

# Girl Rising

Financial Statements

December 31, 2019 and 2018



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*December 31, 2019 and 2018*

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## *Independent Auditors' Report*

To the Board of Directors  
Girl Rising

We have audited the accompanying financial statements of Girl Rising, which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Rising as of December 31, 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.

*Mazars USA LLP*

May 8, 2020

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# Girl Rising

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## *Statements of Financial Position* *December 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 882,278	\$ 363,281
Contributions receivable	294,700	290,204
Accounts receivable	50,008	108,809
Prepaid expenses and other assets	69,575	13,303
Girl Rising film rights, net	<u>1,736,613</u>	<u>2,315,484</u>
 Total assets	 <u>\$ 3,033,174</u>	 <u>\$ 3,091,081</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 118,938	\$ 184,086
Note payable	<u>330,000</u>	<u>1,106,350</u>
 Total liabilities	 <u>448,938</u>	 <u>1,290,436</u>
 <b>Net assets</b>		
Without donor restrictions	1,942,360	1,097,894
With donor restrictions	<u>641,876</u>	<u>702,751</u>
 Total net assets	 <u>2,584,236</u>	 <u>1,800,645</u>
 Total liabilities and net assets	 <u>\$ 3,033,174</u>	 <u>\$ 3,091,081</u>

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

# Girl Rising

## Statements of Activities

Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support						
Contributions	\$ 1,202,693	\$ 207,477	\$ 1,410,170	\$ 912,165	\$ 1,051,379	\$ 1,963,544
Contribution - forgiveness of note payable	783,365	-	783,365	-	-	-
Film production	960,078	-	960,078	986,319	-	986,319
Event income, net of direct expense of \$53,965 and \$63,405, respectively	203,313	-	203,313	230,318	-	230,318
Donated services	140,337	-	140,337	208,000	-	208,000
Royalties and licensing fees	8,759	-	8,759	26,889	-	26,889
Merchandise sales, net of cost of goods sold of \$6,516 and \$7,584, respectively	6,894	-	6,894	6,641	-	6,641
Other income	10,422	-	10,422	6,913	-	6,913
Net assets released from restrictions	268,352	(268,352)	-	429,328	(429,328)	-
<b>Total revenues and other support</b>	<b>3,584,213</b>	<b>(60,875)</b>	<b>3,523,338</b>	<b>2,806,573</b>	<b>622,051</b>	<b>3,428,624</b>
Expenses						
Program services	1,979,222	-	1,979,222	2,368,714	-	2,368,714
Management and general	441,804	-	441,804	575,758	-	575,758
Fund raising	318,721	-	318,721	318,660	-	318,660
<b>Total expenses</b>	<b>2,739,747</b>	<b>-</b>	<b>2,739,747</b>	<b>3,263,132</b>	<b>-</b>	<b>3,263,132</b>
Change in net assets	844,466	(60,875)	783,591	(456,559)	622,051	165,492
Net asset, beginning of year	1,097,894	702,751	1,800,645	1,554,453	80,700	1,635,153
Net asset, end of year	\$ 1,942,360	\$ 641,876	\$ 2,584,236	\$ 1,097,894	\$ 702,751	\$ 1,800,645

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

# Girl Rising

## Statements of Functional Expenses Year Ended December 31, 2019

	Program Services						Supporting Services			Total
	Global Campaign	India Campaign	Educator	Refugee	Explore More	Other Programs	Total Program Expenses	Management and General	Fund Raising	
Salaries	\$ 67,596	\$ 26,333	\$ -	\$ 141,071	\$ 84,128	\$ 201,260	\$ 520,388	\$ 146,337	\$ 213,138	\$ 879,863
Payroll taxes and employee benefits	7,385	2,877	-	15,413	9,191	21,989	56,855	14,550	23,287	94,692
Total personnel costs	74,981	29,210	-	156,484	93,319	223,249	577,243	160,887	236,425	974,555
Amortization of film rights	-	-	-	-	-	537,332	537,332	27,041	14,498	578,871
Consultants	5,161	-	28,021	210	128,255	143,213	304,860	-	4,750	309,610
Production costs	-	-	-	61,269	12,722	35,785	109,776	-	-	109,776
Professional fees	4,304	9,380	-	18,202	8,754	38,728	79,368	120,013	7,726	207,107
Legal services	2,127	4,636	-	8,996	4,326	19,139	39,224	63,696	3,817	106,737
Office expenses	15,031	3,944	2,094	5,334	12,777	-	39,180	18,583	3,193	60,956
Events	-	-	-	-	-	-	-	-	88,956	88,956
Travel	3,877	737	-	118	6,286	32,826	43,844	7,553	3,040	54,437
USAID grant disallow grant costs	-	-	-	-	-	16,631	16,631	-	-	16,631
Awards	-	147,078	710	-	-	50,944	198,732	-	-	198,732
Occupancy	-	-	-	-	-	18,720	18,720	23,158	10,080	51,958
Interest	-	-	-	-	-	-	-	19,714	-	19,714
Merchandising costs	5,296	-	-	-	-	-	5,296	1,219	-	6,515
Social media	2,395	110	-	-	-	1,449	3,954	1,075	28	5,057
Marketing and advertising	3,807	-	-	-	-	401	4,208	84	-	4,292
Other	1,399	-	435	22	3,983	311	6,150	-	173	6,323
Total expenses	118,378	195,095	31,260	250,635	270,422	1,118,728	1,984,518	443,023	372,686	2,800,227
Less Direct Event Expense	-	-	-	-	-	-	-	-	(53,965)	(53,965)
Less Cost of Goods Sold	(5,296)	-	-	-	-	-	(5,296)	(1,219)	-	(6,515)
	<u>\$ 113,082</u>	<u>\$ 195,095</u>	<u>\$ 31,260</u>	<u>\$ 250,635</u>	<u>\$ 270,422</u>	<u>\$ 1,118,728</u>	<u>\$ 1,979,222</u>	<u>\$ 441,804</u>	<u>\$ 318,721</u>	<u>\$ 2,739,747</u>

