

Girls on the Run Twin Cities, Inc.

Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2019 and 2018



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, 2019 and 2018, 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, 2019 and 2018, 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
November 19, 2019

GIRLS ON THE RUN TWIN CITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 386,965	\$ 328,477
Accounts Receivable	2,646	3,073
Grants and Pledges Receivable	65,750	80,220
Inventory	7,800	9,912
Prepaid Expenses	<u>11,405</u>	<u>10,129</u>
Total Current Assets	474,566	431,811
Noncurrent Assets:		
Property and Equipment - Net	-	382
Security Deposit	<u>3,374</u>	<u>3,374</u>
TOTAL ASSETS	<u>\$ 477,940</u>	<u>\$ 435,567</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ 10,442	\$ 6,985
Accrued Salaries and Vacation	12,801	10,262
Accrued Expenses	5,548	9,946
Deferred Revenue	<u>40,172</u>	<u>11,767</u>
Total Current Liabilities	68,963	38,960
Net Assets:		
Without Donor Restrictions	384,477	380,107
With Donor Restrictions	<u>24,500</u>	<u>16,500</u>
Total Net Assets	<u>408,977</u>	<u>396,607</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 477,940</u>	<u>\$ 435,567</u>

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, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions	\$ 425,810	\$ 24,500	\$ 450,310	\$ 434,698	\$ 16,500	\$ 451,198
Program Fees	544,766	-	544,766	489,612	-	489,612
Special Event Income	121,223	-	121,223	98,043	-	98,043
Other Income	1,339	-	1,339	113	-	113
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	16,500	(16,500)	-	-	-	-
Total Support and Revenue	1,109,638	8,000	1,117,638	1,022,466	16,500	1,038,966
Expense:						
Program Services	855,627	-	855,627	713,963	-	713,963
Core Mission Support:						
Management and General Fundraising	62,714	-	62,714	27,916	-	27,916
Total Core Mission Support	186,927	-	186,927	138,231	-	138,231
Total Expense	249,641	-	249,641	166,147	-	166,147
	1,105,268	-	1,105,268	880,110	-	880,110
Change in Net Assets	4,370	8,000	12,370	142,356	16,500	158,856
Net Assets - Beginning of Year	380,107	16,500	396,607	237,751	-	237,751
Net Assets - End of Year	\$ 384,477	\$ 24,500	\$ 408,977	\$ 380,107	\$ 16,500	\$ 396,607

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

GIRLS ON THE RUN TWIN CITIES, INC.
 STATEMENT OF FUNCTIONAL EXPENSE
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE TOTALS FOR 2018

	2019				2018	
	Total Program Services	Management & General	Fund- raising	Total Core Mission Support	Total All Services	Total All Services
Salaries	\$ 228,142	\$ 27,698	\$ 100,612	\$ 128,310	\$ 356,452	\$ 277,750
Payroll Taxes	16,598	2,978	7,687	10,665	27,263	21,357
Employee Benefits	13,648	250	1,036	1,286	14,934	12,733
Total Personnel Costs	258,388	30,926	109,335	140,261	398,649	311,840
Program Supplies and Activities	259,126	-	-	-	259,126	216,745
5K Expense	186,894	-	-	-	186,894	170,660
Professional Fees	42,255	21,168	5,455	26,623	68,878	36,882
Special Events	432	-	52,044	52,044	52,476	43,898
Occupancy	33,708	3,865	8,270	12,135	45,843	31,415
Operational Expense	37,442	198	3,172	3,370	40,812	30,463
Office Expense	17,371	3,340	6,694	10,034	27,405	18,184
Travel and Meetings	14,360	2,505	1,957	4,462	18,822	13,117
Insurance	5,269	712	-	712	5,981	6,264
Depreciation	382	-	-	-	382	642
Total Expense	\$ 855,627	\$ 62,714	\$ 186,927	\$ 249,641	\$ 1,105,268	\$ 880,110

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

GIRLS ON THE RUN TWIN CITIES, INC.
 STATEMENT OF FUNCTIONAL EXPENSE
 FOR THE YEAR ENDED JUNE 30, 2018

	Total Program Services	Core Mission Support				Total All Services
		Management & General	Fund- raising	Core Mission Support		
Salaries	\$ 190,228	\$ 17,232	\$ 70,290	\$ 87,522	\$ 277,750	
Payroll Taxes	13,569	2,395	5,393	7,788	21,357	
Employee Benefits	12,182	150	401	551	12,733	
Total Personnel Costs	215,979	19,777	76,084	95,861	311,840	
Program Supplies and Activities	216,381	118	246	364	216,745	
5K Expense	170,660	-	-	-	170,660	
Professional Fees	32,357	2,694	1,831	4,525	36,882	
Special Events	17	-	43,881	43,881	43,898	
Occupancy	19,174	2,520	9,721	12,241	31,415	
Operational Expense	27,824	50	2,589	2,639	30,463	
Office Expense	14,389	1,231	2,564	3,795	18,184	
Travel and Meetings	11,046	756	1,315	2,071	13,117	
Insurance	5,494	770	-	770	6,264	
Depreciation	642	-	-	-	642	
Total Expense	\$ 713,963	\$ 27,916	\$ 138,231	\$ 166,147	\$ 880,110	

