

Girls on the Run Twin Cities, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2020 and 2019



CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Girls on the Run Twin Cities, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of Girls on the Run Twin Cities, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls on the Run Twin Cities, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, P.C.

Certified Public Accountants

Minneapolis, Minnesota
April 28, 2021

GIRLS ON THE RUN TWIN CITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 283,601	\$ 386,965
Accounts Receivable	597	2,646
Contributions Receivable	55,500	65,750
Inventory	5,420	7,800
Prepaid Expenses	72,115	11,405
Total Current Assets	417,233	474,566
Noncurrent Assets:		
Security Deposit	3,374	3,374
TOTAL ASSETS	\$ 420,607	\$ 477,940
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 7,713	\$ 10,442
Accrued Salaries and Vacation	3,740	12,801
Accrued Expenses	-	5,548
Deferred Revenue	-	40,172
Total Current Liabilities	11,453	68,963
Notes Payable - PPP Loan	81,200	-
Total Liabilities	92,653	68,963
Net Assets:		
Without Donor Restrictions	327,954	384,477
With Donor Restrictions	-	24,500
Total Net Assets	327,954	408,977
TOTAL LIABILITIES AND NET ASSETS	\$ 420,607	\$ 477,940

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

EXHIBIT B

GIRLS ON THE RUN TWIN CITIES, INC.
 STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions	\$ 466,575	\$ -	\$ 466,575	\$ 425,810	\$ 24,500	\$ 450,310
Program Fees	243,343	-	243,343	544,766	-	544,766
Special Event Income	111,732	-	111,732	121,223	-	121,223
Other Income	378	-	378	1,339	-	1,339
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	24,500	(24,500)	-	16,500	(16,500)	-
Total Support and Revenue	846,528	(24,500)	822,028	1,109,638	8,000	1,117,638
Expense:						
Program Services	689,992	-	689,992	855,627	-	855,627
Core Mission Support:						
Management and General Fundraising	62,269	-	62,269	62,714	-	62,714
Total Core Mission Support	150,790	-	150,790	186,927	-	186,927
Total Expense	213,059	-	213,059	249,641	-	249,641
	903,051	-	903,051	1,105,268	-	1,105,268
Change in Net Assets	(56,523)	(24,500)	(81,023)	4,370	8,000	12,370
Net Assets - Beginning of Year	384,477	24,500	408,977	380,107	16,500	396,607
Net Assets - End of Year	\$ 327,954	\$ -	\$ 327,954	\$ 384,477	\$ 24,500	\$ 408,977

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

EXHIBIT C

GIRLS ON THE RUN TWIN CITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

	2020				2019	
	Total Program Services	Management & General	Fund- raising	Total Core Mission Support	Total All Services	Total All Services
Salaries	\$ 239,959	\$ 30,213	\$ 102,172	\$ 132,385	\$ 372,344	\$ 356,452
Payroll Taxes	18,283	3,215	7,906	11,121	29,404	27,263
Employee Benefits	19,902	20	682	702	20,604	14,934
Total Personnel Costs	278,144	33,448	110,760	144,208	422,352	398,649
Program Supplies and Activities	155,168	-	-	-	155,168	259,126
5K Expense	113,176	-	-	-	113,176	186,894
Occupancy	50,575	5,292	16,735	22,027	72,602	45,843
Operational Expense	45,424	208	3,568	3,776	49,200	40,812
Professional Fees	24,533	11,763	5,899	17,662	42,195	68,878
Office Expense	11,805	7,266	2,430	9,696	21,501	27,405
Special Events	-	-	10,201	10,201	10,201	52,476
Travel and Meetings	4,923	2,935	1,197	4,132	9,055	18,822
Insurance	6,244	1,357	-	1,357	7,601	5,981
Depreciation	-	-	-	-	-	382
Total Expense	\$ 689,992	\$ 62,269	\$ 150,790	\$ 213,059	\$ 903,051	\$ 1,105,268

The accompanying Notes to Financial Statements are an integral part of this statement.

