

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

As of and for the Year Ended June 30, 2022

And Report of Independent Auditor

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
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Report of Independent Auditor

To the Board of Directors
Girls on the Run International
Charlotte, North Carolina

Opinion

We have audited the accompanying consolidated financial statements of Girls on the Run International and Subsidiaries (collectively, "GOTRI"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GOTRI as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of GOTRI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GOTRI's ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GOTRI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GOTRI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules described in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information in the accompanying schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Cherry Bekaert LLP

Charlotte, North Carolina
December 20, 2022

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$ 4,257,745
Investments	2,484,372
Accounts receivable, net	223,549
Contributions receivable	1,537,159
Other receivable	786,510
Prepaid expenses and other assets	393,583
Merchandise inventory, net	323,237
Property and equipment, net	69,069
Trademarks, net	1,544,812
Total Assets	<u>\$ 11,620,036</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 739,240
Accrued expenses and other liabilities	186,023
Deferred revenues	245,501
Obligation to the Founder	856,152
Lease obligations	10,772
Total Liabilities	<u>2,037,688</u>

Net Assets:

Without Donor Restrictions	<u>7,969,291</u>
With Donor Restrictions:	
Subject to purpose restrictions	75,898
Subject to time restrictions	<u>1,537,159</u>
Total With Donor Restrictions	<u>1,613,057</u>
Total Net Assets	<u>9,582,348</u>
Total Liabilities and Net Assets	<u>\$ 11,620,036</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue, and Other Income:			
Sponsorships	\$ 1,810,325	\$ -	\$ 1,810,325
Contributions and grants	2,870,783	433,411	3,304,194
Membership, renewal, and other fees	1,194,410	-	1,194,410
Merchandise sales and royalties	1,154,566	-	1,154,566
Registration fees	714,797	-	714,797
Training	195,316	-	195,316
CARES Act funding	1,628,084	-	1,628,084
Fundraising events, net of expenses of \$78,794	127,437	-	127,437
Investment return, net	(308,499)	-	(308,499)
Other	174,616	-	174,616
	<u>9,561,835</u>	<u>433,411</u>	<u>9,995,246</u>
Net assets released from restriction	<u>1,454,838</u>	<u>(1,454,838)</u>	<u>-</u>
Total Support, Revenue, and Other Income	<u>11,016,673</u>	<u>(1,021,427)</u>	<u>9,995,246</u>
Expenses:			
Council service delivery	4,912,633	-	4,912,633
Program development and training	1,094,302	-	1,094,302
GOTR councils	1,774,189	-	1,774,189
General and administrative	749,050	-	749,050
Fundraising costs	806,646	-	806,646
Total Expenses	<u>9,336,820</u>	<u>-</u>	<u>9,336,820</u>
Change in net assets	1,679,853	(1,021,427)	658,426
Net assets, beginning of year	<u>6,289,438</u>	<u>2,634,484</u>	<u>8,923,922</u>
Net assets, end of year	<u>\$ 7,969,291</u>	<u>\$ 1,613,057</u>	<u>\$ 9,582,348</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		Total
	Council Service Delivery	Program Development and Training	GOTR Councils	General and Administrative	Fundraising Costs	
Salaries, wages, and payroll taxes	\$ 1,982,987	\$ 448,978	\$ 1,105,123	\$ 551,840	\$ 520,960	\$ 4,609,888
Employee benefits	172,334	39,019	91,244	47,568	45,333	395,498
Depreciation and amortization	211,816	2,686	6,416	3,311	3,236	227,465
Occupancy	5,210	1,180	28,567	2,258	2,268	39,483
Insurance	177,749	384	22,569	8,162	645	209,509
Merchandise	780,930	-	5,118	-	7,066	793,114
Office expenses, postage, telephone, supplies, etc	25,906	4,631	36,814	6,534	9,756	83,641
Professional fees	323,229	145,741	50,021	98,089	122,210	739,290
Council grants	1,184,155	-	-	-	-	1,184,155
Service fees	419	4,722	1,854	4,665	37,094	48,754
Taxes and licensing	-	-	-	-	20,912	20,912
Training expenses	-	426,905	5,016	-	-	431,921
Travel expenses	27,862	20,056	49,116	4,758	18,732	120,524
Miscellaneous	441	-	2,521	21,786	18,434	43,182
5k events	-	-	196,033	79	-	196,112
Participant materials	-	-	173,777	-	-	173,777
Interest expense	19,595	-	-	-	-	19,595
Total Expenses	<u>\$ 4,912,633</u>	<u>\$ 1,094,302</u>	<u>\$ 1,774,189</u>	<u>\$ 749,050</u>	<u>\$ 806,646</u>	<u>\$ 9,336,820</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:	
Change in net assets	\$ 658,426
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	227,465
Net unrealized and realized losses on investments	370,057
Bad debt expense	25,801
Deferred Paycheck Protection Program loan	(1,564,679)
Changes in assets and liabilities:	
Accounts receivable	(91,393)
Contributions receivable	10,218
Other receivable	260,564
Prepaid expenses and other assets	(235,852)
Merchandise inventory	(157,475)
Accounts payable	498,951
Accrued expenses and other liabilities	(12,387)
Deferred revenues	242,229
Net cash flows from operating activities	<u>231,925</u>
Cash flows from investing activities:	
Net purchases of investments	(59,641)
Purchase of property and equipment	<u>(52,982)</u>
Net cash flows from investing activities	<u>(112,623)</u>
Cash flows from financing activities:	
Payments on obligation to the Founder	(58,313)
Payments on lease obligations	<u>(5,232)</u>
Net cash flows from financing activities	<u>(63,545)</u>
Net change in cash and cash equivalents	55,757
Cash and cash equivalents, beginning of year	<u>4,201,988</u>
Cash and cash equivalents, end of year	<u>\$ 4,257,745</u>
Supplement cash flow information:	
Interest paid	<u>\$ 19,595</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 1—Organization and nature of operations

