girls inc.

of Carpinteria

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

GIRLS INCORPORATED OF CARPINTERIA

Table of Contents

Girls Inc. of Carpinteria inspires girls to become strong, smart and bold. Each year, over 700 girls ages four to eighteen from Carpinteria Valley and Ventura County participate in evidence-informed programs that help them build confidence, set ambitious goals and develop the skills to achieve them. The core programs described below form a strategic continuum that starts in kindergarten and grows with the girls until college. Our "whole girl" approach integrates rigorous academic enrichment with extracurricular activities, sustained mentorship and family engagement efforts.

Assessments show that our participants experience significant improvements in educational outcomes, academic self-efficacy, college and career goals, physical activity and interest in science, technology, engineering and math. Beyond improving individual lives, our work helps transform local communities by promoting a narrative of high expectations for girls and young women from all backgrounds, collaborating with school districts and nonprofit partners to create an integrated system of support to help girls succeed and cultivating young leaders who inspire other girls to pursue their dreams. The safety and health of all youth is important to our vision of an equitable world. Select programs focused on health, safety and empowerment are offered to both boys and girls in partnership with local schools.

GIRLS INC. CONTINUUM OF PROGRAMS

STRONG: Physical and Mental Wellbeing

Sports Camps, After School Enrichment, Teen Center, School Outreach, Fresh Futures

Sports programs provide opportunities for young female athletes to take part in healthy competition in an atmosphere that emphasizes good sportsmanship, skill development and which teaches important life skills such as discipline, respect, perseverance, patience, and commitment. Girls who participate in sports rate higher in perceived physical competence, social competence, and general self-worth than those who don't. Our program is the primary feeder for Carpinteria High School. This year the program coordinator was not available and very few sessions were held through the department. Instead, Girls Inc. provided opportunities to engage in sports through After School Enrichment, Eureka, and Teen Programming. Sports provided ranged from t-ball, volleyball sessions, and summer camps.

SMART: Academic Enrichment and Post-Secondary Readiness

After School Enrichment, Early Literacy, Teen Center, "Eureka!", Fresh Futures

Girls master foundational academic skills, practice healthy behaviors, and build positive relationships with peers and adults. The afterschool program provides TK-5th grade girls with a blend of academic enrichment and skill-building that fosters self-confidence, exploration, and growth. Girls take part in 23,000+ hours of academic support and 42,000 hours of curriculum. In middle and high schools, girls gain a clearer understanding of their context in the community and the World. They gain independence, navigate social pressures, and hone their sense of what they want to contribute in their future. The Eureka! program focuses on college, career, sisterhood, and community leadership. Eureka! hours spent by girls: 2,500 on college campuses, 2,500 college preparation, 2500 STEM enrichment, and 470 in Washington D.C.

BOLD: Self Advocates and Resilient Leaders

Juvenile Justice in Ventura County, Bold Futures Mentoring Project, School Outreach

Girls Inc. serves youth ages 14-18 in Ventura County probation at the juvenile justice complex. Girls take part in over 2,000 hours of programming where they are encouraged to take positive risks and master physical, intellectual, and emotional challenges. Major programs address STEM, pregnancy and drug abuse prevention, adolescent health, violence prevention, self-esteem building, job skills 101 and college-bound education. Bold Futures Mentoring Project in Santa Paula combines volunteer mentors, professional staff, and other research-based programming to help girls ages 9-14 engage in school, build healthy relationships, and reduce risky behaviors. Research demonstrates extensive benefits of mentorship, including an increased likelihood of attending college. Girls take part in 2,500 hours of mentoring hours.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Girls Incorporated of Carpinteria

We have audited the accompanying financial statements of Girls Incorporated of Carpinteria (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2019, the related statements of activities and change in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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 Organization'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 Organization'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 Girls Incorporated of Carpinteria as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Girls Incorporated of Carpinteria June 30, 2018, financial statements, and our report dated October 16, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Macfarlane, Faletti, & Co., LLP

