GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

As of and for the Year Ended June 30, 2020

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

We have audited the accompanying consolidated financial statements of Girls on the Run International and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Girls on the Run International and Subsidiaries as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 consolidating statements 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 consolidating statements has 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 in the accompanying consolidating schedules is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Cherry Bekaert LLP

Charlotte, North Carolina
February 26, 2021

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS	
Cash and cash equivalents	$ 4,043,447
Investments	2,307,295
Accounts receivable, net	244,493
Unconditional promises to give	1,013,966
Prepaid expenses and other assets	430,285
Merchandise inventory, net	188,845
Property and equipment, net	85,393
Trademarks	1,931,015
Total Assets	**$ 10,244,739**
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	$ 103,381
Accrued expenses and other liabilities	205,043
Funds held for councils	110
Deferred revenues	322,710
Deferred rent	60,957
Deferred paycheck protection plan loan ("PPP loan")	804,942
Obligation to the Founder	992,963
Capital lease obligations	23,754
Total Liabilities	2,513,860
Net Assets:	
Without Donor Restrictions	6,638,289
With Donor Restrictions:	
Subject to purpose restrictions	78,644
Subject to time restrictions	1,013,946
Total With Donor Restrictions	1,092,590
Total Net Assets	7,730,879
Total Liabilities and Net Assets	**$ 10,244,739**

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other Income:			
Sponsorships	$ 2,419,044	$ -	$ 2,419,044
Contributions and grants	841,596	947,176	1,788,772
Membership, renewal, and other fees	1,494,654	-	1,494,654
Merchandise sales and royalties	1,259,208	-	1,259,208
Registration fees	855,425	-	855,425
Training	23,234	-	23,234
Fundraising events, net of expenses of $43,982	101,191	-	101,191
Investment income, net	7,552	-	7,552
Other	508,372	-	508,372
Change in Obligation to the Founder	217,242	-	217,242
	7,727,518	947,176	8,674,694
Net assets released from restriction	1,887,814	(1,887,814)	-
Total Support, Revenue, and Other Income	9,615,332	(940,638)	8,674,694
Expenses:			
Council service delivery	4,173,652	-	4,173,652
Program development and training	731,384	-	731,384
GOTR councils	1,816,004	-	1,816,004
General and administrative	757,703	-	757,703
Fundraising	829,876	-	829,876
Total Expenses	8,308,619	-	8,308,619
Change in net assets	1,306,713	(940,638)	366,075
Net assets, beginning of year, restated	5,331,576	2,033,228	7,364,804
Net assets, end of year	$ 6,638,289	$ 1,092,590	$ 7,730,879

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services		
	Council Service Delivery	Program Development and Training	GOTR Councils	General and Administrative	Fundraising Costs	Total
Salaries, wages, and payroll taxes	$ 1,611,082	$ 446,531	$ 1,096,492	$ 522,893	$ 540,016	$ 4,217,014
Employee benefits	141,466	39,209	110,059	47,526	53,103	391,363
Depreciation and amortization	25,344	5,679	11,524	6,369	6,329	55,245
Occupancy	111,855	31,002	85,746	34,139	33,549	296,291
Insurance	523,999	1,047	-	15,884	1,497	542,427
Merchandise	735,386	-	6,102	-	13,990	755,478
Office expenses, postage, telephone, supplies, etc.	74,160	10,388	43,854	12,825	18,964	160,191
Professional fees	334,388	167,103	78,441	76,650	77,247	733,829
Council grants	483,980	-	-	-	-	483,980
Service fees	-	838	1,607	2,375	20,160	24,980
Taxes and licensing	-	-	211	-	15,254	15,465
Training expenses	-	14,680	213,483	-	-	228,163
Travel expenses	56,932	14,907	21,031	33,070	28,867	154,807
Miscellaneous	15,715	-	516	5,972	20,900	43,103
5k events	-	-	146,938	-	-	146,938
Interest expense	59,345	-	-	-	-	59,345
Total Expenses	$ 4,173,652	$ 731,384	$ 1,816,004	$ 757,703	$ 829,876	$ 8,308,619

