

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

GIRLS INCORPORATED OF OMAHA

DECEMBER 31, 2010 AND 2009

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J. DOUGLAS GOODNIGHT  
(1936 - 2006)

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Girls Incorporated of Omaha

We have audited the accompanying statements of financial position of Girls Incorporated of Omaha (a not-for-profit organization) as of December 31, 2010 and 2009 and the related statements of activities, functional expenses - program services, functional expenses - supporting services, functional expenses - combining program and supporting services, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Omaha as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Awerkamp, Goodnight, Schwaller & Nelson, P.C.*

Omaha, Nebraska  
April 8, 2011

Girls Incorporated of Omaha  
STATEMENTS OF FINANCIAL POSITION  
December 31,

|   | 2010         | 2009         |
|---|--------------|--------------|
| <u>ASSETS</u>                                     |              |              |
| Cash and cash equivalents (note B)                | \$ 770,442   | \$ 980,410   |
| Accounts receivable                               | 24,485       | 2,750        |
| Unconditional promises to give:                   |              |              |
| United Way funding for the<br>next fiscal year    | 267,883      | 284,008      |
| Restricted (note E)                               | 185,750      | 301,900      |
| Short-term investments (notes B, E and F)         | 4,237,274    | 3,723,382    |
| Property and equipment:                           |              |              |
| Land  | 62,111       | 62,111       |
| Building and improvements                         | 4,703,706    | 4,703,706    |
| Furniture and equipment                           | 312,573      | 312,573      |
| Vehicles  | 275,657      | 252,117      |
| Recreation and education equipment                | 96,085       | 96,085       |
| Computer equipment                                | 121,141      | 107,155      |
| Less accumulated depreciation<br>and amortization | (2,506,459)  | (2,277,780)  |
| Total assets                                      | \$ 8,550,648 | \$ 8,548,417 |
| <u>LIABILITIES</u>                                |              |              |
| Accounts payable and accrued expenses             | \$ 79,322    | \$ 84,128    |
| Total liabilities                                 | 79,322       | 84,128       |
| <u>COMMITMENTS AND CONTINGENCIES</u> (note D)     |              |              |
|   | -            | -            |
| <u>NET ASSETS</u>                                 |              |              |
| Unrestricted (note G)                             | 6,103,233    | 5,910,811    |
| Temporarily restricted<br>(notes E and G)         | 1,511,249    | 1,696,634    |
| Permanently restricted (notes F and G)            | 856,844      | 856,844      |
| Total net assets                                  | 8,471,326    | 8,464,289    |
| Total liabilities and<br>net assets               | \$ 8,550,648 | \$ 8,548,417 |

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

STATEMENTS OF ACTIVITIES

Girls Incorporated of Omaha

STATEMENTS OF ACTIVITIES

Years ended December 31,

|  | 2010                |                                   |                                   |
|--|---------------------|-----------------------------------|-----------------------------------|
|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> |
| Support and revenue:   |                     |                                   |                                   |
| Contributions  | \$ 369,407          | \$ 124,700                        | \$ -                              |
| United Way funding (note E)  | 292,938             | 267,883                           | -                                 |
| Special events (net of expenses<br>of \$70,423 and \$21,537 in 2010<br>and 2009, respectively) | 172,094             | -                                 | -                                 |
| Government agency grants   | 41,841              | -                                 | -                                 |
| Other grants   | 113,675             | 171,750                           | -                                 |
| Kidability fees  | 55,052              | -                                 | -                                 |
| Program fees   | 41,452              | -                                 | -                                 |
| Dividends and interest   | 107,531             | -                                 | -                                 |
| Realized and unrealized gains (losses)   | 334,095             | -                                 | -                                 |
| Miscellaneous income   | 8,203               | -                                 | -                                 |
|  | <u>1,536,288</u>    | <u>564,333</u>                    | <u>-</u>                          |
| Net assets released from restrictions:   |                     |                                   |                                   |
| United Way funding   | 284,008             | (284,008)                         | -                                 |
| Restrictions satisfied by payments   | <u>465,710</u>      | <u>(465,710)</u>                  | <u>-</u>                          |
| Total support and revenue  | <u>2,286,006</u>    | <u>(185,385)</u>                  | <u>-</u>                          |
| Expenses:  |                     |                                   |                                   |
| Program services   | (1,885,490)         | -                                 | -                                 |
| Supporting services  | <u>(208,094)</u>    | <u>-</u>                          | <u>-</u>                          |
| Total expenses   | <u>(2,093,584)</u>  | <u>-</u>                          | <u>-</u>                          |
| CHANGE IN NET ASSETS   | 192,422             | (185,385)                         | -                                 |
| NET ASSETS AT BEGINNING OF YEAR  | <u>5,910,811</u>    | <u>1,696,634</u>                  | <u>856,844</u>                    |
| NET ASSETS AT END OF YEAR  | <u>\$ 6,103,233</u> | <u>\$ 1,511,249</u>               | <u>\$856,844</u>                  |