Santa Barbara, California
August 25, 2020

MacFarlane Faletti & Co. LLP
Certified Public Accountants

Girls Incorporated of Carpinteria

Statement of Financial Position
As of June 30, 2019
(with comparative totals as of June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
ASSETS				
Cash and cash equivalents	$ 591,359	$ 44,109	$ 635,468	$ 718,920
Accounts receivable	22,190	-	22,190	19,381
Grants receivable	-	17,629	17,629	52,500
Pledges receivable	-	3,530	3,530	-
Bequest receivable	-	-	-	94,625
Insurance claim receivable	-	-	-	40,794
Prepaid expenses	22,968	-	22,968	18,879
Unemployment reserve account	21,704	-	21,704	13,541
Beneficial interest in assets held by others (Note 3)	1,524	81,721	83,245	75,823
Cash in board designated funds (Note 6)	269,094	-	269,094	268,667
Property and equipment - net (Note 4)	1,191,692	-	1,191,692	1,176,227
Total Assets	**$ 2,120,531**	**$ 146,989**	**$ 2,267,520**	**$ 2,479,357**
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and other accrued expenses	$ 43,240	$ -	$ 43,240	$ 14,503
Accrued payroll and related expenses	60,204	-	60,204	66,974
Deferred revenue	23,045	-	23,045	10,514
Note payable (Note 5)	188,089	-	188,089	210,570
Total Liabilities	314,578	-	314,578	302,561
Net Assets				
Without Donor Restrictions (Note 6)	1,805,953	-	1,805,953	1,866,461
With Donor Restrictions (Note 6)	-	146,989	146,989	310,335
Total Net Assets	1,805,953	146,989	1,952,942	2,176,796
Total Liabilities and Net Assets	**$ 2,120,531**	**$ 146,989**	**$ 2,267,520**	**$ 2,479,357**

Girls Incorporated of Carpinteria

Statement of Activities and Changes in Net Assets
For the year ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Public Support and Revenue				
Public Support				
Special events, gross	$ 185,306	$ 3,530	$ 188,836	$ 284,375
Less: direct expenses	(57,909)	-	(57,909)	(74,399)
Special events, net of direct expenses	127,397	3,530	130,927	209,976
Contributions and grants	383,515	103,407	486,922	482,083
Bequest	-	-	-	94,625
Contracts	74,564	4,963	79,527	92,270
Total Public Support	585,476	111,900	697,376	878,954
Revenue				
Program services, gross	444,220	-	444,220	367,112
Less: scholarships	(78,894)	-	(78,894)	(74,666)
Program services, net	365,326	-	365,326	292,446
Rental income	130,819	-	130,819	119,303
Loss on disposal of assets	(5,975)	-	(5,975)	-
Investment income	943	-	943	885
Change in value of beneficial interest in assets held by others	-	4,404	4,404	2,950
Total Revenue	491,113	4,404	495,517	415,584
Total Public Support and Revenue	1,076,589	116,304	1,192,893	1,294,538
Net Assets Released from Restriction	279,650	(279,650)	-	-
Expenses				
Program services	914,268	-	914,268	973,160
Management and general	445,559	-	445,559	167,609
Fundraising	56,920	-	56,920	118,608
Total Expenses	1,416,747	-	1,416,747	1,259,377
Change in Net Assets	**(60,508)**	**(163,346)**	**(223,854)**	**35,161**
Net Assets at Beginning of Year	1,866,461	310,335	2,176,796	2,141,635
Net Assets at End of Year	**$ 1,805,953**	**$ 146,989**	**$ 1,952,942**	**$ 2,176,796**