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

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

YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:	
Change in net assets	$ 366,075
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	55,245
Net unrealized and realized losses on investments	104,993
Change in Obligation to Founder	(217,242)
Bad debt expense	36,712
Changes in assets and liabilities:	
Accounts receivable	(29,377)
Unconditional promises to give	2,382,418
Prepaid expenses and other assets	21,269
Inventories	18,401
Accounts payable	(953,395)
Accrued expenses and other liabilities	34,163
Funds held for councils	(12,541)
Deferred revenues	(533,358)
Deferred rent	(11,583)
Deferred PPP loan	804,942
Net cash from operating activities	2,066,722
Cash flows from investing activities:	
Net purchases of investments	(62,632)
Purchase of property and equipment	(28,624)
Net cash from investing activities	(91,256)
Cash flows from financing activities:	
Payments on obligation to the Founder	(32,615)
Payments on capital lease obligations	(10,581)
Net cash from financing activities	(43,196)
Net change in cash and cash equivalents	1,932,270
Cash and cash equivalents, beginning of year	2,111,177
Cash and cash equivalents, end of year	$ 4,043,447
Supplement cash flow information:	
Interest paid	$ 59,345

Note 1—Organization and nature of operations

Girls on the Run International and Subsidiaries (the “Organization”) 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. The Organization provides curriculum, training, and support to over 200 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). The Organization 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 El Paso (“GOTREP”); 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 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”). The Organization’s consolidated financial statements have been prepared to focus on the organization 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 the Organization 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 the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. The Organization 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 the Organization. As of June 30, 2020 there were $460,555 of board designated funds set aside for council grants, council emergency relief, and leadership initiatives.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Note 2—Summary of significant accounting policies

Cash and Cash Equivalents – The Organization 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 promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are due within one year are reflected at their net realizable value. Unconditional promises to give 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. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Conditional promises to give, 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 – The Organization solicits and enters into agreements with various corporate sponsors. Management of the Organization has determined that 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. The Organization received $142,000 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, 2020.

Receivables – 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 the Organization's historical losses, the existing economic conditions, and the financial stability of its councils and customers. It is possible that management's estimate of allowance for doubtful accounts will change in the near term. As of June 30, 2020, the allowance for doubtful accounts was $48,000.

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.

Merchandise Inventory – Merchandise inventory consists mainly of curriculum materials and is stated at the lower of cost (first-in, first-out method) or net realizable value. The Organization has recorded an estimated reserve for obsolete inventory of approximately $47,000 as of June 30, 2020.

Trademarks – Trademarks were acquired from the founder of Girls on the Run International (the "Founder"). Management of the Organization has deemed these trademarks to have indefinite lives and, as such, their costs are not subject to amortization. Instead, when events or circumstances indicate that the Organization's carrying value of these assets may not be recoverable, they are tested for impairment. If impaired, trademarks are written down to fair value and a corresponding impairment loss is recognized.

Note 2—Summary of significant accounting policies (continued)

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.

Funds Held for Councils – Funds held for councils represent donations and other funds collected by the Organization on behalf of local councils.

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

Additionally, the Organization received Paycheck Protection Program loans (“PPP loan”) in the amount of $804,942. 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 loans must be repaid if the Organization 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 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. The Organization believes it has not substantially met all barriers for full loan forgiveness yet, therefore, has recorded the receipt of the funds as deferred revenue in the consolidated statement of financial position.

Deferred Rent – The Organization leases office space under operating leases. Certain leases included upfront, free rent and scheduled increases in rent. Rent expense is calculated based upon total rents payable under the lease agreements amortized on a straight-line basis over the life of the leases. Rent expenses recorded on a straight-line basis in excess of rents paid has been accrued as deferred rent in the consolidated statement of financial position.

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 $113,000 for the year ending June 30, 2020.

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

Income Taxes – The Organization 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, the Organization is taxed on unrelated business income, which consists of earnings from activities not related to the exempt purpose of the Organization.

Management has evaluated the effect of guidance surrounding uncertain tax positions and concluded that the Organization has no significant financial statement exposure to uncertain tax positions at June 30, 2020.

Note 2—Summary of significant accounting policies (continued)

Functional Expenses – The costs of providing the various programs and other activities of the Organization 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, deprecation, 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 Pronouncements – In May 2014, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09. The amendments in this update create *Topic 606, Revenue from Contracts with Customers* (Topic 606), and supersede the revenue recognition requirements in *Topic 605, Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in *Subtopic 605-35, Revenue Recognition – Construction-Type and Production-Type Contracts*, and create new *Subtopic 340-40, Other Assets and Deferred Costs – Contracts with Customers*. The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. During the year ended June 30, 2020, the Organization adopted this guidance and has adjusted the presentation of these consolidated financial statements accordingly.