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

| 2010                |                     | 2009                   |                        |                     |
|---------------------|---------------------|------------------------|------------------------|---------------------|
| Total               | Unrestricted        | Temporarily Restricted | Permanently Restricted | Total               |
| \$ 494,107          | \$ 374,473          | \$ 128,000             | \$ -                   | \$ 502,473          |
| 560,821             | 311,271             | 284,008                | -                      | 595,279             |
| 172,094             | 150,612             | 13,250                 | -                      | 163,862             |
| 41,841              | 33,912              | -                      | -                      | 33,912              |
| 285,425             | 31,879              | 267,400                | -                      | 299,279             |
| 55,052              | 81,176              | -                      | -                      | 81,176              |
| 41,452              | 71,887              | -                      | -                      | 71,887              |
| 107,531             | 126,018             | -                      | -                      | 126,018             |
| 334,095             | 623,089             | -                      | -                      | 623,089             |
| 8,203               | 11,654              | -                      | -                      | 11,654              |
| 2,100,621           | 1,815,971           | 692,658                | -                      | 2,508,629           |
| -                   | 281,196             | (281,196)              | -                      | -                   |
| -                   | 274,137             | (274,137)              | -                      | -                   |
| <u>2,100,621</u>    | <u>2,371,304</u>    | <u>137,325</u>         | <u>-</u>               | <u>2,508,629</u>    |
| (1,885,490)         | (1,822,356)         | -                      | -                      | (1,822,356)         |
| (208,094)           | (224,765)           | -                      | -                      | (224,765)           |
| <u>(2,093,584)</u>  | <u>(2,047,121)</u>  | <u>-</u>               | <u>-</u>               | <u>(2,047,121)</u>  |
| 7,037               | 324,183             | 137,325                | -                      | 461,508             |
| <u>8,464,289</u>    | <u>5,586,628</u>    | <u>1,559,309</u>       | <u>856,844</u>         | <u>8,002,781</u>    |
| <u>\$ 8,471,326</u> | <u>\$ 5,910,811</u> | <u>\$ 1,696,634</u>    | <u>\$856,844</u>       | <u>\$ 8,464,289</u> |

## Girls Incorporated of Omaha

## STATEMENTS OF CASH FLOWS

Years ended December 31,

|   | <u>2010</u>       | <u>2009</u>       |
|---|-------------------|-------------------|
| Cash flows from operating activities:   |                   |                   |
| Change in net assets  | \$ 7,037          | \$ 461,508        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                   |                   |
| Depreciation and amortization   | 228,679           | 235,426           |
| Realized and unrealized gains   | (334,095)         | (623,089)         |
| Restricted contributions  | 21,575            | (324,544)         |
| (Increase) decrease in:   |                   |                   |
| Accounts receivable   | (21,735)          | 22,330            |
| Increase (decrease) in:   |                   |                   |
| Accounts payable and other liabilities  | <u>(4,806)</u>    | <u>(13,686)</u>   |
| Net cash used in operating activities   | <u>(103,345)</u>  | <u>(242,055)</u>  |
| Cash flows from investing activities:   |                   |                   |
| Purchase of equipment and building improvements   | (37,526)          | (52,803)          |
| Purchase of investments   | (774,909)         | (389,154)         |
| Proceeds from sale of investments   | <u>595,112</u>    | <u>378,290</u>    |
| Net cash used in investing activities   | <u>(217,323)</u>  | <u>(63,667)</u>   |
| Cash flows from financing activities:   |                   |                   |
| Proceeds from contributions restricted for:   |                   |                   |
| Capital improvements and scholarships   | 58,200            | 513,000           |
| Programs for the next fiscal year   | <u>52,500</u>     | <u>90,750</u>     |
| Net cash provided by financing activities   | <u>110,700</u>    | <u>603,750</u>    |
| Net increase (decrease) in cash and cash equivalents  | (209,968)         | 298,028           |
| Cash and cash equivalents at beginning of year  | <u>980,410</u>    | <u>682,382</u>    |
| Cash and cash equivalents at end of year  | <u>\$ 770,442</u> | <u>\$ 980,410</u> |