EXHIBIT D

GIRLS ON THE RUN TWIN CITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2019

	Core Mission Support					Total All Services
	Total Program Services	Management & General	Fund- raising	Core Mission Support	Total	
Salaries	\$ 228,142	\$ 27,698	\$ 100,612	\$ 128,310	\$ 356,452	
Payroll Taxes	16,598	2,978	7,687	10,665	27,263	
Employee Benefits	13,648	250	1,036	1,286	14,934	
Total Personnel Costs	258,388	30,926	109,335	140,261	398,649	
Program Supplies and Activities	259,126	-	-	-	259,126	
5K Expense	186,894	-	-	-	186,894	
Occupancy	33,708	3,865	8,270	12,135	45,843	
Operational Expense	37,442	198	3,172	3,370	40,812	
Professional Fees	42,255	21,168	5,455	26,623	68,878	
Office Expense	17,371	3,340	6,694	10,034	27,405	
Special Events	432	-	52,044	52,044	52,476	
Travel and Meetings	14,360	2,505	1,957	4,462	18,822	
Insurance	5,269	712	-	712	5,981	
Depreciation	382	-	-	-	382	
Total Expense	\$ 855,627	\$ 62,714	\$ 186,927	\$ 249,641	\$ 1,105,268	

The accompanying Notes to Financial Statements
are an integral part of this statement.

GIRLS ON THE RUN TWIN CITIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

<u>Increase (Decrease) in Cash</u>	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (81,023)	\$ 12,370
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	-	382
Decreases (Increases) in Current Assets:		
Accounts Receivable	2,049	427
Contributions Receivable	10,250	14,470
Inventory	2,380	2,112
Prepaid Expenses	(60,710)	(1,276)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(2,729)	3,457
Accrued Salaries and Vacation	(9,061)	2,539
Accrued Expenses	(5,548)	(4,398)
Deferred Revenue	(40,172)	28,405
Net Cash Provided (Used) by Operating Activities	<u>(184,564)</u>	<u>58,488</u>
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities		
Proceeds from Issuance of Notes Payable	<u>81,200</u>	<u>-</u>
Net Increase (Decrease) in Cash	(103,364)	58,488
Cash - Beginning of Year	<u>386,965</u>	<u>328,477</u>
Cash - End of Year	<u>\$ 283,601</u>	<u>\$ 386,965</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organizational Purpose

Girls on the Run Twin Cities, Inc. (the Organization) is a life-changing, non-profit prevention program for girls in 3rd to 8th grade. We work to inspire girls to be joyful, healthy and confident using a fun, experience-based curriculum that creatively integrates running. To accomplish this, the Organization provides a 10 week after school program that teaches life skills through dynamic interactive lessons and running games. The program culminates with the girls being physically and emotionally prepared to complete a celebratory 5K running event. The goal of the program is to unleash confidence through accomplishment while establishing a lifetime of appreciation of health and fitness.

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 which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations. 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 statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Doubtful Accounts

Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Accounts are stated net of the allowance for doubtful accounts of \$0 at June 30, 2020 and 2019.

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Inventory

Inventory consists of shoes and clothing provided to program participants as needed. Inventory is valued at estimated realizable value.

Property and Equipment

All major expenditures for property and equipment are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Revenue and Revenue Recognition

Program fees are recognized as revenue when the performance obligation of transferring products and providing services are met. Deferred revenue is recorded when amounts are received, but the revenue is not yet earned. Special event income is equal to the fair value of the direct benefit to the donors and the contributions received related to the events.

The following provides information about significant changes in deferred revenue for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred Revenue – Beginning of Year	\$ 40,172	\$ 11,767
Revenue recognized that was included in deferred revenue at the beginning of the year	(40,172)	(11,767)
Increases in deferred revenue due to cash received during the year	<u>-</u>	<u>40,172</u>
Deferred Revenue – End of Year	<u>\$ -</u>	<u>\$ 40,172</u>

Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the condition they depend have been substantially met.

Promises-To-Give (Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and estimates. Expenses which are not directly identifiable by program or core mission support are allocated based on the best estimates of management.

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990). The tax returns are subject to review and examination by the Internal Revenue Service.

New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standards improve the usefulness and understandability of the Organization's financial reporting.