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

# Girl Rising

## Statements of Functional Expenses Year Ended December 31, 2018

	Program Services						Supporting Services			Total
	Global Campaign	India Campaign	Educator	Refugee	Explore More	Other Programs	Total Program Expenses	Management and General	Fund Raising	
Salaries	\$ 137,101	\$ 34,190	\$ 37,124	\$ 75,640	\$ 176,460	\$ 95,274	\$ 555,789	\$ 167,784	\$ 181,189	\$ 904,762
Payroll taxes and employee benefits	13,722	3,452	4,810	6,951	16,744	9,056	54,735	21,599	18,362	94,696
Total personnel costs	150,823	37,642	41,934	82,591	193,204	104,330	610,524	189,383	199,551	999,458
Amortization of film rights	183,834	17,555	-	-	-	335,943	537,332	27,041	14,498	578,871
Consultants	20,366	36,000	23,466	35,690	251,468	21,709	388,699	14,168	64,468	467,335
Production costs	8,517	-	2,849	113,035	204,609	-	329,010	1,750	-	330,760
Professional fees	73,592	18,140	-	3,947	121,198	419	217,296	71,362	325	288,983
Donated services	31,200	-	-	2,080	27,040	10,400	70,720	137,280	-	208,000
Office expenses	25,050	6,573	3,489	8,890	21,294	-	65,296	30,970	5,320	101,586
Events	411	-	-	-	-	-	411	-	84,958	85,369
Travel	9,483	5,675	2,745	23,844	23,401	900	66,048	4,300	7,669	78,017
USAID grant disallow grant costs	-	-	-	-	-	-	-	50,000	-	50,000
Awards	12,000	27,175	-	-	500	-	39,675	6,000	-	45,675
Occupancy	9,999	-	-	9,999	9,999	-	29,997	15,406	-	45,403
Interest	-	-	-	-	-	-	-	23,226	-	23,226
Merchandising costs	7,403	-	-	66	77	-	7,546	-	38	7,584
Social media	4,257	33	36	1,750	-	-	6,076	1,327	72	7,475
Marketing and advertising	84	-	-	-	-	-	84	49	5,166	5,299
Other	-	-	-	-	-	-	-	11,080	-	11,080
Total expenses	537,019	148,793	74,519	281,892	852,790	473,701	2,368,714	583,342	382,065	3,334,121
Less Direct Event Expense	-	-	-	-	-	-	-	-	(63,405)	(63,405)
Less Cost of Goods Sold	-	-	-	-	-	-	-	(7,584)	-	(7,584)
	<u>\$ 537,019</u>	<u>\$ 148,793</u>	<u>\$ 74,519</u>	<u>\$ 281,892</u>	<u>\$ 852,790</u>	<u>\$ 473,701</u>	<u>\$ 2,368,714</u>	<u>\$ 575,758</u>	<u>\$ 318,660</u>	<u>\$ 3,263,132</u>

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

## Girl Rising

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### *Statements of Cash Flows*