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

STATEMENTS OF FUNCTIONAL EXPENSES -  
PROGRAM SERVICES

Girls Incorporated of Omaha

STATEMENTS OF FUNCTIONAL EXPENSES -  
PROGRAM SERVICES

Years ended December 31, 2010 and 2009

|   | <u>Career<br/>Counseling</u> | <u>Personal<br/>Safety</u> | <u>Education<br/>Programs</u> | <u>Health &amp;<br/>Wellness</u> |
|---|------------------------------|----------------------------|-------------------------------|----------------------------------|
| Salaries                                  | \$ 90,944                    | \$101,049                  | \$474,929                     | \$161,678                        |
| Employee benefits                         | 9,471                        | 10,523                     | 49,460                        | 16,837                           |
| Payroll taxes                             | <u>6,818</u>                 | <u>7,575</u>               | <u>35,605</u>                 | <u>12,121</u>                    |
| Total employee compensation               | 107,233                      | 119,147                    | 559,994                       | 190,636                          |
| Professional fees                         | 6,386                        | 7,096                      | 33,351                        | 11,353                           |
| Supplies                                  | 5,299                        | 5,888                      | 27,674                        | 9,421                            |
| Telephone                                 | 1,606                        | 1,785                      | 8,388                         | 2,855                            |
| Postage                                   | 259                          | 288                        | 1,354                         | 462                              |
| Occupancy                                 | 15,882                       | 17,647                     | 82,940                        | 28,235                           |
| Rental and maintenance<br>of equipment    | 1,893                        | 2,104                      | 9,888                         | 3,366                            |
| Printing and publications                 | 1,458                        | 5,162                      | 7,614                         | 2,592                            |
| Mileage and van fuel                      | 1,651                        | 1,834                      | 8,620                         | 2,934                            |
| Conferences, conventions<br>and meetings  | 1,092                        | 1,214                      | 9,702                         | 1,941                            |
| Specific assistance to<br>individuals     | 15,897                       | 8,495                      | 34,690                        | 80,500                           |
| Membership dues                           | 106                          | 118                        | 555                           | 189                              |
| Awards and grants                         | 24                           | 26                         | 125                           | 42                               |
| Insurance                                 | 3,485                        | 3,872                      | 18,200                        | 6,196                            |
| National dues                             |                              |                            |                               |                                  |
| Other operating                           | <u>1,335</u>                 | <u>1,483</u>               | <u>6,973</u>                  | <u>2,374</u>                     |
| Total operating expenses                  | <u>\$163,606</u>             | <u>\$176,159</u>           | <u>\$810,068</u>              | <u>\$343,096</u>                 |
| Scholarship payments                      |                              |                            |                               |                                  |
| Depreciation and other capital<br>expense |                              |                            |                               |                                  |
| Total expenses                            |                              |                            |                               |                                  |

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

| Mental<br>Health &<br>Counseling | National<br>dues | Total<br>2010      | Total<br>2009      |
|----------------------------------|------------------|--------------------|--------------------|
| \$ 80,840                        | \$ -             | \$ 909,440         | \$ 894,583         |
| 8,419                            | -                | 94,710             | 76,562             |
| <u>6,060</u>                     | <u>-</u>         | <u>68,179</u>      | <u>67,156</u>      |
| 95,319                           | -                | 1,072,329          | 1,038,301          |
| 5,677                            | -                | 63,863             | 33,321             |
| 4,710                            | -                | 52,992             | 46,747             |
| 1,428                            | -                | 16,062             | 16,321             |
| 231                              | -                | 2,594              | 3,108              |
| 14,118                           | -                | 158,822            | 159,833            |
| 1,683                            | -                | 18,934             | 19,676             |
| 1,296                            | -                | 18,122             | 20,837             |
| 1,467                            | -                | 16,506             | 13,211             |
| 970                              | -                | 14,919             | 6,678              |
| 7,080                            | -                | 146,662            | 167,379            |
| 94                               | -                | 1,062              | 1,916              |
| 21                               | -                | 238                | 596                |
| 3,098                            | -                | 34,851             | 36,933             |
| -                                | 12,000           | 12,000             | 12,000             |
| <u>1,187</u>                     | <u>-</u>         | <u>13,352</u>      | <u>7,312</u>       |
| <u>\$138,379</u>                 | <u>\$12,000</u>  | 1,643,308          | 1,584,169          |
|                                  |                  | 33,899             | 25,818             |
|                                  |                  | <u>208,283</u>     | <u>212,369</u>     |
|                                  |                  | <u>\$1,885,490</u> | <u>\$1,822,356</u> |

