statements of activities and changes in net assets.

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

Accounts Receivable

Accounts receivable arise in the normal course of business from fees collected for registrations. Accounts receivable over 90 days totaled $-0- as of June 30, 2023 and 2022. Accounts are written off when they are determined to be uncollectible based on management's experience. An allowance for doubtful accounts has not been established since the Organization's management is of the opinion that all accounts receivable are fully collectible. As of June 30, 2023, registration receivable from one participant represented 99 percent of the balance. As of June 30, 2022, registration receivable from three participants represented 88 percent of the balance.

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 $46,000 and $35,426 as of June 30, 2023 and 2022, respectively, all of which is expected to be collected within 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.

As of July 1, 2021, contributions receivable approximated $10,000.

Employee Retention Credit

The Organization qualified to claim the Employee Retention Tax Credit (ERTC) for 2021. $46,388 in ERTC was received and recognized as other income in the period ended June 30, 2022 for calendar year 2021.

Investments

Marketable securities are recorded at fair value in the statements of financial position. Unrealized gains and losses are included in the statements of activities and changes in net assets.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures,* provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – inputs to the valuation methodology are based upon unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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

Fair Value Measurements (continued)

Level 2 – inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques (market, cost, or income approach). The market approach evaluates prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach evaluates the amount that would be required to replace the service capacity of an asset (i.e., replacement cost). The income approach uses techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

Certificates of Deposit: Brokered Certificates of Deposit traded in financial markets are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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 $2,500. 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, 2023 and 2022; all property and equipment is fully depreciated.

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

Leases

Adoption of New Accounting Standards – Leases

On July 1, 2022, the Organization adopted the requirements of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standard from the previous guidance (ASC Topic 840) is the recognition of a right-of-use (ROU) asset and lease liability on the financial position. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

As part of the transition to the new standard, the Organization was required to measure and recognize leases that existed at July 1, 2022 using a modified retrospective approach. For leases existing at the effective date, the Organization elected the package of three transition practical expedients and therefore did not reassess whether an arrangement is or contains a lease, did not reassess lease classification, and did not reassess what qualifies as an initial direct cost.

The adoption of Topic 842 resulted in the recognition of an operating ROU asset and operating lease liability of approximately $46,000 and $50,000, respectively, as of July 1, 2022.

Leases Accounting Policy

At lease inception, the Organization determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities, and noncurrent operating lease liabilities in the financial statements. Finance leases are included in property and equipment, current finance lease liabilities, and long-term finance lease liabilities in the financial statements, as applicable.

ROU assets represent the Organization's right to use leased assets over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured at the present value of the lease payments over the lease term.

The Organization uses the rate implicit in the lease if it is readily determinable. Topic 842 includes an accounting policy election for non-public business entities to use the risk-free rate for the measurement of lease liabilities when the rate implicit in the lease is not determinable. The Organization elected to utilize the risk-free rate for the measurement of lease liabilities for initial transition and going forward. This rate will be applied to all leases using a period comparable to the lease.

Operating ROU assets are calculated at the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Organization if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Organization has elected not to recognize a ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with any short-term leases or variable lease payments is included in office expenses in the statements of functional expenses, as applicable.

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

Leases (continued)

Leases Accounting Policy (continued)

To the extent a lease arrangement includes both lease and non-lease components, the Organization has elected to account for the components as a single lease component.

Revenue Recognition

The Organization recognizes revenue in accordance with 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. The fee charged to runners is recognized as revenue on the race days. For the years ended June 30, 2023 and 2022, approximately $493,000 and $431,000, respectively, was recognized for program registrations. For the years ended June 30, 2023 and 2022, approximately $117,000 and $114,000, respectively, was recognized as revenue for race days and is included in program fees.

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.

Donated Services and In-Kind Support

The Organization receives donated services and in-kind support. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. 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. The estimated fair value of these goods and services is provided by the service provider, who estimates the fair value based on cost and the number of hours spent at standard billing rates charged.

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

Donated Services and In-Kind Support (continued)

The Organization also receives the use of donated facilities for its program operation. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the Organization's service area.

For the years ended June 30, the Organization recognized the following amounts as donated goods and services:

	2023	2022
Gift cards and food related to marketing of the 5K events	$ 16,341	$ 12,700
Consulting services	10,419	4,100
Meeting space	3,750	4,400
	$ 30,510	$ 21,200

Girls on the Run of NOVA did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions. All in-kind donations were used to support program activities.

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.

