

The
Girl
Friends
Fund,
Inc.

FINANCIAL STATEMENTS
June 30, 2013 and 2012

THE GIRL FRIENDS FUND, INC.
FINANCIAL STATEMENTS
Years ended June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Girlfriends Fund, Inc.
Newton, MA

We have audited the accompanying financial statements of The Girlfriends Fund, Inc. (a non-profit corporation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

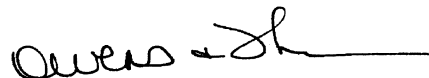
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Girlfriends Fund, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



OWENS & THURMAN, P.C.
Certified Public Accountants
Dallas, Texas

January 23, 2014

THE GIRL FRIENDS FUND, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2013 and 2012

ASSETS		
	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	\$ 147,226	\$ 124,123
Prepaid expenses	-	1,500
	147,226	125,623
Total Current Assets	147,226	125,623
 OTHER ASSETS		
Investments	247,151	247,596
	247,151	247,596
TOTAL ASSETS	\$ 394,377	\$ 373,219
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ -
Scholarship award commitments - current (Note 6)	-	-
Total Current Liabilities	-	-
Scholarship award commitments - non-current (Note 6)	-	-
Total Liabilities	-	-
 NET ASSETS		
Unrestricted net assets	68,211	74,968
Temporarily restricted net assets	326,166	298,251
Permanently restricted net assets	-	-
	394,377	373,219
Total Net Assets	394,377	373,219
TOTAL LIABILITIES AND NET ASSETS	\$ 394,377	\$ 373,219

The accompanying notes are an integral part of this statement.

THE GIRL FRIENDS FUND, INC.

STATEMENTS OF ACTIVITIES
for the years ended June 30, 2013 and 2012

	2013			2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL 2012
REVENUE AND SUPPORT								
Special event revenue	\$ 15,985	\$ -	\$ -	\$ 15,985	\$ 18,595	\$ -	\$ -	\$ 18,595
Less costs of direct benefits to donors	(6,975)	-	-	(6,975)	(10,022)	-	-	(10,022)
	<u>9,010</u>	<u>-</u>	<u>-</u>	<u>9,010</u>	<u>8,573</u>	<u>-</u>	<u>-</u>	<u>8,573</u>
Contributions	-	84,960	-	84,960	26,500	37,010	-	63,510
Investment return	76	(6,045)	-	(5,969)	152	20,097	-	20,249
Net assets released from restrictions	<u>51,000</u>	<u>(51,000)</u>	<u>-</u>	<u>-</u>	<u>47,000</u>	<u>(47,000)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>60,086</u>	<u>27,915</u>	<u>-</u>	<u>88,001</u>	<u>82,225</u>	<u>10,107</u>	<u>-</u>	<u>92,332</u>
EXPENSES								
Program Services								
Scholarships	51,000	-	-	51,000	47,000	-	-	47,000
Program activities	<u>1,616</u>	<u>-</u>	<u>-</u>	<u>1,616</u>	<u>641</u>	<u>-</u>	<u>-</u>	<u>641</u>
Total Program Services	<u>52,616</u>	<u>-</u>	<u>-</u>	<u>52,616</u>	<u>47,641</u>	<u>-</u>	<u>-</u>	<u>47,641</u>
Supporting Services								
Management and general	6,391	-	-	6,391	2,701	-	-	2,701
Fund raising	<u>7,836</u>	<u>-</u>	<u>-</u>	<u>7,836</u>	<u>4,978</u>	<u>-</u>	<u>-</u>	<u>4,978</u>
Total Expenses	<u>66,843</u>	<u>-</u>	<u>-</u>	<u>66,843</u>	<u>55,320</u>	<u>-</u>	<u>-</u>	<u>55,320</u>
CHANGE IN NET ASSETS	(6,757)	27,915	-	21,158	26,905	10,107	-	37,012
NET ASSETS								
Beginning of year	<u>74,968</u>	<u>298,251</u>	<u>-</u>	<u>373,219</u>	<u>48,063</u>	<u>288,144</u>	<u>-</u>	<u>336,207</u>
End of year	<u>\$ 68,211</u>	<u>\$ 326,166</u>	<u>\$ -</u>	<u>\$ 394,377</u>	<u>\$ 74,968</u>	<u>\$ 298,251</u>	<u>\$ -</u>	<u>\$ 373,219</u>

The accompanying notes are an integral part of this statement.

THE GIRL FRIENDS FUND, INC.