Girls Incorporated of Omaha

STATEMENTS OF FUNCTIONAL EXPENSES -  
SUPPORTING SERVICES

Years ended December 31, 2010 and 2009

|  | <u>Management<br/>and general</u> | <u>Fund<br/>raising</u> | <u>Total<br/>2010</u> | <u>Total<br/>2009</u> |
|--|-----------------------------------|-------------------------|-----------------------|-----------------------|
| Salaries                                   | \$30,314                          | \$ 70,734               | \$101,048             | \$ 99,398             |
| Employee benefits                          | 3,158                             | 7,366                   | 10,524                | 8,507                 |
| Payroll taxes                              | <u>2,273</u>                      | <u>5,303</u>            | <u>7,576</u>          | <u>7,462</u>          |
| Total employee compensation                | 35,745                            | 83,403                  | 119,148               | 115,367               |
| Professional fees and contract<br>services | 2,129                             | 4,967                   | 7,096                 | 29,953                |
| Supplies                                   | 1,766                             | 4,122                   | 5,888                 | 5,194                 |
| Telephone                                  | 535                               | 1,249                   | 1,784                 | 1,813                 |
| Postage                                    | 86                                | 202                     | 288                   | 346                   |
| Occupancy                                  | 5,294                             | 12,353                  | 17,647                | 17,759                |
| Rental and maintenance of<br>equipment     | 631                               | 1,473                   | 2,104                 | 2,186                 |
| Printing and publications                  | 486                               | 1,134                   | 1,620                 | 2,316                 |
| Mileage and van fuel                       | 550                               | 1,284                   | 1,834                 | 1,467                 |
| Conferences, conventions and<br>meetings   | 364                               | 849                     | 1,213                 | 742                   |
| Membership dues                            | 35                                | 83                      | 118                   | 214                   |
| Awards and grants                          | 8                                 | 18                      | 26                    | 66                    |
| Insurance                                  | 1,162                             | 2,711                   | 3,873                 | 4,104                 |
| Other operating                            | <u>445</u>                        | <u>1,038</u>            | <u>1,483</u>          | <u>813</u>            |
| Total operating expenses                   | 49,236                            | 114,886                 | 164,122               | 182,340               |
| Investment expense and<br>miscellaneous    | 20,829                            | -                       | 20,829                | 18,828                |
| Depreciation and other<br>capital expenses | <u>23,143</u>                     | <u>-</u>                | <u>23,143</u>         | <u>23,597</u>         |
| Total expenses                             | <u>\$93,208</u>                   | <u>\$114,886</u>        | <u>\$208,094</u>      | <u>\$224,765</u>      |

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

Girls Incorporated of Omaha

STATEMENTS OF FUNCTIONAL EXPENSES -  
COMBINING PROGRAM AND SUPPORTING SERVICES

Years ended December 31, 2010 and 2009

|   | <u>Total<br/>program<br/>services</u> | <u>Total<br/>supporting<br/>services</u> | <u>Combined<br/>total<br/>2010</u> | <u>Combined<br/>total<br/>2009</u> |
|---|---------------------------------------|--|------------------------------------|------------------------------------|
| Salaries                                | \$ 909,440                            | \$101,048                                | \$1,010,488                        | \$ 993,981                         |
| Employee benefits                       | 94,710                                | 10,524                                   | 105,234                            | 85,069                             |
| Payroll taxes                           | <u>68,179</u>                         | <u>7,576</u>                             | <u>75,755</u>                      | <u>74,618</u>                      |
| Total employee compensation             | 1,072,329                             | 119,148                                  | 1,191,477                          | 1,153,668                          |
| Professional fees and contract services | 63,863                                | 7,096                                    | 70,959                             | 63,274                             |
| Supplies                                | 52,992                                | 5,888                                    | 58,880                             | 51,941                             |
| Telephone                               | 16,062                                | 1,784                                    | 17,846                             | 18,134                             |
| Postage                                 | 2,594                                 | 288                                      | 2,882                              | 3,454                              |
| Occupancy                               | 158,822                               | 17,647                                   | 176,469                            | 177,592                            |
| Rental and maintenance of equipment     | 18,934                                | 2,104                                    | 21,038                             | 21,862                             |
| Printing and publications               | 18,122                                | 1,620                                    | 19,742                             | 23,153                             |
| Mileage and van fuel                    | 16,506                                | 1,834                                    | 18,340                             | 14,678                             |
| Conferences, conventions and meetings   | 14,919                                | 1,213                                    | 16,132                             | 7,420                              |
| Specific assistance to individuals      | 146,662                               | -  | 146,662                            | 167,379                            |
| Membership dues                         | 1,062                                 | 118                                      | 1,180                              | 2,130                              |
| Awards and grants                       | 238                                   | 26                                       | 264                                | 662                                |
| Insurance                               | 34,851                                | 3,873                                    | 38,724                             | 41,037                             |
| National dues                           | 12,000                                | -  | 12,000                             | 12,000                             |
| Other operating                         | <u>13,352</u>                         | <u>1,483</u>                             | <u>14,835</u>                      | <u>8,125</u>                       |
| Total operating expenses                | 1,643,308                             | 164,122                                  | 1,807,430                          | 1,766,509                          |
| Scholarship payments                    | 33,899                                | -  | 33,899                             | 25,818                             |
| Investment expense                      | -                                     | 20,829                                   | 20,829                             | 18,828                             |
| Depreciation and other capital expenses | <u>208,283</u>                        | <u>23,143</u>                            | <u>231,426</u>                     | <u>235,966</u>                     |
| Total expenses                          | <u>\$1,885,490</u>                    | <u>\$208,094</u>                         | <u>\$2,093,584</u>                 | <u>\$2,047,121</u>                 |