*Years Ended December 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 783,591	\$ 165,492
Adjustment to recognize change in net assets to net cash provided by (used in) operating activities:		
Imputed interest expense	19,515	23,225
Amortization of film rights	578,871	578,871
Forgiveness of note payable	(783,365)	-
Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:		
Contributions receivable	(4,496)	(197,067)
Accounts receivable	58,801	(108,809)
Prepaid expenses and other assets	(58,408)	(11,167)
Security deposits refunded	2,136	-
Accounts payable and accrued expenses	(65,148)	18,464
Deferred revenue	-	(588,548)
Net cash provided by (used in) operating activities	<u>531,497</u>	<u>(119,539)</u>
Cash flows used in financing activities		
Repayment of note payable	<u>(12,500)</u>	<u>(50,000)</u>
Net cash used in financing activities	(12,500)	(50,000)
Net increase (decrease) in cash and cash equivalents	518,997	(169,539)
Cash and cash equivalents		
Beginning of year	<u>363,281</u>	<u>532,820</u>
End of year	<u>\$ 882,278</u>	<u>\$ 363,281</u>

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



# Girl Rising

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## *Notes to Financial Statements* *Year Ended December 31, 2019*

### 1. Nature of Organization

#### **Business Description**

Girl Rising (GR) was incorporated on February 28, 2017 in the District of Columbia. The Internal Revenue Service has determined that Girl Rising is exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly-supported organization as described in Section 170(b)(1) of the Internal Revenue Code.

Girl Rising uses the power of storytelling to change the way the world values girls and their education. GR tells stories about girls who face daunting barriers to their independence with determination and courage, strategically deploying these stories to fuel and strengthen social movements - informing and inspiring people to take action for girls and gender equality. GR works with local partners, adapting these stories into culturally relevant educational tools and curricula to build confidence and agency in girls and to change attitudes and social norms within their communities.

Ten Times Ten LLC, (TTT), a for-profit limited liability company, created the *Girl Rising* film and owned and operated the Girl Rising brand and focused on (a) promoting the education, empowerment and human and civil rights of girls around the world; (b) educating the public about the importance of girls' education and (c) educating the public about the challenges girls face in the many parts of the world with the goal of eliminating prejudice and discrimination against girls everywhere (the "Business").

On December 28, 2017, TTT contributed the Business to GR under an Asset Transfer Agreement ("Transfer Agreement"). The assets and liabilities transferred were as follows:

	<u>2018</u>
Cash	\$ 28,786
Contribution receivable	6,933
Other assets	2,915
Film rights	<u>2,894,355</u>
Total assets	<u>2,932,989</u>
Note payable	1,230,000
Accounts payable	<u>165,782</u>
Total liabilities	<u>1,395,782</u>
Net contribution from TTT	<u><u>\$ 1,537,207</u></u>

## 2. Summary of Significant Accounting Policies

### 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 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. Actual results could differ from those estimates.

### Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. GR follows the provision ASU 2016-14, "Presentation of Financial Statement of Not-for-profit-Entities" (Topic 958).

### Cash and Cash Equivalents

Girl Rising considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

As of December 31, 2019, GR maintains its cash balances with one major financial institution. Amounts at the financial institution are insured by the Federal Deposit Insurance Corporation. Balances may exceed insured limits from time to time. As of December 31, 2019, the uninsured balance totaled approximately \$632,000.

### Film Rights

As part of the transfer asset agreement with TTT, GR obtained the rights to the *Girl Rising* film. GR obtains revenue through royalties and licensing fees. The film rights were recognized at the fair value at the date of contribution of \$2,894,355 and is being amortized over 5 years.

### Contributions

Girl Rising reports gifts of cash and other assets as with donor restricted support 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 a purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions. However, the receipt of any with donor restriction contributions whose restrictions expire, or are otherwise satisfied within the period of receipt, are reported as without donor restricted revenues in the statement of activities.

### Revenue Recognition

GR has adopted Accounting Standards Update ("ASU") No. 2014-09 - Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the GR's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the GR recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

### Film Production

GR produces films related to their mission. Typically, Girl Rising maintains the rights to these films; some films are made in collaboration with corporations who then obtain the rights. Revenue is recognized over time by measuring the progress toward completed satisfaction of the film production.

## **Girl Rising**

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### **Royalties and Licensing Fees**

Royalties and licensing fees are obtained from the films and material owned by GR. Revenue is recognized at a point in time when such usage rights are transferred to third parties.

### **Merchandise Revenue**

Revenue is recognized when the goods transfer to the customer.

### **Deferred Revenue**

Fees for services provided for the film-related program are reported in the year in which the fees are earned. Payments received in advance of these services are reported as deferred revenue until the services are performed.

### **Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted to fair value using an appropriate interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met and are reflected as deferred revenue in the accompanying statement of financial position.