Girls on the Run International and Subsidiaries (the “GOTRI”) is a non-profit organization incorporated under the laws of North Carolina for the purpose of inspiring girls to be joyful, healthy, and confident using a fun, experience-based curriculum which creatively integrates running. GOTRI provides curriculum, training, and support to approximately 170 councils across the United States who deliver the program, including the Charlotte council which is included with its subsidiaries as a separate program service in the accompanying consolidated financial statements. Girls on the Run councils provide a transformational physical activity-based positive youth development program designed to develop and enhance girls’ social, psychological, and physical competencies to successfully navigate life experiences. Over the course of the program, girls in the 3rd to 8th grade will develop and improve competence, feel confidence in who they are, develop strength of character, respond to others and oneself with care and compassion, create positive connections with peers and adults, and make a meaningful contribution to community and society. Such life skills will prevent unhealthy and risky behaviors, such as physical inactivity and negative body image, and promote positive health outcomes (e.g., physical, mental, social, and spiritual health). GOTRI is funded by a combination of corporate sponsorships, corporate and individual grants and donations, council registration and renewal fees, and registration fees for events.

The consolidated financial statements include the accounts of Girls on the Run International (“GOTRI”) and its non-profit incorporated subsidiaries; Girls on the Run Columbia (“GOTRC”); Girls on the Run Greater Hartford, Inc. (“GOTRH”); Girls on the Run Memphis (“GOTRM”); Girls on the Run Orange County (“GOTRIOC”); Girls on the Run Orlando Inc. (“GOTRO”); Girls on the Run Portland Metro (“GOTRPM”); Girls on the Run Southwest Michigan (“GOTRSWM”); Girls on the Run Greater Tampa Bay, Inc. (“GOTRT”); and Girls on the Run Riverside (“GOTRR”). These subsidiaries are controlled by GOTRI through its majority appointed Board of Director rights contained in their respective bylaws and are organized for delivering the Girls on the Run program in their respective geographical areas. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). GOTRI’s consolidated financial statements have been prepared to focus on GOTRI as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of GOTRI and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of GOTRI. These net assets may be used at the discretion of GOTRI’s management and the Board of Directors. GOTRI has chosen to provide further classification information about net assets without donor restrictions on the consolidated statement of financial position. The sub classifications are as follows:

Undesignated – Represents the cumulative net assets without donor restrictions excluding those net assets designated for specific activities.