The Organization has also adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The ASU's have been applied retrospectively for the periods ended June 30, 2020 and 2019.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through April 28, 2021, which is the date financial statements were available to be issued.

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. Financial Instruments

Significant Concentrations of Credit Risk

The Organization provides services within Minnesota. The amounts due for services provided are from individuals, or their third-party payers, substantially all of whom are local residents. In addition, grants and accounts receivable are from local residents or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At June 30, 2020 and 2019, the Organization had funds on deposit in a financial institution in excess of federally insured limits.

3. Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter to negatively impact its operating results, but reasonable estimates cannot be made at this time.

4. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		<u>Estimated</u>
	<u>2020</u>	<u>2019</u>	<u>Useful Lives</u>
Furniture and Equipment	\$ 1,910	\$ 1,910	5 years
Less Accumulated Depreciation	<u>1,910</u>	<u>1,910</u>	
	<u>\$ -</u>	<u>\$ -</u>	

Depreciation expense of \$-0- and \$382 was recorded for the years ended June 30, 2020 and 2019, respectively.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Purpose Related Restrictions:		
2020 Fall 5K Event	\$ -	\$ 12,500
Rochester Program Expansion	-	10,000
Other	-	2,000
	<u>\$ -</u>	<u>\$ 24,500</u>

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. In-kind Contributions and Services

The Organization records in-kind contributions at fair market value at date of donation. In-kind contributions are allocated to program services and fundraising and include the following in the year ending :

	June 30,	
	2020	2019
5K Expense – Management, Food and Supplies	\$ 7,933	\$ 29,690
Professional Fees – Advertising and Video Production	15,000	20,000
Special Events – Food and Facility	-	9,860
	\$ 22,933	\$ 59,550

In addition, the Organization had 821 volunteers provide over 16,000 hours of service in the year ended June 30, 2020 and more than 1,850 volunteers provide over 37,000 hours of service in the year ended June 30, 2019. These volunteers provided coaching of the girls, assisting in fundraising events and serving as board members. These in-kind services are integral to the Organization’s mission, but do not meet accounting standards requirement for recognition in the financial statements.

7. Liquidity and Availability

The following represents the Organization’s financial assets as of:

	June 30	
	2020	2019
Financial Assets:		
Cash	\$ 283,601	\$ 386,965
Accounts Receivable	597	2,646
Contributions Receivable	55,500	65,750
Total Financial Assets	339,698	455,361
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	-	24,500
Net Assets With Donor Restrictions to be met within a year	-	(24,500)
Total Assets not available to be used within one year	-	-
Financial assets available for general expenditures within one year	\$ 339,698	\$ 455,361

The Organization has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

As part of the Organization’s liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. Operating Leases

Rental commitments under non-cancelable leases for office space in effect at June 30, 2020 total \$244,832. The future annual rental commitments that include a new lease extension are as follows:

<u>Due in the Year Ending June 30,</u>	
2021	\$ 39,013
2022	66,367
2023	54,706
2024	56,049
2023	<u>28,697</u>
Total	<u>\$ 244,832</u>

Rental expense that includes operating costs was \$72,602 and \$45,843 for the years ended June 30, 2020 and 2019, respectively.

9. Notes Payable – PPP Loan

On May 1, 2020, the Organization received a loan (the “Loan”) from CRF Small Business Loan Company, LLC in the aggregate amount of \$81,200, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated May 1, 2020 issued by the Borrower, matures on May 1, 2022 and bears interest at a rate of 1% per annum, originally payable monthly commencing on December 1, 2020. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The payment terms on all PPP loans changed with the signing of the Flexibility Act on June 5, 2020, and payments are now deferred for 10 months after the borrower’s covered period, i.e. either 12 or 16 months from origination. In addition, if a borrower applies for forgiveness before the end of the 10 month deferral period, then payments continue to defer until a decision on the forgiveness is returned from the SBA.

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In accordance with these Loan forgiveness terms, funds from the Loan were used by the Organization for payroll costs, group health care and retirement benefits, and rent. The Organization was notified of the 100% forgiveness on December 11, 2020.

The Organization has elected to carry the Loan as debt on its statement of financial position as of June 30, 2020 per FASB ASC 470.