FASB has issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This ASU is effective for annual periods beginning after June 15, 2018 and has been fully implemented in the current year.

Following the adoption of these ASUs, the Organization recognizes sponsorship income when conditions, if any, are met as an unconditional promise to give instead of ratably over the term of the related agreements. The ASU has been applied retrospectively to all periods presented with the following effect on net assets, as shown below:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year, previously reported	$ 3,819,585	$ 1,980,731	$ 5,800,316
Prior period adjustment	1,511,991	52,497	1,564,488
Net assets, beginning of year, restated	$ 5,331,576	$ 2,033,228	$ 7,364,804

Future 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.

The Organization is currently in the process of evaluating the impact of the adoption of this future accounting pronouncement on the consolidated financial statements.

Note 3—Liquidity and availability of resources

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

	2020
Financial assets at year-end:	
Cash and cash equivalents	$ 4,043,447
Investments	2,307,295
Accounts receivable, net	244,493
Unconditional promises to give	1,013,966
Total financial assets	7,609,201
Less amounts not available to be used for general expenditures within one year:	
Funds held for councils	(110)
With donor restrictions	(1,092,590)
Financial assets not available to be used within one year	(1,092,700)
Financial assets available to meet general expenditures within one year	$ 6,516,501

The Organization 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. The Organization 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, the Organization 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 8, the Organization has available a $200,000 bank line of credit.

Note 4—Investments

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

	2020
Cash and cash equivalents	$ 260,326
Exchange traded funds	1,037,978
Mutual funds	1,008,991
	$ 2,307,295

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:

	2020
Interest and dividends	$ 112,545
Net realized and unrealized losses	(104,993)
	$ 7,552

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

Note 5—Unconditional promises to give

Unconditional promises to give consist of the following at June 30:

	2020
Amounts due in less than one year	$ 630,452
Amounts due in greater than one year	383,514
	$ 1,013,966

As of June 30, 2020, there was no allowance for doubtful promises to give.

Note 6—Property and equipment

Property and equipment are summarized as follows at June 30:

	Estimated Useful Life	2020
Furniture and equipment	2 to 10 years	$ 270,810
Leasehold improvements	1 to 8 years	28,534
Website	3 years	32,116
		331,460
Less accumulated depreciation		(246,067)
		$ 85,393

Depreciation and amortization expense totaled approximately $55,000 for the year ended June 30, 2020.

Note 7—Obligation to the Founder

During the year ended June 30, 2013, the Organization 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 the Organization 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 the Organization has deemed the fair value of the consideration given to be more clearly evident.

The fair value of the consideration 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 $992,963 at June 30, 2020.

Note 7—Obligation to the Founder (continued)

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

2021	$ 75,202
2022	58,313
2023	58,896
2024	61,509
2025 and thereafter	739,043
	$ 992,963

Interest expense incurred related to all debt, including interest under capital lease obligations, totaled approximately $59,000 for the year ending June 30, 2020.

Note 8—Line of credit

The Organization 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, 2020). There were no borrowings under the line of credit at June 30, 2020.

Note 9—Net assets with donor restriction

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

	2020
Council awards	$ 15,614
Scholarships	2,000
Other	61,030
Time restricted	1,013,946
	$ 1,092,590

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:

	2020
Council awards	$ 3,590
Longitudinal evaluation	11,879
Middle school program	10,000
Participant materials and other	47,673
Time restricted	1,814,672
	$ 1,887,814

Note 10—Leases

The Organization leases office equipment under capital leases expiring through 2022. The assets and liabilities under capital leases are recorded at the lower of the present value of future minimum lease payments or the fair value of the assets. Amortization of assets under capital leases is included in depreciation expense. The following is a summary of equipment held under capital leases at June 30:

		2020
Office equipment	$	50,380
Less accumulated depreciation		(31,987)
	$	18,393

Minimum future lease payments under capital leases are as follows for the years ending June 30:

2021	$	12,850
2022		12,850
		25,700
Less amount representing interest		(1,946)
	$	23,754

The Organization also leases office space and office equipment under the terms of various noncancelable operating leases. Rent expense for facility and office equipment leases totaled approximately $287,000 for the year ended June 30, 2020. Subsequent to the year, the Organization signed an amendment to the office space lease that terminates the lease effective January 31, 2021. The cancellation fee and future lease payments for the future year ended June 30, 2021 is approximately $275,000.