Board-Designated – Comprised of funds set aside by the Board of Directors to be used for specific activities within general guidelines established by GOTRI. As of June 30, 2022, there were no board-designated funds.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of GOTRI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 2—Summary of significant accounting policies

Cash and Cash Equivalents – GOTRI considers all demand deposits that are available for current use to be cash equivalents.

Investments – Investments are recorded at fair value based upon readily determinable quoted market prices. Investment income consists of interest and dividends and realized and unrealized gains and losses, reported net of investment expenses.

Contributions and Other Support – Contributions are recognized when the donor makes a contributions receivable to GOTRI that is, in substance, unconditional. Contributions receivable that are due within one year are reflected at their net realizable value. Contributions receivable due in excess of one year from the consolidated financial position date are recorded at fair value, which is measured as the present value of estimated future cash collections, using risk adjusted interest rates applicable in the year the promise to give was made to discount the amounts. GOTRI uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Conditional contributions receivable, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Sponsorships – GOTRI solicits and enters into agreements with various corporate sponsors. Management of GOTRI has determined these sponsorship agreements represent contributions and, accordingly, recognize associated fees when conditions, if any, are met.

Donated Materials and Services – Donated services are recorded when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment, materials, and services, if significant, are recorded as contributions when received at fair value. GOTRI received approximately \$59,000 of materials and services that have been reflected at fair value as contributions in the consolidated statement of activities for the year ended June 30, 2022.

Receivables, Net – Accounts receivables are recorded at the unpaid principal balance when invoices are issued and are presented in the consolidated statement of financial position, net of an allowance for doubtful accounts. Billed receivables are written off when they are deemed to be uncollectible based on specific facts and circumstances on a customer-by-customer basis. The allowance for doubtful accounts is increased by charges to income and decreased by charge-offs. Management's periodic evaluation of the adequacy of the allowance is based on GOTRI's historical losses, the existing economic conditions, and the financial stability of its councils and customers. It is possible management's estimate of allowance for doubtful accounts will change in the near term. As of June 30, 2022, the allowance for doubtful accounts was approximately \$47,000.

Billed receivables are deemed past due based on contractual terms. Contractual terms are usually within 30 days of invoices being issued. Finance charges may be assessed after 90 days.

Employee Retention Credit – During the years ended June 30, 2022 and 2021, GOTRI claimed grant funding from the Employee Retention Credit ("ERC") through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") of which \$786,510 is still outstanding and shown as other receivables on the consolidated statement of financial position.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 2—Summary of significant accounting policies (continued)

Paycheck Protection Program – During the years ended June 30, 2022 and 2021, GOTRI received various Paycheck Protection Program (“PPP”) loans in the aggregate amount of 1,564,679.00. The PPP loans are granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities—Revenue Recognition*. The PPP loans must be repaid if GOTRI does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the PPP loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. GOTRI applied for and received forgiveness for the various PPP loans. The PPP loans that GOTRI applied for forgiveness within the year ended June 30, 2022 were recognized as grant revenue on the SOA in the amount of \$1,628,084.

Merchandise Inventory, Net – Merchandise inventory consists mainly of curriculum materials and is stated at the lower of cost (first-in, first-out method) or net realizable value. GOTRI has recorded an estimated reserve for obsolete inventory of approximately \$95,000 as of June 30, 2022.

Trademarks, Net – Trademarks were acquired from the founder of Girls on the Run International (the “Founder”). At the time of purchase, management of GOTRI had deemed these trademarks to have indefinite lives and, as such, their costs were not subject to amortization. In 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2019-06, *Intangibles – Goodwill and Other*. This guidance allows for an accounting alternative for the subsequent measurement of intangible assets. Organizations within the scope of the amendments can elect to amortize intangibles on a straight-line basis over 10 years, or less than 10 years if the entity demonstrates another useful life is more appropriate. Effective July 1, 2020, GOTRI elected to begin amortizing existing trademarks over a ten-year period.

As of June 30, 2022, GOTRI had no accumulated impairment loss and management noted no indications of such impairment for the year then ended.

