

Girl Rising

Financial Statements

December 31, 2020 and 2019

mazars

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Girl Rising

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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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Mazars USA LLP

June 10, 2021

Girl Rising

Statements of Financial Position December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 1,247,090	\$ 882,278
Contributions receivable	526,000	294,700
Accounts receivable	-	50,008
Prepaid expenses and other assets	42,520	69,575
Girl Rising film rights, net	1,157,742	1,736,613
	<u>1,157,742</u>	<u>1,736,613</u>
Total assets	<u>\$ 2,973,352</u>	<u>\$ 3,033,174</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 93,163	\$ 118,938
Contract advances	242,381	-
Paycheck Protection Program loan	138,400	-
Note payable	300,000	330,000
	<u>300,000</u>	<u>330,000</u>
Total liabilities	<u>773,944</u>	<u>448,938</u>
Net assets		
Without donor restrictions	1,469,638	1,942,360
With donor restrictions	729,770	641,876
	<u>729,770</u>	<u>641,876</u>
Total net assets	<u>2,199,408</u>	<u>2,584,236</u>
Total liabilities and net assets	<u>\$ 2,973,352</u>	<u>\$ 3,033,174</u>

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

Girl Rising

Statements of Activities Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support						
Contributions	\$ 1,341,035	\$ 528,018	\$ 1,869,053	\$ 1,202,693	\$ 207,477	\$ 1,410,170
Contribution - forgiveness of note payable	-	-	-	783,365	-	783,365
Fees for services	296,972	-	296,972	960,078	-	960,078
Event income, net of direct expense of \$53,965 in 2019	-	-	-	203,313	-	203,313
Donated services	134,415	-	134,415	140,337	-	140,337
Royalties and licensing fees	18,183	-	18,183	8,759	-	8,759
Merchandise sales, net of cost of goods sold of \$1,527 and \$6,516, respectively	1,270	-	1,270	6,894	-	6,894
Other income	1,103	-	1,103	10,422	-	10,422
Net assets released from restrictions	440,124	(440,124)	-	268,352	(268,352)	-
Total revenues and other support	2,233,102	87,894	2,320,996	3,584,213	(60,875)	3,523,338
Expenses						
Program services	2,023,051	-	2,023,051	1,979,222	-	1,979,222
Management and general	371,555	-	371,555	441,804	-	441,804
Fund raising	311,218	-	311,218	318,721	-	318,721
Total expenses	2,705,824	-	2,705,824	2,739,747	-	2,739,747
Change in net assets	(472,722)	87,894	(384,828)	844,466	(60,875)	783,591
Net asset, beginning of year	1,942,360	641,876	2,584,236	1,097,894	702,751	1,800,645
Net asset, end of year	\$ 1,469,638	\$ 729,770	\$ 2,199,408	\$ 1,942,360	\$ 641,876	\$ 2,584,236