Note 11—Retirement plans

The Organization 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. The Organization has made a safe harbor election for the calendar year ended December 31, 2020. Under the safe harbor election, the Organization matches 100% of the first 3% of a participant's compensation deferral plus 50% of the next 2% of a participant's compensation deferral.

The Organization contributions to its retirement plan totaled approximately $122,000 for the year ended June 30, 2020.

Note 12—Concentration of credit risk

The Organization'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. The Organization had approximately $3,587,000 of cash balances in excess of FDIC insurance limits at June 30, 2020.

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 the Organization 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, the Organization's assets measured at fair value on a recurring basis as of June 30:

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 260,326	$ -	$ -	$ 260,326
Exchange traded funds	1,037,978	-	-	1,037,978
Mutual funds	1,008,991	-	-	1,008,991
	$ 2,307,295	$ -	$ -	$ 2,307,295

Note 14—Contingencies

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 ("COVID-19") which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may negatively impact the Organization's consolidated financial position, changes in net assets, and cash flows.

Note 15—Subsequent events

Management has evaluated subsequent events through February 26, 2021, the date on which the financial statements were available to be issued.

Subsequent to June 30, 2020, the Organization amended their office lease. See Note 10 for further details.

SUPPLEMENTAL SCHEDULES

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

YEAR ENDED JUNE 30, 2020

	GOTRI	Columbia	El Paso	Hartford	Memphis	Orange County	Orlando	Portland	SW Mich	Tampa	Riverside	Eliminating	Consolidated
ASSETS													
Cash and cash equivalents	$ 3,347,647	$ 29,132	$ 17,747	$ 24,220	$ 31,079	$ 35,966	$ 51,729	$ 253,940	$ 36,319	$ 162,489	$ 53,179	$ -	$ 4,043,447
Investments	2,307,295	-	-	-	-	-	-	-	-	-	-	-	2,307,295
Accounts receivable, net	402,619	-	20	5,071	-	77	3,923	73	-	2,745	50	(170,085)	244,493
Unconditional promises to give	971,516	1,775	11,550	132	20	10,000	131	280	15,030	365	3,167	-	1,013,966
Prepaid expenses and other assets	412,119	4,035	1,238	1,930	1,606	1,471	7,446	2,961	6,257	7,168	6,613	(22,559)	430,285
Merchandise inventory, net	178,435	-	-	2,230	-	-	797	3,102	350	3,931	-	-	188,845
Property and equipment, net	81,755	1,925	-	51	569	488	-	-	188	417	-	-	85,393
Trademarks	1,931,015	-	-	-	-	-	-	-	-	-	-	-	1,931,015
Total Assets	$ 9,632,401	$ 36,867	$ 30,555	$ 33,634	$ 33,274	$ 48,002	$ 64,026	$ 260,356	$ 58,144	$ 177,115	$ 63,009	$ (192,644)	$ 10,244,739
LIABILITIES AND NET ASSETS (DEFICIT)													
Liabilities:													
Accounts payable	$ 94,930	$ 80,585	$ 1,328	$ 39,777	$ 2,224	$ 3,065	$ 5,581	$ 8,018	$ 30,205	$ 5,912	$ 1,841	$ (170,085)	$ 103,381
Accrued expenses and other liabilities	188,733	634	125	588	636	-	1,921	9,449	765	1,405	787	-	205,043
Funds held for councils	110	-	-	-	-	-	-	-	-	-	-	-	110
Deferred revenues	345,269	-	-	-	-	-	-	-	-	-	-	(22,559)	322,710
Deferred rent	60,957	-	-	-	-	-	-	-	-	-	-	-	60,957
PPP loan	672,800	-	-	16,200	-	-	22,200	35,977	18,200	35,500	4,065	-	804,942
Obligation to the Founder	992,963	-	-	-	-	-	-	-	-	-	-	-	992,963
Capital lease obligations	23,754	-	-	-	-	-	-	-	-	-	-	-	23,754
Total Liabilities	2,379,516	81,219	1,453	56,565	2,860	3,065	29,702	53,444	49,170	42,817	6,693	(192,644)	2,513,860
Net Assets:													
Without Donor Restrictions:													
Undesignated	6,263,755	(46,127)	17,552	(23,063)	30,414	34,937	32,093	182,132	(6,056)	103,933	48,719	-	6,638,289
With Donor Restrictions:													
Subject to purpose restrictions	17,614	-	-	-	-	-	2,100	24,500	-	30,000	4,430	-	78,644
Subject to time restrictions	971,516	1,775	11,550	132	-	10,000	131	280	15,030	365	3,167	-	1,013,946
Total With Donor Restrictions	989,130	1,775	11,550	132	-	10,000	2,231	24,780	15,030	30,365	7,597	-	1,092,590
Total Net Assets (Deficit)	7,252,885	(44,352)	29,102	(22,931)	30,414	44,937	34,324	206,912	8,974	134,298	56,316	-	7,730,879
Total Liabilities and Net Assets (Deficit)	$ 9,632,401	$ 36,867	$ 30,555	$ 33,634	$ 33,274	$ 48,002	$ 64,026	$ 260,356	$ 58,144	$ 177,115	$ 63,009	$ (192,644)	$ 10,244,739