Property and Equipment, Net – Property and equipment are stated at cost if purchased and at fair value at the date of contribution if contributed. Management reviews the carrying value of property and equipment to determine if circumstances exist indicating an impairment in such value. If impairment is indicated, an adjustment is made to recorded cost. Expenditures for maintenance and repairs that do not improve or extend the life of an asset, and other items incurred in amounts less than \$1,500, are charged to expense as incurred. Major renewals and betterments are capitalized to the property accounts. Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from the property accounts, and any gain or loss is recorded in income or expense. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Deferred Revenues – Deferred revenues represent insurance premiums, deposits, and other fees received in the current year for periods occurring in the following year.

Shipping and Handling Costs – Shipping and handling costs include freight costs associated with the delivery of curriculum, medals, and other products to council locations. Certain freight costs are billed to councils. Billed freight costs are classified as part of merchandise sales. Shipping and handling costs are classified as a component of program expenses. Total shipping and handling costs were approximately \$130,000 for the year ended June 30, 2022.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 2—Summary of significant accounting policies (continued)

Sales, Use, and Other Taxes – Certain states, and counties and cities within those states, impose sales and other taxes on GOTRI's merchandise sales to councils and other customers. GOTRI collects sales and other taxes from councils and other customers and remits the entire balance to taxing authorities. GOTRI's accounting policy is to exclude sales and other taxes collected and remitted from revenues and expenses.

Income Taxes – GOTRI is exempt from federal income tax and applicable state statutes under the provisions of Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision has been made for income taxes in the consolidated financial statements. In accordance with IRC regulations, GOTRI is taxed on unrelated business income, which consists of earnings from activities not related to the exempt purpose of GOTRI.

Management has evaluated the effect of guidance surrounding uncertain tax positions and concluded that GOTRI has no significant financial statement exposure to uncertain tax positions at June 30, 2022.

Functional Expenses – The costs of providing the various programs and other activities of GOTRI have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Direct identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to the various programs and supporting services based on time and effort. The expenses that are allocated include salaries, wages, payroll taxes, employee benefits, depreciation, amortization, occupancy, and office expenses.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Current Accounting Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized.

These standards were implemented during the current year and there were no material impacts to the consolidated financial statements related to these standards.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at June 30, 2022:

Financial assets at year-end:	
Cash and cash equivalents	\$ 4,257,745
Investments	2,484,372
Accounts receivable, net	223,549
Contributions receivable	1,537,159
Other receivable	<u>786,510</u>
Total financial assets	<u>9,289,335</u>
Less amounts not available to be used for general expenditures within one year:	
With donor restrictions	<u>(1,613,057)</u>
Financial assets not available to be used within one year	<u>(1,613,057)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 7,676,278</u>

GOTRI regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of and return on available funds. GOTRI has various sources of liquidity at its disposal, including cash and cash equivalents and investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, GOTRI considers all expenditures related to its ongoing mission as well as the conduct of services undertaken to support those activities to be general expenditures. Additionally, as described in more detail in Note 9, GOTRI has available a \$200,000 bank line of credit.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 4—Investments

The following is a summary of investments held as of June 30, 2022:

Cash and cash equivalents	\$ 128,058
Exchange traded funds	1,143,045
Mutual funds	1,213,269
	<u>\$ 2,484,372</u>

The following is a summary of investment returns, all of which has been classified as without donor restrictions in the consolidated statement of activities, for the year ended June 30, 2022:

Interest and dividends	\$ 61,558
Net realized and unrealized losses	(370,057)
	<u>\$ (308,499)</u>

Investment fees associated with the above investments are donated to GOTRI.

Note 5—Contributions receivable

Contributions receivable consist of the following at June 30, 2022:

Amounts due in less than one year	\$ 1,158,158
Amounts due in greater than one year	374,000
	<u>\$ 1,532,158</u>

As of June 30, 2022, there was no allowance for doubtful contributions receivable.