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

Girls Incorporated of Omaha  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Girls Incorporated of Omaha (Girls Inc.) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of activities

Girls Incorporated of Omaha (the Organization) serves girls of ages 5 through 18 with various gender specific programs designed to provide the girls with activities and experiences which meet their needs. The Organization is supported primarily through donor contributions, grants and the United Way. Financial activities of a related entity called Girls Incorporated of Omaha Girlfriends are included in the financial statements of the Organization.

Donated goods and services

Donations of contributed services (that create or enhance nonfinancial assets), and property and equipment are recorded as support at their estimated fair value and are unrestricted unless the donor has restricted the assets for a specific purpose.

Donated goods and services, for which there is no clearly measurable basis for recording the value of such or that do not create or enhance nonfinancial assets, are not reflected in the statements. Services provided primarily include counselors and instructors. Values of unrecorded donated goods and services for 2010 were estimated by personnel of Girls Incorporated of Omaha. The following estimated values do not include the many hours spent by the regular on-going volunteer workers.

|                         |                 |
|-------------------------|-----------------|
| Furniture and equipment | \$ 350          |
| Goods and services      | <u>32,955</u>   |
| Total                   | <u>\$33,305</u> |

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless such funds are restricted for long-term purposes.

Investments

The marketable debt and equity securities are stated at fair value as referenced to quoted market prices and other relevant information generated by market transactions. Other investments are carried at cost if purchased or, if donated, at the fair market value on the date of the gift.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and equipment

Property and equipment are carried at cost or, if donated, at fair market value on date of donation. Depreciation and amortization are provided on a straight-line basis over the following estimated useful lives:

|                            | <u>Lives</u> |
|----------------------------|--------------|
| Buildings and improvements | 5 - 30 years |
| Furniture and equipment    | 5 - 10 years |
| Vehicles                   | 5 years      |

Promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Promises to give are typically due within one year, however, items that are due in excess of one year are discounted to the current net present value. Uncollectible promises to give are expected to be insignificant.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allocation of expenses

Reasonable allocations of the Organization's functional expenditures are made at the beginning of each year on anticipated activities in each of the various programs. These allocations are revised periodically and at the end of each year to reflect significant changes in the level of the organization's activities.

Income taxes

Girls Incorporated of Omaha is a not-for-profit organization, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization has adopted the provision of FIN 48 effective January 1, 2009. The Organizations' tax returns for the years ended December 31, 2007 through 2010 are subject to audit by the Internal Revenue Service. Management believes that they have not entered into any transactions that either result in unrelated business income or jeopardize their tax-exempt status.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE B - INVESTMENTS

Investments included in the operating and endowment accounts measured at fair value on a recurring basis consist of the following at December 31:

|                             | <u>2010</u>        | <u>2009</u>        |
|-----------------------------|--------------------|--------------------|
| Cash on hand to be invested | \$ 295,882         | \$ 601,360         |
| Money market funds          | 76,047             | 70,079             |
| Certificate of deposit      | 153,751            | 152,418            |
| Common stocks               | 361,350            | 298,599            |
| Mutual funds                | <u>3,722,174</u>   | <u>3,271,866</u>   |
|                             | 4,609,204          | 4,394,322          |
| Accrued interest            | <u>-</u>           | <u>500</u>         |
|                             | <u>\$4,609,204</u> | <u>\$4,394,822</u> |