See accompanying notes to financial statements

Girls Incorporated of Carpinteria

Statement of Functional Expenses
For the year ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Program	Management & General	Fundraising	Total 2019	Total 2018
Salaries	$ 486,281	$ 147,658	$ 12,141	$ 646,080	$ 599,788
Payroll taxes and related costs	36,876	12,171	915	49,962	51,847
Employee health and retirement benefits	40,191	12,204	1,003	53,398	61,744
Total Salaries and Related Expenses	563,348	172,033	14,059	749,440	713,379
Advertising	23,296	6,982	9,457	39,735	44,723
Conferences, conventions, and meetings	5,162	7,757	93	13,012	11,226
Food and beverages	-	-	50,039	50,039	36,604
Professional fees	3,874	165,576	21,834	191,284	96,690
Information technology	24,440	7,421	610	32,471	32,105
Insurance	920	28,801	-	29,721	32,130
Occupancy	91,433	27,763	2,283	121,479	101,782
Other event expenses	-	-	7,870	7,870	37,795
Office expense and supplies	27,690	8,407	691	36,788	37,119
Payments to affiliates	-	12,000	-	12,000	1,000
Program expenses and supplies	96,812	-	-	96,812	101,840
Travel and auto	10,200	4,873	-	15,073	13,794
Total Expenses Before Depreciation	847,175	441,613	106,936	1,395,724	1,260,187
Depreciation Expense	67,093	3,946	7,893	78,932	73,589
Total Expenses by Function	914,268	445,559	114,829	1,474,656	1,333,776
Less expenses included with revenues on the statement of activities					
Special event direct expenses	-	-	(57,909)	(57,909)	(74,399)
Total Expenses - June 30, 2019	**$ 914,268**	**$ 445,559**	**$ 56,920**	**$ 1,416,747**	
Total Expenses - June 30, 2018	$ 973,160	$ 167,609	$ 118,608		$ 1,259,377

See accompanying notes to financial statements

Girls Incorporated of Carpinteria

Statement of Cash Flows
For the year ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ (223,854)	$ 35,161
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	78,932	73,589
Loss on disposal of asset	5,975	-
Change in value of beneficial interest in assets held by others	(4,404)	(2,950)
Changes in:		
Accounts receivable	(5,827)	32,266
Grants receivable	34,871	(52,500)
Pledges receivable	(3,530)	-
Bequest receivable	94,625	(94,625)
Insurance claim receivable	40,794	(40,794)
Prepaid expenses	(4,089)	(8,904)
Unemployment reserve account	(8,163)	6,170
Cash in board designated funds	(427)	(39,426)
Accounts payable and other accrued expenses	28,737	(2,033)
Accrued payroll and related	(6,770)	655
Deferred revenue	12,531	2,810
Net cash provided/(used) by operating activities	39,401	(90,581)
Cash Flows from Investing Activities		
Acquisition of property and equipment	(100,372)	(15,000)
Net cash used by investing activities	(100,372)	(15,000)
Cash Flows from Financing Activities		
Payments on note payable	(22,481)	(21,644)
Net cash used by financing activities	(22,481)	(21,644)
Net Decrease in Cash	**(83,452)**	**(127,225)**
Cash and Cash Equivalents at Beginning of the Year	718,920	846,145
Cash and Cash Equivalents at End of the Year	**$ 635,468**	**$ 718,920**
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	$ 7,621	$ 8,584

NOTE 1 ORGANIZATION

Girls Incorporated of Carpinteria (the "Organization") is a charitable and educational corporation, organized under the general nonprofit corporation law of the State of California on November 8, 1974.

The Organization inspires all girls to be strong, smart and bold. Each year, over 1,100 youth (males and females) participate in the Organization's engaging, research-based programs through school-based programs in Carpinteria and Santa Paula, as well as on the Girls Inc. Carpinteria Campus located at 5315 Foothill Road, Carpinteria.

Girls Inc. of Carpinteria is proud to be among the top producers of National Scholars compared to the 82 total Girls Incorporated affiliates nationwide. For the year-ended June 30, 2019, the Organization ranked #6 in affiliates with the highest number of National Scholars, with 33 award recipients to date.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncements

The June 30, 2019, financial statements reflect adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. ASU 2014-15 defines management's responsibility to evaluate whether there is a substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The Organization adopted this ASU and concluded there was not substantial doubt of its continued operations.