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, 2023, the net assets with donor restrictions consist of contributions for Fall 2023 and Spring 2024 events.

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 compensation expenses, which are allocated based on employees' actual time allocation each pay period, as well as occupancy, which follows the same allocation as compensation. For the years ended June 30, 2023 and 2022, the expenses were allocated based on employees' estimated time allocation each pay period.

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

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.

Subsequent Events

The date to which events occurring after June 30, 2023, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is December 21, 2023, 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:

	2023	2022
Cash and cash equivalents	$ 456,942	$ 762,450
Investments	302,892	-
Accounts receivable	1,538	3,115
Contributions receivable	46,000	35,426
Financial assets, at year end	807,372	800,991
Less those unavailable for general expenditures within one year due to donor restrictions	(44,331)	(50,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 763,041	$ 750,991

Financial assets of $44,331 and $50,000 at June 30, 2023 and 2022, 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, short-term investments and selected mutual funds, to meet 30 days of normal operating expenses, which approximates $97,000. The Organization also maintains a reserve cash account, which approximates $23,000 and $423,000 as of June 30, 2023 and 2022, respectively.

3. **INVESTMENTS**

The Organization opened an account with a national investment bank during the year ended June 30, 2023. The following table summarizes the Organization's invested assets measured at fair value on a recurring basis as of June 30, aggregated by the fair value hierarchy level in which those measurements were made:

	Fair Value Measurements at Report Date Using			
2023	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	$ 203,124	$ -	$ -	$ 203,124
Certificates of deposit	-	99,768	-	99,768
Totals	$ 203,124	$ 99,768	$ -	$ 302,892

These investments have a cost of $301,782 at June 30, 2023.

Investment income consists of the following at June 30, 2023:

Interest and dividend income	$ 5,569
Realized loss	(728)
Unrealized gain	1,109
	$ 5,950

Certificates of deposit mature from August 2023 through February 2024 and carry interest rates ranging from 4.7 percent to 4.75 percent. Certificates of deposit are held in one institution.

Investment fees of $972 are included in investment income, net on the statements of activities and changes in net assets for the year ended June 30, 2023.

4. **LEASE COMMITMENTS**

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. In November 2022, the lease was extended through August 4, 2028. The lease calls for monthly payments of $4,018 with increases of 3 percent per year.

Rent expense approximated $50,000 and $45,000 for the years ended June 30, 2023 and 2022, respectively.

The components of lease expense were as follows for the year ended June 30, 2023:

Operating lease expense	$ 49,511

4. **LEASE COMMITMENTS** (continued)

Minimum lease commitments represent the future amounts to be paid on various lease commitments. The minimum lease commitments, excluding renewal terms, by years, are as follows at June 30, 2023:

Year ending June 30:	Operating Leases
2024	$ 48,107
2025	49,551
2026	51,038
2027	52,568
2028	54,145
Thereafter	4,523
Total undiscounted cash flows	259,932
Less: present value discount	(18,250)
Total minimum lease payments	$ 241,682

The following summarizes the weighted average remaining lease term, discount rate and other supplemental cash flow information as of and for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 45,868
ROU assets obtained in exchange for new operating lease liabilities	$ 235,000
Weighted-average remaining lease term in years for operating leases	5.17
Weighted-average discount rate for operating leases	2.88%

As of June 30, 2023, the Organization has no operating or finance leases that have not yet commenced.

Future minimum lease payments are as follows at June 30, 2022:

Year ending June 30:	
2023	$ 45,868
2024	3,902
Total minimum lease payments	$ 49,770

5. **RETIREMENT PLAN**

The Organization adopted a 401(k) plan (the 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, 2023 and 2022.

6. **RELATED PARTY TRANSACTIONS**

The Organization paid approximately $15,000 and $17,000 as an annual renewal fee and service fee, based on revenues, to GOTR International for the years ended June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, the Organization recognized $10,500 and $3,000, respectively, as contributions revenue with donor restrictions. At June 30, 2023 and 2022, the amount due to GOTR International totaled $5,145 and $-0-, respectively.

7. **CONCENTRATION OF RISK**

Approximately 46 percent of sponsorship revenue is from three sponsors and 13 percent of donations revenue is from one donor for the year ended June 30, 2023. Approximately 58 percent of sponsorship revenue is from four sponsors and 41 percent of donations revenue is from one donor for the year ended June 30, 2022.

The contributions receivable balance is from four donors for the year ended June 30, 2023. The contributions receivable balance is from three donors for the year ended June 30, 2022.