Balance sheet classifications are as follows at December 31,:

|                        | <u>2010</u>        | <u>2009</u>        |
|------------------------|--------------------|--------------------|
| Cash equivalents       | \$ 371,930         | \$ 671,440         |
| Short-term investments | <u>4,237,274</u>   | <u>3,723,382</u>   |
|                        | <u>\$4,609,204</u> | <u>\$4,394,822</u> |

NOTE C - FAIR VALUE MEASUREMENTS

Determination of Fair Value

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

Fair Value Hierarchy

The Organization groups its financial assets generally measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

- o Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE C - FAIR VALUE MEASUREMENTS - CONTINUED

Fair Value Hierarchy- continued

- Level 2 - Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, which includes financial instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2010 and 2009 are as follows:

|                           | Fair Value         | Fair Value Measurements at Reporting Date Using                             |   |   |
|---------------------------|--------------------|---|---|---|
|                           |                    | Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| December 31, 2010         |                    |   |   |   |
| Cash and cash equivalents | \$ 371,930         | \$ 371,930  | \$ -  | \$ -                                      |
| Certificates of deposit   | 153,751            | 153,751   | -   | -   |
| Common stocks             | 361,350            | 361,350   | -   | -   |
| Mutual funds              | <u>3,722,174</u>   | <u>3,722,174</u>  | -   | -   |
| Total                     | <u>\$4,609,204</u> | <u>\$4,609,204</u>  | <u>\$ -</u>                                   | <u>\$ -</u>                               |
| December 31, 2009         |                    |   |   |   |
| Cash and cash equivalents | \$ 671,939         | \$ 671,939  | \$ -  | \$ -                                      |
| Certificates of deposit   | 152,418            | 152,418   | -   | -   |
| Common stocks             | 298,599            | 298,599   | -   | -   |
| Mutual funds              | <u>3,271,866</u>   | <u>3,271,866</u>  | -   | -   |
| Total                     | <u>\$4,394,822</u> | <u>\$4,394,822</u>  | <u>\$ -</u>                                   | <u>\$ -</u>                               |

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE D - COMMITMENTS AND CONTINGENCIES

During 2010, Girls, Inc. entered into a three-year matching contribution grant agreement for funding for an after-school literacy and self-esteem program. The program began in August, 2009 and continues through July, 2012. The grant requires first year matching of \$50,000 to the \$100,000 contribution, second year matching of \$75,000 to the \$75,000 contribution and third year matching of \$100,000 to the \$50,000 contribution. The first two years matching requirements have been met, and \$75,000 and \$100,000 of revenue was recorded accordingly for the years ended December 31 2010 and 2009, respectively. Management believes that the organization will be able to raise funding for the remaining year match.

Girls, Inc. has a 60 month lease for a copy machine that calls for monthly base rental payments of \$261, which began in December, 2010 and continues through December, 2015.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2010 are as follows:

Year ending December 31:

|      |                 |
|------|-----------------|
| 2011 | \$ 3,132        |
| 2012 | 3,132           |
| 2013 | 3,132           |
| 2014 | 3,132           |
| 2015 | <u>3,132</u>    |
|      | <u>\$15,660</u> |

Total rental expense is \$3,252 for the years ended December 31, 2010 and 2009, respectively.

NOTE E - TEMPORARY RESTRICTIONS ON ASSETS

Temporary restrictions on assets at the end of 2010 and 2009 relate to various items as follows:

|   | <u>2010</u>      | <u>2009</u>      |
|---|------------------|------------------|
| <u>United Way Funding for Next Year:</u>  |                  |                  |
| United Way has a June 30 allocation year end. As a result, six months of the allocation for the 2010/2011 award is considered to be temporarily restricted due to timing of the receipts. | <u>\$267,883</u> | <u>\$284,008</u> |
| <u>General Temporarily Restricted Net Assets:</u>   |                  |                  |
| Operating pledges receivable  | 111,500          | 187,900          |
| Grants receivable   | 74,250           | 116,000          |
| Proceeds for next year programs   | <u>52,500</u>    | <u>90,750</u>    |
| Total general temporarily restricted net assets   | <u>238,250</u>   | <u>394,650</u>   |

