

Girls on the Run Minnesota, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Girls on the Run Minnesota, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, 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 Minnesota, Inc. as of June 30, 2021 and 2020, 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, Ltd.

Certified Public Accountants

Minneapolis, Minnesota
December 21, 2021

GIRLS ON THE RUN MINNESOTA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 572,737	\$ 283,601
Accounts Receivable	1,774	597
Contributions Receivable	132,982	55,500
Inventory	2,468	5,420
Prepaid Expenses	16,832	72,115
Total Current Assets	<u>726,793</u>	<u>417,233</u>
Noncurrent Assets:		
Security Deposit	<u>3,374</u>	<u>3,374</u>
TOTAL ASSETS	<u>\$ 730,167</u>	<u>\$ 420,607</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 19,781	\$ 7,713
Accrued Salaries and Vacation	13,534	3,740
Accrued Expenses	21,660	-
Deferred Revenue	17,430	-
Total Current Liabilities	<u>72,405</u>	<u>11,453</u>
Notes Payable - PPP Loan	<u>80,600</u>	<u>81,200</u>
Total Liabilities	153,005	92,653
Net Assets:		
Without Donor Restrictions	552,162	327,954
With Donor Restrictions	25,000	-
Total Net Assets	<u>577,162</u>	<u>327,954</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 730,167</u>	<u>\$ 420,607</u>

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

GIRLS ON THE RUN MINNESOTA, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions	\$ 637,002	\$ 25,000	\$ 662,002	\$ 466,575	\$ -	\$ 466,575
Program Fees	122,822	-	122,822	243,343	-	243,343
Special Event Income	90,988	-	90,988	111,732	-	111,732
Other Income	1,560	-	1,560	378	-	378
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	-	-	-	24,500	(24,500)	-
Total Support and Revenue	852,372	25,000	877,372	846,528	(24,500)	822,028
Expense:						
Program Services	439,702	-	439,702	689,992	-	689,992
Core Mission Support:						
Management and General	53,030	-	53,030	62,269	-	62,269
Fundraising	135,432	-	135,432	150,790	-	150,790
Total Core Mission Support	188,462	-	188,462	213,059	-	213,059
Total Expense	628,164	-	628,164	903,051	-	903,051
Change in Net Assets	224,208	25,000	249,208	(56,523)	(24,500)	(81,023)
Net Assets - Beginning of Year	327,954	-	327,954	384,477	24,500	408,977
Net Assets - End of Year	\$ 552,162	\$ 25,000	\$ 577,162	\$ 327,954	\$ -	\$ 327,954

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

GIRLS ON THE RUN MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Core Mission Support				Total	Total
	Total	Management	Fund-	Total	Total	Total
	Program	Management	raising	Core Mission	All	All
	Services	& General		Support	Services	Services
	\$	\$	\$	\$	\$	\$
Salaries	205,281	25,191	54,878	80,069	285,350	372,344
Payroll Taxes	14,908	2,606	3,853	6,459	21,367	29,404
Employee Benefits	10,343	378	-	378	10,721	20,604
Total Personnel Costs	230,532	28,175	58,731	86,906	317,438	422,352
Occupancy	74,506	7,210	11,750	18,960	93,466	72,602
Program Supplies and Activities	76,467	-	-	-	76,467	155,168
Professional Fees	6,102	11,693	37,471	49,164	55,266	42,195
Operational Expense	24,166	764	9,054	9,818	33,984	49,200
Special Events	144	500	16,756	17,256	17,400	10,201
5K Expense	14,100	-	-	-	14,100	113,176
Office Expense	8,106	1,104	1,511	2,615	10,721	21,501
Insurance	4,932	3,191	-	3,191	8,123	7,601
Travel and Meetings	647	393	159	552	1,199	9,055
Total Expense	\$ 439,702	\$ 53,030	\$ 135,432	\$ 188,462	\$ 628,164	\$ 903,051