Note 6—Property and equipment, net

Property and equipment are summarized as follows at June 30, 2022:

	Estimated Useful Life	
Furniture and equipment	2 to 10 years	\$ 192,877
Website	3 years	20,556
		<u>213,433</u>
Less accumulated depreciation and amortization		(144,364)
		<u>\$ 69,069</u>

Depreciation and amortization expense, related to the above assets, totaled approximately \$34,000 for the year ended June 30, 2022.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 7—Trademarks, net

	<u>Estimated Useful Life</u>	
Trademarks	10 years	\$ 1,931,015
Less accumulated amortization		<u>(386,203)</u>
		<u>\$ 1,544,812</u>

Amortization expense totaled approximately \$193,000 for the year ended June 30, 2022.

Estimated future amortization expense related to the trademarks as of June 30, 2022 is as follows:

2023	\$ 193,102
2024	193,102
2025	193,102
2026	193,102
2027	193,102
Thereafter	<u>579,302</u>
	<u>\$ 1,544,812</u>

Note 8—Obligation to the Founder

During the year ended June 30, 2013, GOTRI acquired various trademarks from its Founder in exchange for a \$607,783 note payable and an obligation to make royalty payments to its Founder at 6% of gross revenue received by GOTRI from new council fees and renewal fees paid by existing councils through December 31, 2033. Under U.S. GAAP, assets acquired in exchange for noncash assets, liabilities incurred, or equity interests are measured and recorded based on the fair value of the consideration given or the fair value of the assets acquired, whichever is more clearly evident. Management of GOTRI has deemed the fair value of the consideration given to be more clearly evident.

The fair value of the total consideration including the note and royalty obligation given at the date of acquisition of \$1,931,015 has been estimated by management at the face of the note exchanged, plus the net present value of estimated future expected royalty payments to be made through December 31, 2033, using a risk adjusted interest rate of 5%. Management's estimate of future royalty payments to be made and the fair value of the consideration given are subject to change in the near-term. Payments on the note payable were completed during the year ended June 30, 2017. Obligation to Founder in the consolidated statement of financial position represents the present value of future royalty payments of \$856,152 at June 30, 2022.

The aggregate estimated future maturities of obligations to the Founder are as follows for the years ending June 30:

2023	\$ 58,896
2024	61,509
2025	64,209
2026	66,998
2027	71,354
Thereafter	<u>533,186</u>
	<u>\$ 856,152</u>

Interest expense incurred related to all debt, including interest under lease obligations, totaled approximately \$19,600 for the year ended June 30, 2022.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 9—Line of credit

GOTRI has a \$200,000 line of credit with a bank. The line of credit bears interest at prime plus 0.75% (4% at June 30, 2022) and expires in October 2023. There were no borrowings under the line of credit at June 30, 2022.

Note 10—Net assets with donor restriction

Donor-restricted net assets are available for the following purposes or periods after June 30, 2022:

Council awards	\$ 11,418
Scholarships	9,980
Other	54,500
Time restricted	<u>1,537,159</u>
	<u>\$ 1,613,057</u>

Net assets were released from donor restrictions by incurring expenses or the expiration of time satisfying restrictions specified by donors as follows for the year ended June 30, 2022:

Council awards	\$ 2,243
Participant materials and other	1,680
Time restricted	<u>1,450,915</u>
	<u>\$ 1,454,838</u>

Note 11—Retirement plans

GOTRI has a profit sharing plan pursuant to Section 401(k) of the IRC, which covers substantially all employees who have completed six or more months of service. Employees may defer a portion of their compensation subject to limits imposed by the Internal Revenue Service. GOTRI has made a safe harbor election for the calendar year ended December 31, 2022. Under the safe harbor election, GOTRI matches 100% of the first 3% of a participant's compensation deferral plus 50% of the next 2% of a participant's compensation deferral.

GOTRI contributions to its retirement plan totaled approximately \$124,000 for the year ended June 30, 2022.

Note 12—Concentration of credit risk

GOTRI's cash and cash equivalents are subject to risk of loss for the amounts in excess of the Federal Deposit Insurance Corporation's ("FDIC") depositor insurance limits. GOTRI had approximately \$3,760,000 of cash balances in excess of FDIC insurance limits at June 30, 2022.