During the fiscal year, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; recognition of underwater endowment funds as a reduction in net assets with donor restrictions; and reporting investment income net of external and direct internal investment expenses.

The guidance also enhances disclosures for board designated amounts, compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the balance sheet (statement of financial position) date, and expenses by both their natural and functional classification, including methods used to allocate costs among program and support functions and underwater endowments.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported either as Net Assets Without Donor Restrictions or Net Assets with Donor Restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets Without Donor Restrictions are net assets available for use in general operations and not subject to donor restrictions. The Board of Trustees has designated, from net assets without donor restrictions, net assets for board-designated endowments, for a strategic reserve and for various projects and programs.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

In the absence of donor restrictions, contributions are considered to be available for use without restriction. All revenue is recognized in the period when the contribution or unconditional promise to give is received. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, cash in demand deposit accounts at banks and cash in money market accounts that is highly liquid, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Cash held for endowment and board designated reserve are not included as cash and cash equivalents for purposes of the statement of cash flows.

Land, Buildings, Equipment, and Depreciation

Land, buildings and equipment are recorded at cost or, if donated, at fair value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation of buildings, improvements, equipment and vehicles is provided over the estimated useful lives, ranging from 3 to 39 years, of the respective assets on a straight-line basis. The Organization capitalizes all assets that are considered tangible personal or real property acquired through purchase or donation with a cost or fair value of greater than or equal to $1,000 and an expected useful life of over one year. Maintenance and repairs are expensed to operations when incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts, Grants, Pledges, and Bequest Receivables

Accounts receivable consist of amounts earned by the Organization but not yet received at year-end. Grants and pledges receivables consists of promises to give cash contributions. Bequest receivable is recorded at the time an unassignable right to the gift has been established and the proceeds are measurable in amount. Management considered these receivables to be fully collectible within one year; therefore, no allowance for uncollectible accounts was recorded.

Income Tax Status

On July 24, 1989, the Internal Revenue Service determined the corporation was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). The California Franchise Tax Board also granted tax-exempt status to the Organization. As a tax-exempt corporation, the Organization has no provision for income taxes. The Organization is not considered a private foundation. The Organization is unaware of any uncertain tax positions at June 30, 2019, or for any period for which the statute of limitations remains open.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Significant estimates used in preparing these financial statements include:

- Depreciable lives of fixed assets
- Valuation of beneficial interest held by others
- Allocation of expenses among functions
- Collectability of accounts receivable

It is at least reasonably possible that the significant estimates used will change within the next year.

Fair Value of Financial Instruments

The carrying value of cash in banks, accounts, grants, pledges, and bequest receivables, accounts payable and accrued expenses approximate fair value due to the relatively short maturity of these instruments. The amount shown for the note payable approximates fair value since the interest rate is at current market rates.

Donated Services

The Organization relies heavily on a substantial number of volunteers to perform certain services for some of its programs and fundraising campaigns. Because these services do not meet specified criteria for recognition as income and expense, the value of these services has not been included in the statement of activities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The cost of providing program activities and supporting services is summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses allocated include salaries, benefits, payroll taxes, occupancy, information technology, insurance, and depreciation. Information technology is allocated based upon the number of staff positions. Marketing expenses are allocated based upon estimated efforts and benefit to each division. Depreciation, insurance and occupancy are allocated based upon square footage. All other costs are charged directly to the appropriate functional category.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year-ended June 30, 2018, from which the summarized information was derived.

Certain reclassifications have been made to the June 30, 2018 balances, as reported in the prior year financial statements, to make them comparable to the balances reported for the year-ended June 30, 2019.