### **In-Kind Contribution**

In-kind contributions for services or the use of equipment, materials or facilities at less than fair value are recorded at their fair value in accordance with accounting literature, if the services (a) create or enhance on financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchases by Girl Rising. In-kind contribution goods are materials that are recorded at their fair value. GR receives services from a large number of volunteers who give significant amounts of their time to the Girl Rising's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

Girl Rising received donated services meeting the criteria for recognition for legal services amounting to approximately \$107,000 and \$208,000 for the years ended December 31, 2019 and 2018, respectively. In addition, Girl Rising was provided office space free of charge, amounting to approximately \$34,000 for the year ended December 31, 2019.

### **Major Contributors**

Three organizations accounted for 47% of total revenue for the year ended December 31, 2019. Two organizations accounted for 58% of contributions and account receivables as of December 31, 2019.

### **Net Assets**

The net assets of Girl Rising and changes therein are classified and reported as follows:

#### **Without Donor Restrictions**

Funds that are undesignated and available for general purposes are used for the general activity of Girl Rising. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management's discretion.

#### **With Donor Restrictions**

With Donor Restrictions net assets consist of resources, the use of which has been restricted by donors. The release of net assets from restrictions results from either the satisfaction of the restricted purposes specified by the donors, or from the passage of time.

At December 31, 2019, there were no net assets with Board designations.

## Girl Rising

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### Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services. Expenses directly attributable to a specific functional area of the GR are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

### 3. Contributions Receivable

Contributions receivable include unconditional promises to give as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 179,200	\$ 201,704
Receivable in one to five years	<u>115,500</u>	<u>88,500</u>
	<u>\$ 294,700</u>	<u>\$ 290,204</u>

### 4. Note Payable

As part of the asset transfer agreement with TTT, GR assumed a note payable for \$1,230,000. The loan is non-interest bearing and was originally payable in varying amount installments through December 2027.

As of December 31, 2018, this non-interest bearing note net of unamortized discount of \$73,650 (effective rate, 3.7%) amounted to \$1,106,350. The amortization of the discount is reported as interest expense.

Upon the occurrence and during the continuation of an Event of Default, TTT shall have the right to exercise all rights of the Girl Rising film rights as collateral.

The Board of Girl Rising and TTT initiated discussions in October 2019 to change the terms of the loan. TTT agreed to negotiate a reduced loan amount and agreed to waive the required 2019 payments due. Accordingly, on December 24, 2019 the lender amended the loan as follows:

- The amount due for 2020 shall be \$-0-
- The loan amount is reduced to \$330,000 with a payment plan to be agreed upon by both parties by June 30, 2020.

Accordingly, Girl Rising recorded the loan forgiveness of \$783,365 (\$837,500 balances less the remaining present value discount of \$54,135) as a contribution for the year ended December 31, 2019.

## Girl Rising

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### 5. Liquidity and Availability

Girl Rising's financial assets available within one year of the statement of financial position date for general expenditures is as follows:

December 31,	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 882,278	\$ 363,281
Contributions receivable	294,700	290,204
Accounts receivable	<u>50,008</u>	<u>108,809</u>
Financial assets available within one year	1,226,986	762,294
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with time restrictions	115,500	-
Restricted by donors with purpose restrictions	362,676	702,751
Note payable, current portion	<u>-</u>	<u>75,000</u>
Total amounts available for general expenditures within one year	<u>\$ 748,810</u>	<u>\$ (15,457)</u>

Girl Rising maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. GR seeks donations from individuals, foundations and corporations to cover its operational expenses. GR also expects to receive revenue from fundraising events, partnerships with corporations, fees for film production services and earned revenue. Earned revenue includes revenue from the Girl Rising film including digital downloads and DVD sales from the GR website, film licensing fees and royalties from individuals and distributors, and merchandising revenue from GR's website.

### 6. With Donor Restricted Net Assets

Donor restricted net assets at December 31, 2019 are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Global Educator Fund	\$ 362,676	\$ 351,378
Time Restricted	279,200	-
Refugee	-	226,379
Refugee Campaign	-	118,814
Educator	<u>-</u>	<u>6,180</u>
	<u>\$ 641,876</u>	<u>\$ 702,751</u>

## Girl Rising

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### 7. In-Kind Contributions

The fair value of donated services and goods are included as contributions in the financial statements and as corresponding expenses for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Legal services	\$ 106,737	\$ 208,000
Rent	<u>33,600</u>	<u>-</u>
	<u>\$ 140,337</u>	<u>\$ 208,000</u>

### 8. Employee Benefit Plan

Girl Rising offers employees the opportunity to participate in a retirement plan. Employees become eligible to participate in the Company's retirement plan after being employed for 90 days. Plan participants may make pre-tax contributions to a retirement account. Girl Rising does not make any matching contributions to the plan.

### 9. Subsequent Events

Girl Rising has evaluated subsequent events through May 8, 2020, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the timing of revenue and completion of programs. Other financial impact could occur though such potential impact is unknown at this time.



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