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

Girl Rising

Statements of Functional Expenses Year Ended December 31, 2020

	Program Services						Supporting Services			
	Global Campaign	India Campaign	Educator	GEF	Explore More	Other Programs	Total Program Expenses	Management and General	Fund Raising	Total
Salaries	\$ 71,696	\$ -	\$ 2,111	\$ 96,707	\$ 60,624	\$ 228,032	\$ 459,170	\$ 95,336	\$ 257,470	\$ 811,976
Payroll taxes and employee benefits	6,700	-	197	9,037	5,665	21,308	42,907	8,909	24,058	75,874
Total personnel costs	78,396	-	2,308	105,744	66,289	249,340	502,077	104,245	281,528	887,850
Amortization of film rights	-	-	-	-	-	537,332	537,332	27,041	14,498	578,871
Consultants	13,843	-	65,016	18,683	201,834	118,484	417,860	19,213	5,276	442,349
Production costs	83,077	-	-	-	25,278	15,194	123,549	-	-	123,549
Professional fees	11,287	12,000	13,183	-	4,373	-	40,843	56,173	453	97,469
Legal services	-	-	-	-	-	-	-	126,915	-	126,915
Office expenses	1,447	-	540	14,328	3,106	11,506	30,927	7,386	2,765	41,078
Events	-	-	-	-	-	-	-	-	4,500	4,500
Travel	643	-	-	3,130	12,780	861	17,414	4,656	2,198	24,268
Awards	4,257	78,359	1,000	116,750	-	109,300	309,666	-	-	309,666
Occupancy	-	-	-	-	-	-	-	9,695	-	9,695
Bank charges	-	2,645	-	22	738	647	4,052	15,349	-	19,401
Merchandising costs	1,527	-	-	-	-	-	1,527	-	-	1,527
Social media	2,507	140	-	-	-	-	2,647	834	-	3,481
Marketing and advertising	4,812	-	-	-	-	-	4,812	48	-	4,860
Other	-	-	-	1,001	24,905	5,966	31,872	-	-	31,872
Total expenses	201,796	93,144	82,047	259,658	339,303	1,048,630	2,024,578	371,555	311,218	2,707,351
Less Direct Event Expense	-	-	-	-	-	-	-	-	-	-
Less Cost of Goods Sold	(1,527)	-	-	-	-	-	(1,527)	-	-	(1,527)
	<u>\$ 200,269</u>	<u>\$ 93,144</u>	<u>\$ 82,047</u>	<u>\$ 259,658</u>	<u>\$ 339,303</u>	<u>\$ 1,048,630</u>	<u>\$ 2,023,051</u>	<u>\$ 371,555</u>	<u>\$ 311,218</u>	<u>\$ 2,705,824</u>

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 Cash Flows Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (384,828)	\$ 783,591
Adjustment to recognize change in net assets to net cash provided by operating activities:		
Imputed interest expense	-	19,515
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	(231,300)	(4,496)
Accounts receivable	50,008	58,801
Prepaid expenses and other assets	27,055	(58,408)
Security deposits refunded	-	2,136
Accounts payable and accrued expenses	(25,775)	(65,148)
Contract advances	242,381	-
Net cash provided by operating activities	<u>256,412</u>	<u>531,497</u>
Cash flows from financing activities		
Repayment of note payable	(30,000)	(12,500)
Proceeds from PPP loan	138,400	-
Net cash provided by (used in) financing activities	<u>108,400</u>	<u>(12,500)</u>
Net increase in cash and cash equivalents	364,812	518,997
Cash and cash equivalents		
Beginning of year	<u>882,278</u>	<u>363,281</u>
End of year	<u>\$ 1,247,090</u>	<u>\$ 882,278</u>

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

Girl Rising

Notes to Financial Statements Year Ended December 31, 2020

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's mission is to change the way the world values girls and advance girls' right to a quality education. Through content creation, media campaigns, educational tools, and on-the-ground programs, Girl Rising ignites change so that girls are free to go to school, complete their education, and pursue a future of their own choosing.

Girl Rising is currently working with over 130 partners across 12 countries who work with adolescent girls and boys as well as teachers. Girl Rising trains educators from these partner organizations to utilize the Girl Rising educational tools to build voice, agency and confidence in girls so that they can persist in their education; to foster more inclusive learning environments that lead to improved education outcomes for girls; and works together with partners to change attitudes and social norms that are major barriers to girls' education and equality. Girl Rising also financially supports select local organizations that are implementing innovative local solutions to girls' education as part of multi-year programming to strengthen the long-term sustainability and effectiveness of local organizations.

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").

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, 2020, 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, 2020, the uninsured balance totaled approximately \$995,000.

Girl Rising

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.

Fees for Services

GR produces films related to their mission, along with other film, radio and event production and postproduction work. Typically, Girl Rising maintains the rights to these films; some films are made in collaboration with corporations who then obtain the rights. In addition, GR develops and implements learning curriculums on a contract basis. Revenue is recognized over time by measuring the progress toward completed satisfaction of the contract. Payments received in advance of these services are reported as contract advances until the services are performed.