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

Note 13—Fair value measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under accounting standards are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that GOTRI has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, GOTRI's assets measured at fair value on a recurring basis as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 128,058	\$ -	\$ -	\$ 128,058
Exchange traded funds	1,143,045	-	-	1,143,045
Mutual funds	1,213,269	-	-	1,213,269
	<u>\$ 2,484,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,484,372</u>

Note 14—Subsequent events

Management has evaluated subsequent events through December 20, 2022, the date on which the consolidated financial statements were available to be issued.

On July 1, 2022, the Girls on the Run Columbia subsidiary became an independent council and will no longer be part of GOTRI's consolidated financial statements.

SUPPLEMENTAL SCHEDULES

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	International	Columbia	Hartford	Memphis	Orange County	Orlando	Portland	SW Mich	Tampa	Riverside	Eliminating	Consolidated
	"GOTRI"	"GOTRC"	"GOTRH"	"GOTRM"	"GOTROC"	"GOTRO"	"GOTRPM"	"GOTRSWM"	"GOTRT"	"GOTRR"		
ASSETS												
Cash and cash equivalents	\$ 3,426,320	\$ 38,816	\$ 67,437	\$ 75,019	\$ -	\$ 41,934	\$ 390,719	\$ 64,897	\$ 125,209	\$ 27,394	\$ -	\$ 4,257,745
Investments	2,484,372	-	-	-	-	-	-	-	-	-	-	2,484,372
Accounts receivable, net	243,630	1,000	1,501	2,973	-	415	1,207	65	272	1,503	(29,017)	223,549
Contributions receivable	1,415,318	-	10,000	-	-	1,911	-	86,000	22,250	1,680	-	1,537,159
Other receivables	774,981	-	-	-	-	-	-	6,713	-	4,816	-	786,510
Prepaid expenses and other assets	356,242	1,710	1,749	1,103	1,173	30,415	7,834	1,574	2,661	1,521	(12,399)	393,583
Merchandise inventory, net	309,167	-	1,370	512	40	2,592	4,150	350	5,030	26	-	323,237
Property and equipment, net	51,282	-	1,568	3,709	-	-	5,452	1,497	3,690	1,871	-	69,069
Trademarks, net	1,544,812	-	-	-	-	-	-	-	-	-	-	1,544,812
Total Assets	\$ 10,606,124	\$ 41,526	\$ 83,625	\$ 83,316	\$ 1,213	\$ 77,267	\$ 409,362	\$ 161,096	\$ 159,112	\$ 38,811	\$ (41,416)	\$ 11,620,036
LIABILITIES AND NET ASSETS (DEFICIT)												
Liabilities:												
Accounts payable	\$ 705,245	\$ 85	\$ 2,633	\$ 9,021	\$ 2,532	\$ 11,043	\$ 4,178	\$ 4,401	\$ 28,761	\$ 358	\$ (29,017)	\$ 739,240
Accrued expenses and other liabilities	142,454	275	4,711	1,862	1,062	4,151	12,418	3,259	15,060	771	-	186,023
Deferred revenues	254,345	-	3,555	-	-	-	-	-	-	-	(12,399)	245,501
Obligation to the Founder	856,152	-	-	-	-	-	-	-	-	-	-	856,152
Lease obligations	10,772	-	-	-	-	-	-	-	-	-	-	10,772
Total Liabilities	1,968,968	360	10,899	10,883	3,594	15,194	16,596	7,660	43,821	1,129	(41,416)	2,037,688
Net Assets:												
Without Donor Restrictions	7,165,420	41,166	52,746	62,933	(2,381)	60,162	392,766	67,436	93,041	36,002	-	7,969,291
With Donor Restrictions:												
Subject to purpose restrictions	56,418	-	9,980	9,500	-	-	-	-	-	-	-	75,898
Subject to time restrictions	1,415,318	-	10,000	-	-	1,911	-	86,000	22,250	1,680	-	1,537,159
Total With Donor Restrictions	1,471,736	-	19,980	9,500	-	1,911	-	86,000	22,250	1,680	-	1,613,057
Total Net Assets (Deficit)	8,637,156	41,166	72,726	72,433	(2,381)	62,073	392,766	153,436	115,291	37,682	-	9,582,348
Total Liabilities and Net Assets (Deficit)	\$ 10,606,124	\$ 41,526	\$ 83,625	\$ 83,316	\$ 1,213	\$ 77,267	\$ 409,362	\$ 161,096	\$ 159,112	\$ 38,811	\$ (41,416)	\$ 11,620,036