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, 2019 AND 2018

<u>Increase (Decrease) in Cash</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 12,370	\$ 158,856
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	382	642
Security Deposit	-	(3,374)
Decreases (Increases) in Current Assets:		
Accounts Receivable	427	(3,073)
Grants and Pledges Receivable	14,470	(54,520)
Inventory	2,112	(1,930)
Prepaid Expenses	(1,276)	4,031
Increases (Decreases) in Current Liabilities:		
Accounts Payable	3,457	1,570
Accrued Salaries and Vacation	2,539	(135)
Accrued Expenses	(4,398)	4,185
Deferred Revenue	28,405	11,767
Net Cash Provided by Operating Activities	<u>58,488</u>	<u>118,019</u>
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities		
None	-	-
Net Increase in Cash	58,488	118,019
Cash - Beginning of Year	<u>328,477</u>	<u>210,458</u>
Cash - End of Year	<u>\$ 386,965</u>	<u>\$ 328,477</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, 2019 AND 2018

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.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is 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 or do not expire with time nor may be fulfilled by actions of the Organization.

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.

Grants and Contributions

Grants and Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as net asset with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified net asset without donor restrictions in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions except when the receipt and expiration occur in the same period in which case the contribution is shown as without donor restriction.

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

Program Fees

Program fees are recorded as being earned as revenue when the programming takes place. Deferred revenue is recorded when amounts are received, but the revenue is not yet earned.

Inventory

Inventory consists of donated 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.

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, 2019 and 2018.

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.

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

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

FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for the periods ended June 30, 2019 and 2018, as required.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through November 19, 2019, 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, 2019 and 2018, the Organization had funds on deposit in a financial institution in excess of federally insured limits.

GIRLS ON THE RUN TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		Estimated Useful Lives
	<u>2019</u>	<u>2018</u>	
Furniture and Equipment	\$ 1,910	\$ 1,910	5 years
Less Accumulated Depreciation	<u>1,910</u>	<u>1,528</u>	
	<u>\$ -</u>	<u>\$ 382</u>	

Depreciation expense of \$382 and \$642 was recorded for the years ended June 30, 2019 and 2018, respectively.

4. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Purpose Related Restrictions:		
2019 Fall 5K Event	\$ 12,500	\$ -
Rochester Program Expansion	10,000	9,000
Summer Camps	-	6,500
Other	<u>2,000</u>	<u>1,000</u>
	<u>\$ 24,500</u>	<u>\$ 16,500</u>

5. 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 :

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
5K Expense – Management, Food and Supplies	\$ 29,690	\$ 22,085
Professional Fees – Advertising and Video Production	20,000	20,000
Special Events – Food and Facility	9,860	11,309
Program Supplies and Activities – Shoes	<u>-</u>	<u>32,940</u>
	<u>\$ 59,550</u>	<u>\$ 86,334</u>

In addition, the Organization had more than 1,850 volunteers provide over 37,000 hours of service in the years ended June 30, 2019 and 2018. 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 TWIN CITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

6. Operating Leases

Rental commitments under non-cancelable leases for office space in effect at June 30, 2019 total \$282,049. The future annual rental commitments that include a new lease extension are as follows:

<u>Due in the Year Ending June 30,</u>	
2020	\$ 37,217
2021	52,018
2022	53,362
2023	54,706
2024	56,049
2023	<u>28,697</u>
Total	<u>\$ 282,049</u>

Rental expense that includes operating costs was \$45,843 and \$31,415 for the years ended June 30, 2019 and 2018, respectively.

7. Liquidity and Availability

The following represents the Organization's financial assets at June 30, 2019:

Financial Assets:	
Cash	\$ 386,965
Accounts Receivable	2,646
Grants and Pledges Receivable	<u>65,750</u>
Total Financial Assets	455,361
Less: Assets not available to be used within one year:	
Net Assets With Donor Restrictions	24,500
Net Assets With Restrictions to be met within a year	<u>(24,500)</u>
Total Assets not available to be used within one year	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 455,361</u>

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.