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.

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 Contributions

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.

Major Contributors

Three organizations accounted for 57% of total revenue for the year ended December 31, 2020. Two organizations accounted for 47% of contributions and account receivables as of December 31, 2019.

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.

Girl Rising

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 whose use 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, 2020, there were no net assets with Board designations.

3. Contributions Receivable

Contributions receivable include unconditional promises to give as follows:

	2020	2019
Receivable in less than one year	\$ 326,000	\$ 179,200
Receivable in one to five years	200,000	115,500
	<u>\$ 526,000</u>	<u>\$ 294,700</u>

4. Note Payable

As part of the asset transfer agreement with TTT in 2017, 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.

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. On December 24, 2019, the lender amended the loan by agreeing to reduce the loan amount to \$330,000. Accordingly, Girl Rising recorded loan forgiveness of \$783,365, for the difference between the outstanding balance less present value discount and the new loan payable balance of \$330,000, as a contribution for the year ended December 31, 2019.

During the year ended December 31, 2020, \$30,000 of principal was repaid in accordance with the amended loan agreement. Under the terms of the payment plan agreed to as part of the amended loan agreement, \$75,000 is due and payable in each year from 2021 through 2024.

5. Donor Restricted Net Assets

Donor restricted net assets at December 31, 2020 are available for the following purposes or periods:

	2020	2019
Global Education Fund	\$ 138,878	\$ 362,676
Guatemala	64,892	-
Time restricted	526,000	279,200
	<u>\$ 729,770</u>	<u>\$ 641,876</u>

Girl Rising

6. 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,	2020	2019
Cash and cash equivalents	\$ 1,247,090	\$ 882,278
Contributions receivable	526,000	294,700
Accounts receivable	-	50,008
Financial assets available within one year	<u>1,773,090</u>	<u>1,226,986</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with time restrictions	200,000	115,500
Restricted by donors with purpose restrictions	<u>203,770</u>	<u>362,676</u>
Total amounts available for general expenditures within one year	<u>\$ 1,369,320</u>	<u>\$ 748,810</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.

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, 2020 and 2019 are as follows:

	2020	2019
Legal services	\$ 126,915	\$ 106,737
Rent	<u>7,500</u>	<u>33,600</u>
	<u>\$ 134,415</u>	<u>\$ 140,337</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. Paycheck Protection Program Loan

On April 20, 2020, Girl Rising secured a loan from a bank of approximately \$138,000 through the U.S. Small Business Administration's Paycheck Protection Program ("PPP Loan"). The loan has an interest rate of 1% and matures on April 20, 2022. A portion or all the loan may be forgiven in accordance with the provisions of the Paycheck Protection Program.

Girl Rising

Girl Rising is following provisions of ASC 405-20-1 which states a debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met:

- The debtor pays the creditor and is relieved of its obligation for the liability
- The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor.

Girl Rising will record forgiveness of debt for amounts forgiven under the paycheck protection program when such amounts are formally forgiven.

On February 1, 2021, GR was notified that their forgiveness application had been processed and approved by the U.S. Small Business Administration.

10. COVID-19

As a result of COVID-19, Girl Rising has adjusted the delivery of certain programs, including utilizing electronic delivery methods and utilizing local resources wherever possible in order to minimize staff travel. GR has sought to reduce other variable expenses wherever possible, including shifting to a fully remote workforce. GR is monitoring the potential future impact of COVID-19, which remains uncertain as of the date of these financial statements.

11. Subsequent Events

Girl Rising has evaluated subsequent events through June 10, 2021, the date the financial statements were available to be issued.

On January 28, 2021, GR secured a second PPP Loan of approximately \$138,000. The loan bears interest at 1% and matures on January 27, 2026. A portion or all the loan may be forgiven in accordance with the provisions of the Paycheck Protection Program.

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