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

GIRLS ON THE RUN MINNESOTA, INC.
 STATEMENT OF FUNCTIONAL EXPENSE
 FOR THE YEAR ENDED JUNE 30, 2020

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

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

GIRLS ON THE RUN MINNESOTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 249,208	\$ (81,023)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
PPP Loan Forgiveness	(81,200)	-
Non-Cash Stock Contributions	(35,831)	-
Realized (Gain) Loss on Sale of Investments	(1,462)	-
Decreases (Increases) in Current Assets:		
Accounts Receivable	(1,177)	2,049
Contributions Receivable	(77,482)	10,250
Inventory	2,952	2,380
Prepaid Expenses	55,283	(60,710)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	12,068	(2,729)
Accrued Salaries and Vacation	9,794	(9,061)
Accrued Expenses	21,660	(5,548)
Deferred Revenue	17,430	(40,172)
Net Cash Provided (Used) by Operating Activities	171,243	(184,564)
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	37,293	-
Cash Flows from Financing Activities		
Proceeds from PPP - Notes Payable	80,600	81,200
Net Increase (Decrease) in Cash and Cash Equivalents	289,136	(103,364)
Cash and Cash Equivalents - Beginning of Year	283,601	386,965
Cash and Cash Equivalents - End of Year	\$ 572,737	\$ 283,601

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

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies

Organizational Purpose

Girls on the Run Minnesota, 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, 2021 and 2020.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 \$1,000 and above 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred Revenue – Beginning of Year	\$ -	\$ 40,172
Revenue recognized that was included in deferred revenue at the beginning of the year	-	(40,172)
Increases in deferred revenue due to cash received during the year	<u>17,430</u>	<u>-</u>
Deferred Revenue – End of Year	<u>\$ 17,430</u>	<u>\$ -</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.

A portion of the revenue is derived from cost-reimbursement contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the contracts and grants.

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.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

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.

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.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through December 21, 2021, which is the date financial statements were available to be issued.

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, 2021 and 2020, the Organization had funds on deposit in a financial institution in excess of federally insured limits.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. There are still uncertainties about whether there will be future disruptions due to additional outbreaks. Therefore, the Organization expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

4. Contributions Receivable

Pledges receivable for the years ending June 30, 2021 and 2020 were \$132,982 and \$55,500, respectively. Of these balances all are due within the next year. Management has determined that no allowance is necessary.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of:

	June 30,	
	2021	2020
Purpose Related Restrictions:		
Heart and Sole Programming	\$ 25,000	\$ -

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,	
	2021	2020
Insurance	\$ 4,985	\$ -
Professional Fees – Advertising and Video Production	326	15,000
5K Expense – Management, Food and Supplies	-	7,933
	\$ 5,311	\$ 22,933

In addition, the Organization had 621 volunteers provide over 12,000 hours of service in the year ended June 30, 2021 and more 821 volunteers provide over 16,000 hours of service in the year ended June 30, 2020. 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.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. Liquidity and Availability

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

	June 30,	
	2021	2020
Financial Assets:		
Cash and Cash Equivalents	\$ 572,737	\$ 283,601
Accounts Receivable	1,774	597
Contributions Receivable	132,982	55,500
Total Financial Assets	707,493	339,698
Less: Assets not available for general expenditures within one year:		
Net Assets With Donor Restrictions	25,000	-
Net Assets with Donor Restrictions to be met within a year	(25,000)	-
Total Assets not available to be used within one year	-	-
Financial assets available for general expenditures within one year:	\$ 707,493	\$ 339,698

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.

8. Operating Leases

Rental commitments under non-cancelable leases for office space in effect at June 30, 2021 total \$205,818. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2022	\$ 66,367
2023	54,706
2024	56,049
2025	28,696
Total	\$ 205,818

Rental expense that includes operating costs was \$93,466 and \$72,602 for the years ended June 30, 2021 and 2020, respectively.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. Paycheck Protection Program Notes Payable

In February 2021, the Organization entered into a promissory note agreement with CRF Small Business Loan Company, LLC in the amount of \$80,600 pursuant the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature February 2026. Up to 100 percent of the loan is forgivable when used to pay specific payroll and other costs within the qualified period (generally 24 weeks after receiving the funds).

In May 2020, the Organization entered into a similar PPP promissory note agreement with CRF Small Business Loan Company, LLC in the amount of \$81,200. The full amount of the note and accrued interest was forgiven by the SBA in December 2020 and is included with grants and contributions on the statement of activities.

The Organization has elected to carry the promissory notes as debt on the statements of financial position as of June 30, 2021 and 2020 per FASB ASC 470.