NOTE 3 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 2014, the Organization placed $65,000 with the Santa Barbara Foundation (SBF) in the Santa Barbara Foundation Endowment Fund (the Fund) for an endowment. The Organization's beneficial interest operates under an Agency Fund Agreement (Fund Agreement). The Fund attempts to provide stable capital appreciation on a total return basis. Assets of the Fund are fully exposed to market risks and may experience market volatility and principal loss.

The beneficial interest in the Fund is reported by the Organization at the estimated fair market value which is based on the reported net asset value of the fund as reported by SBF. At June 30, 2019 and 2018, the estimated fair market value of the Organization's interest in the Fund is $83,245 and $75,823. The Fund Agreement provides for the distribution of funds to be in accordance with the Santa Barbara Foundation's spending policy for its endowed funds and consistent with the applicable provisions of the California Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with California State law, Santa Barbara Foundation (SBF) retains sole and absolute discretion over distributions from the Fund. However, the Fund Agreement allows SBF to seek the Organization's advice concerning the timing and amounts of distributions from the Fund to the Organization. The Organization also may request an extraordinary distribution from the Fund. The funding of any extraordinary distribution is at the SBF's sole discretion.

NOTE 4 PROPERTY AND EQUIPMENT

Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3-39 years. As of June 30, 2019 and 2018, the historical costs and useful lives of such assets are as follows:

	Estimated Life in Years	2019	2018
Land		$ 132,456	$ 132,456
Building	39	2,345,846	2,331,973
Equipment	3-7	125,744	209,734
Furniture and fixtures	5-10	60,358	72,918
Vehicles	5	128,266	76,306
Total Cost		2,792,670	2,823,387
Less accumulated depreciation		(1,600,978)	(1,647,160)
Property and Equipment, net		$ 1,191,692	$ 1,176,227

NOTE 5 NOTE PAYABLE

In August 2016, the Organization refinanced its note payable with a new lender, Montecito Bank & Trust, in the amount of $250,000 with a fixed interest rate of 3.75% and a term of 10 years. The Foothill Road Complex secures the note. Future minimum principal payments are as follows for the year-ended June 30:

2020	$ 23,318
2021	24,238
2022	25,176
2023	26,149
2024	27,153
Thereafter	62,055
Total	$ 188,089

NOTE 6 NET ASSETS AND ENDOWMENT

Net Assets Without Donor Restrictions

Included in total net assets without donor restrictions of $1,805,953 on the statement of financial position are $270,618 of net assets designated by the Board of Trustees for the following purposes:

During the year-ended June 30, 2017, the Board of Trustees established an operating reserve equal to approximately three months of operating expenses, based on the amount of expenses incurred in the prior year. At June 30, 2019 and 2018, the operating reserve consists of cash in the amount of $269,094 and $268,667, respectively.

During the year-ended June 30, 2014, the Board of Trustees designated $1,524 for an endowment. The designated funds consist of a beneficiary interest in assets held by others (see Note 3) at the Santa Barbara Foundation and are subject to the Santa Barbara Foundation's spending policy for its endowed funds. These net assets are unavailable for operations without specific Board approval.

NOTE 6 NET ASSETS AND ENDOWMENT (Continued)

Net Assets With Donor Restrictions

Subject to expenditure for specified purpose:

	2019	2018
Programs	$ 39,109	$ 86,411
Future periods	24,177	144,625
Facilities and equipment	5,000	5,000
Unappropriated endowment earnings	15,227	10,823
	83,513	246,859

Not subject to appropriation or expenditure, the income from which is expendable to support:

	2019	2018
Scholarships	13,000	13,000
General operations	50,476	50,476
	63,476	63,476
Total Net Assets With Donor Restrictions	$ 146,989	$ 310,335

During the year-ended June 30, 2014, the Organization established an endowment, which consists of Board designated and donor-restricted endowment funds with a third party, and which now consists of a beneficiary interest in assets held by SBF (see Note 3). The underlying investments in which the Organization has a beneficiary interest are determined by the Fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies any assets for which (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanently restricted net assets.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, 5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization’s investment policies.

