

Girl Rising
Financial Statements
December 31, 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, 2018, and the related statements of activities, 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 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 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 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, 2018, 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.

Mazars USA LLP

July 25, 2019

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Girl Rising

Statement of Financial Position *December 31, 2018*

Assets

Cash and cash equivalents	\$ 363,281
Contributions receivable	290,204
Accounts receivable	108,809
Prepaid expenses	11,167
Other assets	2,136
Girl Rising film rights, net	<u>2,315,484</u>

Total assets \$ 3,091,081

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 184,086
Note payable	<u>1,106,350</u>

Total liabilities 1,290,436

Commitments

Net asset

Without donor restrictions	1,097,894
With donor restrictions	<u>702,751</u>

Total net asset 1,800,645

Total liabilities and net asset \$ 3,091,081

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

Girl Rising

Statement of Activities *Year Ended December 31, 2018*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support			
Contributions	\$ 912,165	\$ 1,051,379	\$ 1,963,544
Film production	986,319	-	986,319
Event income, net of direct expense of \$63,405	230,318	-	230,318
Donated services	208,000	-	208,000
Royalties and licensing fees	26,889	-	26,889
Merchandise sales, net of cost of goods sold \$7,584	6,641	-	6,641
Other income	6,913	-	6,913
Net assets released from restrictions	429,328	(429,328)	-
	<u>2,806,573</u>	<u>622,051</u>	<u>3,428,624</u>
Total revenues and other support			
Expenses			
Program services	2,368,714	-	2,368,714
Management and general	575,758	-	575,758
Fund raising	318,660	-	318,660
	<u>3,263,132</u>	<u>-</u>	<u>3,263,132</u>
Total expenses			
Change in net assets	(456,559)	622,051	165,492
Net asset, beginning of year	<u>1,554,453</u>	<u>80,700</u>	<u>1,635,153</u>
Net asset, end of year	<u>\$ 1,097,894</u>	<u>\$ 702,751</u>	<u>\$ 1,800,645</u>

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

Girl Rising

Statement of Functional Expenses Year Ended December 31, 2018

	Program Services						Supporting Services			
	Global Campaign	India Campaign	Educator	Refugee	Explore More	Other Programs	Total Program Expenses	Management and General	Fund Raising	Total
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

Statement of Cash Flows *Year Ended December 31, 2018*

Cash flows from operating activities	
Change in net assets	\$ 165,492
Adjustment to recognize change in net assets to net cash used in operating activities:	
Inputed interest expense	23,225
Amortization of film rights	578,871
Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:	
Contributions receivable	(197,067)
Accounts receivable	(108,809)
Prepaid expenses	(11,167)
Accounts payable and accrued expenses	18,464
Deferred revenue	<u>(588,548)</u>
Net cash used in operating activities	(119,539)
Cash flows used in financing activities	
Repayment of note payable	<u>(50,000)</u>
Net decrease in cash and cash equivalents	(169,539)
Cash and cash equivalents	
Beginning of year	<u>532,820</u>
End of year	<u>\$ 363,281</u>

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

Girl Rising

Notes to Financial Statements *Year Ended December 31, 2018*

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, 2018, the Organization 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, 2018, the uninsured balance totaled approximately \$113,000.

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.

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 that then obtains the rights. Revenue is recognized on the percentage of completion method was the film is being produced.

Royalties and Licensing Fees

Royalties and licensing fees are obtained from the films and material owned by GR. Revenue is recognized when such usage rights are purchased by 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.

Girl Rising

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 good 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 amounted to approximately \$208,000 for the year ended December 31, 2018.

Major Contributors

Two organizations accounted for 47% of total revenue for the year ended December 31, 2018. Two organizations accounted for 40% of contributions and account receivables as of December 31, 2018.

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, 2018, there were no net assets with Board designations.

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

3. Contributions Receivable

Contributions receivable include unconditional promises to give as follows:

	<u>2018</u>
Receivable in less than one year	\$ 201,704
Receivable in one to five years	<u>88,500</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 payable in varying amount installments through December 2027.

This non-interest bearing note net of unamortized discount of \$73,650 (effective rate, 3.7%), with a face amount of \$1,106,350. The amortization of the discount is reported as interest expenses.

If the note payable is repaid in full on or before the anniversary date in year 7, the principal amount of the note shall automatically be reduced by \$100,000.

Upon the occurrence and during the continuation of an Event of Default TTT shall have the right from time to time to exercise all rights of the film rights GR as collateral.

At December 31, 2018, note payable was comprised of the following:

Future maturities of the note payable are as follows:

2019	\$ 75,000
2020	100,000
2021	125,000
2022	130,000
2023	150,000
Thereafter	<u>600,000</u>
	1,180,000
Present value discount	<u>(73,650)</u>
	<u>\$ 1,106,350</u>

Girl Rising

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,

Cash and cash equivalents	\$ 363,281
Contribution receivables, net	290,204
Asset receivables	<u>108,809</u>
Financial assets available within one year	762,294

Less:

Amounts unavailable for general expenditures within one year, due to:

Restricted by donors with purpose restrictions	702,751
Note payable, current portion	<u>75,000</u>

Total amounts available for general expenditures within one year	<u>\$ (15,457)</u>
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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, 2018 are available for the following purposes:

	<u>2018</u>
Global Educator Fund	\$ 351,378
Refugee	226,379
Refugee Campaign	118,814
Educator	<u>6,180</u>
	<u>\$ 702,751</u>

7. 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.

Girl Rising

8. Contingency

TTT received a grant for Girl Rising projects for the period 2013 to 2017 from USAID in cooperation with The Documentary Group, LLC, a subsidiary of TTT. USAID, is currently auditing the grant. Preliminary findings include questions on certain costs which aggregate \$205,041 that may not be allowable under the grant or do not have proper support. GR is liable for any disallowable costs.

GR believes the majority of the questioned costs are allowable and they have adequate support for these costs. The Documentary Group has indicated they will also share any potential disallowable costs. As at December 31, 2018, GR has accrued \$50,000 for any potential losses at December 31, 2018, in relation to these disallowed costs.

9. Subsequent Events

Girl Rising has evaluated subsequent events through July 25, 2019, the date the financial statements were available to be issued.

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