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	International	Columbia	Hartford	Memphis	Orange	Orlando	Portland	SW Mich	Tampa	Riverside	Eliminating	Consolidated
	"GOTRI"	"GOTRC"	"GOTRH"	"GOTRM"	County "GOTROC"	"GOTRO"	"GOTRPM"	"GOTRSWM"	"GOTRT"	"GOTRR"		
Support, Revenue, and Other Income:												
Sponsorships	\$ 1,670,567	\$ 10,520	\$ 15,313	\$ 11,925	\$ -	\$ 6,000	\$ 30,500	\$ 36,000	\$ 29,500	\$ -	\$ -	\$ 1,810,325
Contributions and grants	2,502,973	51,375	63,610	98,215	17,128	87,654	289,826	143,224	96,553	27,020	(73,384)	3,304,194
Membership and renewal fees	1,371,512	-	-	-	-	-	-	-	-	-	(177,102)	1,194,410
Merchandise sales and royalties	1,184,457	494	1,571	657	49	2,121	5,648	-	9,424	46	(49,901)	1,154,566
Registration fees	262,449	25,053	47,524	23,245	8,254	63,991	154,248	41,469	77,870	10,694	-	714,797
Training	203,702	-	-	-	-	-	-	-	-	-	(8,386)	195,316
CARES Act funds	1,313,255	19,659	30,977	8,028	20,418	43,697	75,571	18,460	85,580	12,439	-	1,628,084
Fundraising events, net	110,689	-	3,970	-	-	-	-	1,239	11,539	-	-	127,437
Investment return, net	(308,504)	-	-	-	-	-	5	-	-	-	-	(308,499)
Other	183,961	383	639	101	1	332	10,473	2,887	1,319	-	(25,480)	174,616
Total Support, Revenue, and Other Income	8,495,061	107,484	163,604	142,171	45,850	203,795	566,271	243,279	311,785	50,199	(334,253)	9,995,246
Expenses:												
Council service delivery	5,044,343	-	-	-	-	-	-	-	-	-	(131,710)	4,912,633
Program development and training	1,094,302	-	-	-	-	-	-	-	-	-	-	1,094,302
GOTR councils	573,236	49,780	117,823	106,018	75,377	137,493	428,843	95,162	306,598	73,296	(189,437)	1,774,189
General and administrative	628,280	2,361	23,383	15,276	24,472	7,150	21,913	11,693	13,569	8,336	(7,383)	749,050
Fundraising	615,166	638	13,584	9,997	4,128	25,737	27,373	21,167	87,408	7,171	(5,723)	806,646
Total Expenses	7,955,327	52,779	154,790	131,291	103,977	170,380	478,129	128,022	407,575	88,803	(334,253)	9,336,820
Change in net assets	539,734	54,705	8,814	10,880	(58,127)	33,415	88,142	115,257	(95,790)	(38,604)	-	658,426
Net assets (deficit), beginning	8,097,422	(13,539)	63,912	61,553	55,746	28,658	304,624	38,179	211,081	76,286	-	8,923,922
Net assets (deficit), end of year	\$ 8,637,156	\$ 41,166	\$ 72,726	\$ 72,433	\$ (2,381)	\$ 62,073	\$ 392,766	\$ 153,436	\$ 115,291	\$ 37,682	\$ -	\$ 9,582,348

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
GIRLS ON THE RUN GREATER CHARLOTTE SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Support Revenue and Other Income:

Sponsorships	\$ 80,669
Contributions and grants	164,291
Registration fees	262,449
Other	<u>5,930</u>
Total Support Revenue and Other Income	<u>513,339</u>

Expenses

Salaries, wages, and payroll taxes	281,338
Depreciation and amortization	2,501
Occupancy and office expenses	15,006
Insurance	4,609
Professional fees	18,132
Service fees	20,661
Travel expenses	16,927
5k events	51,183
Participant materials	65,172
Interest expense	<u>2,595</u>
Total Expenses	<u>478,124</u>
Change in Net Assets	<u>\$ 35,215</u>