NOTE 6 NET ASSETS AND ENDOWMENT (Continued)

Investment Return Objectives, Risk Parameters, and Strategies

The Board approved and adopted investment and spending policies for the endowment assets. The objective of the investment policy is to provide adequate returns to meet the spending needs of the Organization while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return which exceeds the annual distribution with acceptable levels of risk. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to avoid exposing the fund to unacceptable levels of risk. Endowment assets are invested with the Santa Barbara Foundation which has a well-diversified asset mix, which includes equity and debt securities.

Spending Policy

The Organization has established a spending policy that includes the annual distributions, as well as the cost of managing the funds. The Organization has a policy of appropriating for distribution each year, if needed, the net income generated from the beneficiary interest in assets held by others, which will be measured per the terms of the Fund Agreement. Net income is defined as the total receipts allocated to income, including dividends and interest income, during an accounting period minus any fees during the accounting period.

In establishing this policy, the Organization considered the funding needs of the Organization as well as the goal of protecting the purchasing power of endowment assets over the long-term. Exceptions to this policy are by board resolution to appropriate the earnings or a portion of the earnings designated by the Board based on annual budget needs. Earnings is defined as all net income and appreciation, including realized and unrealized, over the previous year's ending value.

The Organization expects the current spending policy to allow its endowment funds to grow at a rate that is at least at the rate of inflation, even with the Organization's objective to maintain the original value of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the year-ended June 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	$ 1,524	$ 74,299	$ 75,823
Contributions	-	-	-
Net investment return	-	4,404	4,404
Amounts appropriated for expenditure	-	-	-
Endowment net assets, June 30, 2019	$ 1,524	$ 78,703	$ 80,227

NOTE 6 NET ASSETS AND ENDOWMENT (Continued)

Changes in endowment net assets for the year-ended June 30, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2017	$ 1,524	$ 71,349	$ 72,873
Contributions	-	-	-
Net investment return	-	2,950	2,950
Amounts appropriated for expenditure	-	-	-
Endowment net assets, June 30, 2018	$ 1,524	$ 74,299	$ 75,823

NOTE 7 OPERATING LEASE

On July 1, 2018, the Organization renegotiated a long-term operating lease with its tenant, with an initial term through June 30, 2018, and an option to extend an additional five years. During the year ended June 30, 2019, the tenant exercised the option to extend the lease through June 30, 2023, with base rate adjusted annually based upon a fixed schedule as stipulated in the extended lease agreement. As of June 30, 2019, the minimum annual lease payment is $90,040, payable in 10 equal payments of $9,004.

Subsequent to year end, due to the impacts of COVID-19, the Organization provided the tenant with the option to terminate the lease before June 30, 2023 without penalty. As of August 25, 2020, the tenant has not elected to terminate the lease and has continued to make payments in accordance with the lease agreement (see Note 11). If the tenant were to forego the option to terminate the lease, the future minimum annual lease payments would be as follows for the years ended June 30:

2020	$ 91,836
2021	93,672
2022	95,546
2023	97,457
Total	$ 378,511

NOTE 8 CONCENTRATIONS OF RISK AND CONTINGENCIES

The Organization has more than $250,000 on deposit with two financial institutions as a part of its cash management system. The FDIC only insures the first $250,000 of certain interest-bearing funds on deposit at each institution. At year-end, the Organization had approximately $181,000 in funds that were uninsured.

A significant portion of the Organization’s revenue is from public support from individuals and foundations. Revenue generated from this source is approximately 41% of total operating revenue. The Organization also receives grants from various governmental agencies. These grants are earned by the Organization based on its services to clients in Santa Barbara and Ventura counties. These grants are subject to audit by the corresponding oversight agency as to allowable costs paid with governmental funds. The Organization could be liable for up to the full amount of government funds expended, should costs charged to grants be disallowed. During fiscal year-ended June 30, 2019, the Organization received $79,527 in governmental funds. Management believes it is unlikely that the various agencies would disallow a significant portion of the costs.

