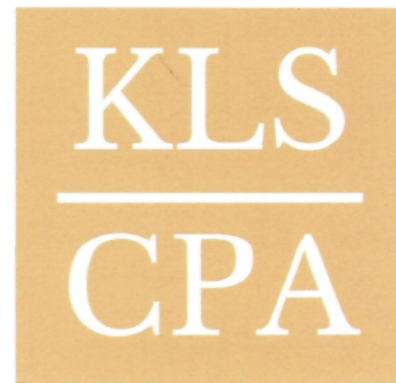


Girls on the Run of
Northwest Illinois
Financial Statements
For the Year Ended
June 30, 2023

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

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Independent Auditor's Report

To the Board of Directors of
Girls on the Run of Northwest Illinois

Opinion

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

Responsibilities of Management 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; 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 Northwest Illinois's ability to continue as a going concern within one year after the date

that the financial statements are available to be issued.

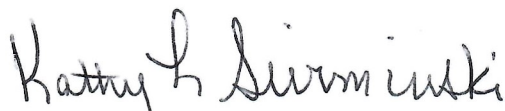
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 Northwest Illinois'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 Northwest Illinois'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.



Hilton Head Island, SC

October 17, 2023

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Statement of Financial Position
June 30, 2023

Assets

Current assets	
Unrestricted cash	\$ 478,567
Accounts receivable	1,100
Beneficial interest in assets held by others	40,255
Prepaid expenses	<u>2,986</u>
Total current assets	522,908
Other asset - right of use asset-operating lease	<u>17,305</u>
Total assets	<u>\$ 540,213</u>

Liabilities and Net Assets

Current liabilities	
Accrued payable	\$ 551
Accrued expenses	4,732
Current portion of long term debt	3,897
Current portion of operating lease liability	<u>13,981</u>
Total current liabilities	23,161
Long-term liabilities	
Note payable, less current portion	135,868
Operating lease liability, less current portion	<u>3,594</u>
Total long term liabilities	<u>139,462</u>
Total liabilities	162,623
Net assets - without donor restrictions	<u>377,590</u>
Total liabilities and net assets	<u>\$ 540,213</u>

The accompanying notes are an integral part of these financial statements.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2023

Changes in net assets without donor restrictions

Revenue, support, and gains (losses)

Program service	\$ 175,799
Contributions	93,464
Race events	38,452
Fundraising events, net of costs of direct benefit to donors of \$3,731	11,261
Grant income	100,155
Employee retention credit	119,912
Income and loss on beneficial interest in assets held by others	<u>9,869</u>

Total revenue, support, and gains	<u>548,912</u>
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Expenses

General and administrative	51,082
Fundraising	25,542
Program services	<u>240,017</u>

Total expenses	<u>316,641</u>
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Increase in net assets without donor restrictions	232,271
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Net assets - without donor restrictions, beginning of year	<u>145,319</u>
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Net assets - without donor restrictions, end of year	<u><u>\$ 377,590</u></u>
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The accompanying notes are an integral part of these financial statements.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Statement of Functional Expenses For the Year Ended June 30, 2023

	General and Administrative	Fundraising	Program Services	Total
Salaries	\$ 37,731	\$ 18,866	\$ 132,058	\$ 188,655
Program			61,228	61,228
Dues and subscriptions	55	28	194	277
Insurance	878	439	3,073	4,390
Interest	780	390	2,730	3,900
Licensing	1,998	999	6,994	9,991
Marketing	56	28	196	280
Office and general	1,489	744	5,211	7,444
Payroll taxes	2,310	1,155	8,083	11,548
Professional fees	1,629	814	5,700	8,143
Rent	2,501	1,251	8,754	12,506
Retirement and other	903	452	3,167	4,522
Telephone and internet	690	345	2,413	3,448
Travel	62	31	216	309
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 51,082	\$ 25,542	\$ 240,017	\$ 316,641
	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Statement of Cash Flows For the Year Ended June 30, 2023