GIRLS ON THE RUN INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	GOTRI	Columbia	El Paso	Gaston	Hartford	Memphis	Orange County	Orlando	Portland	SW Mich	Tampa	Riverside	Eliminating	Consolidated
Support, Revenue, and Other Income:														
Sponsorships	$ 2,317,669	$ 10,750	$ 1,000	$ -	$ 15,000	$ 13,000	$ -	$ 17,975	$ 21,650	$ 7,500	$ 29,500	$ -	$ (15,000)	$ 2,419,044
Contributions and grants	928,905	72,977	35,525	-	68,332	70,348	109,769	94,454	190,934	70,719	157,674	94,485	(105,350)	1,788,772
Membership and renewal fees	1,658,535	-	-	-	-	-	-	-	-	-	-	-	(163,881)	1,494,654
Merchandise sales and royalties	1,288,468	961	-	-	1,775	-	-	3,878	3,446	69	8,610	159	(48,158)	1,259,208
Registration fees	359,950	37,094	6,720	-	25,436	17,975	12,842	105,228	120,133	30,906	138,596	545	-	855,425
Training	23,234	-	-	-	-	-	-	-	-	-	-	-	-	23,234
Fundraising events, net	82,032	403	-	-	2,966	-	-	2,995	12,700	95	-	-	-	101,191
Investment income, net	7,545	-	-	-	-	-	-	-	7	-	-	-	-	7,552
Other	533,201	115	-	-	-	30	-	-	866	2,170	-	-	(28,010)	508,372
Change in Obligation to the Founder	217,242	-	-	-	-	-	-	-	-	-	-	-	-	217,242
Total Support, Revenue, and Other Income	7,416,781	122,300	43,245	-	113,509	101,353	122,611	224,530	349,736	111,459	334,380	95,189	(360,399)	8,674,694
Expenses:														
Council service delivery	4,328,748	-	-	-	-	-	-	-	-	-	-	-	(155,096)	4,173,652
Program development and training	731,384	-	-	-	-	-	-	-	-	-	-	-	-	731,384
GOTR councils	759,805	118,368	20,808	-	89,334	76,602	67,418	190,255	275,578	85,531	224,113	27,038	(118,846)	1,816,004
General and administrative	660,460	8,906	6,344	130	22,511	16,757	11,332	12,358	32,930	21,891	16,072	3,310	(55,298)	757,703
Fundraising	618,089	7,332	6,589	-	13,095	8,759	8,513	41,114	43,905	16,803	88,311	8,525	(31,159)	829,876
Total Expenses	7,098,486	134,606	33,741	130	124,940	102,118	87,263	243,727	352,413	124,225	328,496	38,873	(360,399)	8,308,619
Change in net assets	318,295	(12,306)	9,504	(130)	(11,431)	(765)	35,348	(19,197)	(2,677)	(12,766)	5,884	56,316	-	366,075
Net assets (deficit), beginning of year, restated	6,934,590	(32,046)	19,598	130	(11,500)	31,179	9,589	53,521	209,589	21,740	128,414	-	-	7,364,804
Net assets (deficit), end of year	$ 7,252,885	$ (44,352)	$ 29,102	$ -	$ (22,931)	$ 30,414	$ 44,937	$ 34,324	$ 206,912	$ 8,974	$ 134,298	$ 56,316	$ -	$ 7,730,879