NOTE 9 FAIR VALUE MEASUREMENT

The Financial Accounting Standard Board's authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities, for which the fair value measurement is based on significant unobservable inputs, are classified as Level 3.

Assets carried at fair value as of June 30, 2019, include a beneficial interest in assets held by others. As described in Note 3, the Organization placed $65,000 with the Santa Barbara Foundation as an endowment fund. The fair value assessment of the fund is based upon estimated value of underlying investments derived from reports provided by the Santa Barbara Foundation. The Santa Barbara Foundation invested the endowment fund in a variety of investments including:

Nature of Investment	Approximate Portfolio Allocation
Cash	2.0%
Global equity	31.0%
Private equity	12.0%
Fixed income	33.0%
Hedge funds	22.0%

The value of assets in the unemployment reserve account is based upon market values for similar investments.

Financial instruments carried at fair value as of June 30, 2019, are classified in the table below in one of the three categories described above:

	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
SBF Endowment Fund	$ -	$ 83,245	$ -
Unemployment reserve account	-	21,704	-
Total	$ -	$ 104,949	$ -

NOTE 9 FAIR VALUE MEASUREMENT (Continued)

Financial instruments carried at fair value as of June 30, 2018, are classified in the table below in one of the three categories described above:

	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
SBF Endowment Fund	$ -	$ 75,823	$ -
Unemployment reserve account	-	13,541	-
Total	$ -	$ 89,364	$ -

There were no transfers between Level 1, 2, and 3 of the fair value hierarchy for the years ended June 30, 2019 and 2018.

NOTE 10 LIQUIDITY AND AVAILABILITY

The Organization's Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure.

The Board designated endowment is subject to the annual spending policy as described in Note 6. Although the Organization does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary, with the specific approval of the Board.

As part of the Organization's liquidity management plan, the Organization has designated an operating reserve, which had a balance of $269,094 as of June 30, 2019.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2019:

Cash and cash equivalents	$ 591,359
Accounts receivable	22,190
Grants receivable	17,629
Pledges receivable	3,530
	$ 634,708

NOTE 11 SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through August 25, 2020, which is the date the financial statements were available to be issued. Management has determined no subsequent events that require recognition or disclosure in the financial statements as of and for the year ended June 30, 2019, except for the following:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Also, in March 2020, as a result of the COVID-19 outbreak, Santa Barbara County mandated the closure of all "non-essential" businesses due to the impact of COVID-19 on public health and safety. The Organization was temporarily closed and re-opened with limited capacity on June 1st to serve girls following all public health, state, and local requirements and recommendations. The board approved utilization of the board designated funds to cover staff and essential expenses during this time.

On April 27, 2020, the Organization was granted a loan from Montecito Bank & Trust in the amount of approximately $125,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act").

The loan is payable over two years and bears interest at a rate of 1% per annum, payable monthly with a six-month payment deferral. The loan may be prepaid at any time prior to maturity with no prepayment penalties. The loan and accrued interest are forgivable after 24 weeks as long as the Organization uses the loan proceeds for eligible purposes and maintains payroll levels. To be forgivable, funds from the loan must be used for payroll and related expenses, mortgage interest, rent, utilities, and transportation. The Organization intends to use the entire loan amount for qualifying expenses.

Starting in June 2020, the Organization convened joint use committee meetings as outlined in the operating lease with their tenant. The meetings discussed possible scenarios for both organizations to operate on campus in the fall of 2020. The tenant notified the Organization on July 31, 2020, that they have taken significant steps to locate a replacement location to enable both organizations to operate full day programs as needed in response to COVID-19 and a temporary use permit for the replacement location has been submitted to the city. The Organization's Board of Trustees provided the tenant with the option to terminate the lease before June 30, 2023 without penalty. As of August 25, 2020, the tenant has not elected to terminate the lease and has continued to make payments in accordance with the lease agreement.

NOTE 11 SUBSEQUENT EVENTS (Continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the total effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.