Cash flows from operating activities:	
Changes in net assets	\$ 232,271
Adjustments to reconcile changes in net assets to net cash flows provided by (used in) operating activities	
Net change in beneficial assets held by others	(2,227)
(Increase) decrease in assets:	
Accounts receivable	880
Prepaid expenses	91
Right of use asset - operating lease	(17,305)
Increase (decrease) in liabilities:	
Accounts payable	(710)
Accrued liabilities	(2,288)
Operating lease liability	<u>17,575</u>
Net cash provided by operating activities	<u>228,287</u>
Cash flows from financing activities:	
Note payable principal payments	<u>(3,792)</u>
Net cash provided by financing activities	<u>(3,792)</u>
Net increase in cash	224,495
Cash, beginning of year	<u>254,072</u>
Cash, end of year	<u><u>\$ 478,567</u></u>
Supplemental Cash Flows Disclosure	
Cash paid during the year for interest	<u><u>\$ 3,900</u></u>

The accompanying notes are an integral part of these financial statements.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to Financial Statements

Note 1 - Nature of activities

The Girls on the Run of Northwest Illinois (the Organization) is a life-changing, non-profit prevention program for girls in the 3rd through 8th grade and is operated primarily in Northern Illinois. The Organization is an independent 501(c)(3) organization of Girls on the Run International, which has a network of over 190 locations across the United States of America and Canada.

The Organization's mission is to inspire girls to be joyful, healthy and confident using a fun, experience-based curriculum which creatively integrates running. The objective of the Organization is to educate and empower girls at an early age in order to prevent the display of at-risk activities in the future. Girls on the Run combines training for a 5K (3.1 miles) running event with healthy living education. The Organization's programs instill self-esteem through health education, life skills development, mentoring relationships, and physical training – all of which are accomplished through an active collaboration with girls and their parents, schools, volunteers, staff and the community.

Note 2 - Significant accounting policies

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation

The financial statements reflect all significant assets and liabilities of the Organization. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to Financial Statements

Note 2 - Significant accounting policies, cont'd

nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization does not have any donor restrictions as of June 30, 2023.

Donor restricted contributions (if applicable) are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand, demand deposits and temporary cash investments. Cash equivalents are generally short-term highly liquid investments with maturities of three months or less.

Donated assets

Donated noncash assets are record as contributions at their estimated fair value at the time of the donation. There were no donated assets for the year ended June 30, 2023.

Donated services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Functional allocation of expenses

The statement of functional expenses presents the expenses by function and natural classification. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas. Certain categories of expenses that are attributed to one or more program or supporting function of the Organization include salaries, supplies, consultants, utilities, repairs & maintenance, payroll expenses, insurance, professional fees, interest, and other, which were allocated based on estimates of time and effort done on a yearly basis.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to Financial Statements

Note 2 - Significant accounting policies, cont'd

Accounting pronouncement – presentation of contributed nonfinancial assets

In 2022, the Organization adopted ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and/or other financial assets. The standard also increased the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements.

Accounting pronouncement – leases

As of January 1, 2022, the Organization adopted Accounting Standards Update (“ASU”) 2016-02, Leases, which was amended in some respects by subsequent ASUs (collectively Accounting Standard Codification 842 (“ASC 842”)) and supersedes existing lease guidance. The standard requires the Organization to record operating lease assets and corresponding lease liabilities on the balance sheet and disclose key quantitative and qualitative information about lease contracts.

Under ASC 842, the Organization determines if a contract is a leasing arrangement at inception. Operating lease assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization used the risk-free rate of return. The Organization recognized operating leases expense for operating leases on a straight-line basis over the lease term.

The Organization leases office space under an operating lease. Leases with an initial term of 12 months or less, if applicable, are not recorded on the balance sheet and are expenses on a straight-line basis.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to the financial statements

Note 2 - Significant accounting policies, cont'd

Date of management's review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 17, 2023, the date that the financial statements were available for issuance.

Note 3 – Beneficial interest in assets held by others

The Organization has contributed assets to a community foundation held by McHenry County Community Foundation (MCCF). MCCF matched the contribution with another fund which is also held by MCCF and remains the property of MCCF. The principal invested by the Organization may be withdrawn by following agreement guidelines. Income from the two funds less fees may be distributed to the Organization as directed by the Organization. As of June 30, 2023, the Organization had not applied for any principal distributions. However, the Organization had applied for and received income distributions of \$2,234 for the year ended June 30, 2023.

The additional fund which exists at a community foundation that does not meet the criteria of a beneficial interest in funds held by other. As such, these assets are not recorded by the Organization and are excluded from the Statement of Financial Position. These designated funds are valued at approximately \$40,255 at June 30, 2023.