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE E - TEMPORARY RESTRICTIONS ON ASSETS - CONTINUED

|   | <u>2010</u>        | <u>2009</u>        |
|---|--------------------|--------------------|
| <u>Capital Improvement Restrictions:</u>  |                    |                    |
| In prior years, the organization was the recipient of the proceeds of golf and tennis tournaments sponsored by various local individuals and corporations. The proceeds were also matched by a prominent local charitable foundation involved in the tournament. The proceeds are restricted for capital improvements, and are included in investments until used.                        | 776,763            | 790,749            |
| Girls, Inc. has implemented several major capital contribution campaigns for planned renovations at both its north and south facilities. Contributions received in past years included Wiebe funds of \$269,444, promises-to-give, and a challenge grant, for which all conditions have been met and all revenues have been recognized. Proceeds are restricted for capital improvements. | 18,701             | 18,701             |
| Current capital contributions   | <u>45,460</u>      | <u>12,000</u>      |
| Total capital improvement restrictions  | <u>840,924</u>     | <u>821,450</u>     |
| <u>Scholarship Restrictions:</u>  |                    |                    |
| The majority of the scholarship funds are available for post secondary education. Girls may apply annually for up to four years, and selections are made by a Scholarship Committee. Other scholarship funds are available for special workshops, exchange programs, summer school and miscellaneous programs for membership age girls.   | <u>164,192</u>     | <u>196,526</u>     |
| Total Temporarily Restricted Net Assets   | <u>\$1,511,249</u> | <u>\$1,696,634</u> |

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE F - PERMANENT RESTRICTIONS ON ASSETS

Endowment funds include investments of \$856,844 of permanently restricted net assets whereby the donor has stipulated that the principal contribution must be maintained intact in perpetuity. Included in the aforementioned amount is \$397,651 of permanently restricted net assets attributed to Wiebe funds. Investment income on permanently restricted endowment funds is considered to be unrestricted.

NOTE G - ENDOWMENT

The organization's endowment consists of donor-restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of Girls Inc., has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the organization.
7. The investment policies of the organization.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE G - ENDOWMENT - CONTINUED

**2010**

Endowment net asset composition by type of fund as of December 31, 2010:

|                                     | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>       |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|--------------------|
| Donor-restricted<br>endowment funds | \$ -                | \$1,131,866                       | \$856,844                         | \$1,988,710        |
| Board-designated<br>endowment funds | <u>2,241,111</u>    | <u>379,383</u>                    | <u>-</u>                          | <u>2,620,494</u>   |
| Total funds                         | <u>\$2,241,111</u>  | <u>\$1,511,249</u>                | <u>\$856,844</u>                  | <u>\$4,609,204</u> |

Changes in endowment net assets for the year ended December 31, 2010:

|   |                    |                    |                  |                    |
|---|--------------------|--------------------|------------------|--------------------|
| Endowment net assets,<br>beginning of year              | \$1,841,344        | \$1,696,634        | \$856,844        | \$4,394,822        |
| Investment return:                                      |                    |                    |                  |                    |
| Investment income                                       | 73,413             | -                  | -                | 73,413             |
| Net appreciation<br>(realized and<br>unrealized)        | <u>227,248</u>     | <u>-</u>           | <u>-</u>         | <u>227,248</u>     |
| Total investment<br>return                              | 300,661            | -                  | -                | 300,661            |
| Contributions   | -                  | 58,200             | -                | 58,200             |
| Other additions   | 99,106             | 493,248            | -                | 592,354            |
| Appropriation of<br>endowment assets<br>for expenditure | <u>-</u>           | <u>(736,833)</u>   | <u>-</u>         | <u>(736,833)</u>   |
| Endowment net assets,<br>end of year                    | <u>\$2,241,111</u> | <u>\$1,511,249</u> | <u>\$856,844</u> | <u>\$4,609,204</u> |

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE G - ENDOWMENT - CONTINUED

**2009**

Endowment net asset composition by type of fund as of December 31, 2009:

|                                     | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>       |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|--------------------|
| Donor-restricted<br>endowment funds | \$ -                | \$1,224,726                       | \$856,844                         | \$2,081,570        |
| Board-designated<br>endowment funds | <u>1,841,344</u>    | <u>471,908</u>                    | <u>-</u>                          | <u>2,313,252</u>   |
| Total funds                         | <u>\$1,841,344</u>  | <u>\$1,696,634</u>                | <u>\$856,844</u>                  | <u>\$4,394,822</u> |