The activity in the fund invested by the Organization consisted of the following for the fiscal year ended June 30, 2023:

Beneficial interest in assests held by others -	
at June 30, 2022	\$ 38,028
Investment gains	4,205
Investment fees	(451)
Miscellaneous income distribution	<u>(1,527)</u>
Beneficial interest in assests held by others -	
at June 30, 2023	<u>\$ 40,255</u>

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to Financial Statements

Note 4 – Fair value measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

Inputs to the valuation methodology include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. 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. 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.

Beneficial interest in assets held by others consists of funds held by a community foundation. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value is equal to the value reported by the trustee.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Beneficial interest in assests held by others			\$ 40,255	\$ 40,255

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to Financial Statements

Note 5 – Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, has made no provision for federal income taxes in the accompany financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation with the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2023.

The Organization adopted the accounting for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken on its income tax returns. In evaluating the Organization's tax provisions and accruals, the Organization believes that its estimates are appropriate and the Organization has no material unrecognized income tax positions. The Organization's tax filings are subject to audit by various taxing authorities. At June 30, 2023, the Organization is no longer subject to examination by federal and state taxing authorities for the periods ending before 2019.

Note 6 – Program service

The Organization provides an experiential afterschool program that uses the power of running to prepare girls for a lifetime of self-respect and healthy living. The curriculum creatively incorporates training for a 5k run with lessons that encourage third through eighth grade girls to develop essential life skills. Through interactive activities such as running, playing games and discussing important issues, young girls experience the joy of being themselves.

During the ten week program, girls are empowered with a greater sense of self-awareness, a foundation in team building and a sense of achievement. Lessons are designed to enhance the social, mental, physical and emotional health of girls. The lessons inspire the girls to be strong, contented and self-confident young women who intentionally choose an authentic and healthy lifestyle. Each session is led by trained coaches who guide and mentor girls through a fun and uplifting curriculum. Coaches teach specific life lessons such as dealing with body image and media, resisting peer pressure, making healthy decisions and contributing to their community.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to Financial Statements

Note 7 – Note payable

The Organization received a loan from the U.S. Small Business Administration in July 2020 for \$149,900. Monthly principal and interest (rate of 2.75% per annum) payments are \$641 for a term of 30 years. The balance of the loan at June 30, 2023 was \$139,765 with the current portion due of \$3,897.

Five year maturities of this note are as follows:

Year ending June 30,	
2024	\$ 3,897
2025	4,006
2026	4,117
2027	4,232
2028	4,350
Thereafter	119,163
	<u>\$ 139,765</u>

Interest expense on this note was \$3,900 for the year ended June 30, 2023.

Note 8 – Leases

The Organization leases its office space under an operating lease agreement which expired on September 30, 2022 and required monthly rental fee of \$900. A lease extension agreement was entered into for October 1, 2022 through September 30, 2023 for a monthly rental fee of \$1,125. Another extension was signed for October 1, 2023 through September 30, 2024 for a monthly rental fee of \$1,200. Rent expense was to \$12,420 and is included in the Organization's occupancy expenses for the year ended June 30, 2023.

Operating lease right of use asset and operating lease liability as of June 30, 2023 was as follows:

Right of use asset – operating lease \$17,305

Operating lease liability \$17,575

Total rent expense for the year ended June 30, 2023 was \$12,420.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to Financial Statements

Note 8 – Leases, cont'd

The future lease payments below summarize the remaining future undiscounted cash flows for operating leases (present value of lease liability) as of June 30, 2023:

Year ending June 30,	
2024	\$ 13,981
2025	3,594
	<u>\$ 17,575</u>

The right of use asset obtained in exchange for the operating lease obligation was \$27,389.

The weighted average discount rate was 1.90%.

Note 9 – Concentration of credit risk

The Organization maintains its cash balances in a local bank. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, the Organization had an uninsured cash balance of approximately \$230,000.

Note 10 – Liquidity and availability of financial assets

The following table reflects certain of the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or are classified as restricted cash, long-term notes receivable and other long-term investments.

Cash and cash equivalents	\$ 478,567
Beneficial interest in assests held by others	40,255
Accounts receivable	1,100
Prepaid expenses	<u>2,986</u>
Financial assets available to meet cash needs for general expendituees within one year	<u>\$ 522,908</u>

The Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The Organization has current liabilities of \$23,161 at June 30, 2023.

GIRLS ON THE RUN OF NORTHWEST ILLINOIS

Notes to Financial Statements

Note 11 – COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was severely impacted and may continue to impact the economy. Management has been carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.