Changes in endowment net assets for the year ended December 31, 2009:

|   |                    |                    |                  |                    |
|---|--------------------|--------------------|------------------|--------------------|
| Endowment net assets,<br>beginning of year                | \$ 979,709         | \$1,559,309        | \$856,844        | \$3,395,862        |
| Net asset reclassific-<br>ation based on change<br>in law | <u>-</u>           | <u>-</u>           | <u>-</u>         | <u>-</u>           |
| Endowment net assets<br>after reclassific-<br>ation       | 979,709            | 1,559,309          | 856,844          | 3,395,862          |
| Investment return:<br>Investment income                   | 105,609            | -                  | -                | 105,609            |
| Net appreciation<br>(realized and<br>unrealized)          | <u>518,400</u>     | <u>-</u>           | <u>-</u>         | <u>518,400</u>     |
| Total investment<br>return                                | 624,009            | -                  | -                | 624,009            |
| Contributions   | -                  | 14,000             | -                | 14,000             |
| Other additions   | 237,626            | 682,046            | -                | 919,672            |
| Appropriation of<br>endowment assets<br>for expenditure   | <u>-</u>           | <u>(558,721)</u>   | <u>-</u>         | <u>(558,721)</u>   |
| Endowment net assets,<br>end of year                      | <u>\$1,841,344</u> | <u>\$1,696,634</u> | <u>\$856,844</u> | <u>\$4,394,822</u> |

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE G - ENDOWMENT - CONTINUED

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only):

| <b>Permanently restricted net assets</b>   | <u>2010</u>        | <u>2009</u>        |
|--|--------------------|--------------------|
| The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA | \$ 856,844         | \$ 856,844         |
| Total endowment funds classified as permanently restricted net assets  | <u>\$ 856,844</u>  | <u>\$ 856,844</u>  |
| <b>Temporarily restricted net assets</b>   |                    |                    |
| Term endowment funds   | \$ 506,133         | \$ 678,658         |
| The portion of perpetual endowment funds subject to a time restriction under SPMIFA:   |                    |                    |
| With purpose restrictions for capital expenditures   | 840,924            | 821,450            |
| With purpose restrictions for scholarship expenditures   | <u>164,192</u>     | <u>196,526</u>     |
| Total endowment funds classified as temporarily restricted net assets  | <u>\$1,511,249</u> | <u>\$1,696,634</u> |

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2010 and 2009.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE G - ENDOWMENT - CONTINUED

**Return objectives and risk parameters**

The organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce positive results while assuming a moderate level of investment risk. The organization expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount.

**Strategies employed for achieving objectives**

To satisfy its long-term rate-of-return objectives, the organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending policy and how the investment objectives relate to spending policy**

The organization has a policy of appropriating for distribution each year only those funds that are necessary for maintaining positive current operations. In establishing this policy, the organization considered the long-term expected return on its endowment. Accordingly, over the long term, the organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE H - EMPLOYEE BENEFITS

During 2009, the defined contribution retirement plan of Girls Incorporated of Omaha (The Plan) was restated in order to incorporate all prior amendments adopted by Girls, Inc. since the last amendment of the Plan effective January, 1994. The restated plan document also includes a number of changes in order to comply with new regulations under Sections 415 and 403(b) of the Internal Revenue Code. The new restated plan is effective as of January 1, 2009.

Girls Incorporated of Omaha

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE H - EMPLOYEE BENEFITS - CONTINUED

Employees are eligible to participate in the Plan immediately upon employment and are eligible to receive matching employer contributions on the first entry date (January 1 or July 1) after they have reached age twenty-one and have completed one year of service. The Organization will contribute an amount equal to the elective deferral of the participant in excess of 2% of the eligible monthly compensation and not to exceed 5% of such monthly compensation.

Management believes that The Plan is operating under the requirements of the Employee Retirement Income Security Act of 1974.

Total expense for the years ended December 31, 2010 and 2009 is \$26,831 and \$28,095, respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

The Organization has a substantial portion of its investments held in trust at a national, highly regarded financial institution. These and other investments are above federally insured levels or are in non-insured assets, and are subject to market fluctuations.

NOTE J - RELATED PARTY TRANSACTIONS

The Organization has entered into contracts for fund-raising and other consulting services from a company owned by the spouse of the Executive Director. Expenses incurred with this company were \$50,000 and \$44,166 in the years ended December 31, 2010 and 2009, respectively.

NOTE K - SUBSEQUENT EVENTS

Management evaluated transactions and events occurring subsequent to December 31, 2010 and through the date of the report (the date the financial statements were available to be issued) to determine whether any events should be recognized or disclosed in these statements. There were no material transactions or events in the subsequent period requiring disclosure or recognition in the statements.