STATEMENTS OF CASH FLOWS
for the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 21,158	\$ 37,012
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	10,371	(15,309)
(Increase) decrease in prepaid expenses	<u>1,500</u>	<u>(1,500)</u>
Total Adjustments	<u>11,871</u>	<u>(16,809)</u>
Net cash provided (used) by operating activities	<u>33,029</u>	<u>20,203</u>
Cash flow from investing activities:		
Additions to investments	(5,600)	(600)
Reinvested investment income	<u>(4,326)</u>	<u>(4,788)</u>
Net cash provided (used) by investing activities	<u>(9,926)</u>	<u>(5,388)</u>
Net increase (decrease) in cash and equivalents	<u>23,103</u>	<u>14,815</u>
Cash and equivalents, beginning of year	<u>124,123</u>	<u>109,308</u>
Cash and equivalents, end of year	<u>\$ 147,226</u>	<u>\$ 124,123</u>

The accompanying notes are an integral part of this statement.

THE GIRL FRIENDS FUND, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
for the years ended June 30, 2013 and 2012

EXPENSES	2013				2012			
	Scholarship Program Activities	Management and General	Fund Raising	TOTAL 2013	Scholarship Program Activities	Management and General	Fund Raising	TOTAL 2012
Scholarships	\$ 51,000	\$ -	\$ -	\$ 51,000	\$ 47,000	\$ -	\$ -	\$ 47,000
Professional services	-	5,800	-	5,800	-	2,700	-	2,700
Printing and postage	770	-	2,701	3,471	641	-	3,111	3,752
Meetings/conference	846	-	2,535	3,381	-	-	1,467	1,467
Insurance	-	438	-	438	-	-	-	-
Website and internet	-	-	2,600	2,600	-	-	400	400
Other expenses	-	153	-	153	-	1	-	1
Total Expenses	<u>\$ 52,616</u>	<u>\$ 6,391</u>	<u>\$ 7,836</u>	<u>\$ 66,843</u>	<u>\$ 47,641</u>	<u>\$ 2,701</u>	<u>\$ 4,978</u>	<u>\$ 55,320</u>

The accompanying notes are an integral part of this statement.

THE GIRL FRIENDS FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Girl Friends Fund, Inc. is a non-profit organization incorporated in Texas in 1988 to help young African-American men and women realize their dream of an equal opportunity to a college education.

The membership of The Girl Friends Fund, Inc. ("GF Fund") consists of all active members in good standing of The Girl Friends, Inc. ("affiliated/sister organization"), one of the oldest social/civic organizations of African-American women in the United States, established in 1927 and incorporated in 1938, with approximately 45 chapters across the country.

The mission of GF Fund is to empower and provide a vehicle for members and chapters of the affiliated/sister organization to give financial and mentoring support for promising high school graduates, and other charitable activities.

GF Fund is supported through donations from members and chapters of the affiliated/sister organization, which is a separate non-profit organization, and the general public.

Program activities consist of scholarships to graduating high school seniors who maintain an established G.P.A., and who plan to attend an accredited four-year institution.

Reporting Entity

Although the annual meeting of GF Fund is held during the annual meeting of the affiliated/sister organization, GF Fund operates independently from the affiliated/sister organization. Accordingly, the activities of the affiliated/sister organization are not included in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities, in accordance with current recommendation of the American Institute of Certified Public Accountants for Not-for-Profit Organizations. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles.

GF Fund is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets – which are not restricted either by donors or by law.
- Temporarily restricted net assets – which use has been limited by donor-imposed purpose or time restrictions.

THE GIRL FRIENDS FUND, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

- Permanently restricted net assets – which have been restricted by donor or by law to be maintained by the organization in perpetuity. GF Fund did not have any permanently restricted net assets as of June 30, 2013 and 2012.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions, including long-lived assets, are considered to be available for unrestricted use unless specifically restricted by the donor.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction is satisfied by incurring expenses for the restricted purpose, expiration of time, or occurrence of other events specified by the donor, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition

Event revenue is recognized in the year in which the event is held. Event revenue received in advance of the year the event is to be held is deferred until the event is held.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes all checking and saving accounts that are available for general operating purposes and not otherwise restricted, and excludes investments held for long term purposes.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE GIRL FRIENDS FUND, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 and 2012

Federal Income Tax

The Internal Revenue Service has determined that the GF Fund is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code, and is not classified as a private foundation within the meaning of Section 509(a).

Donated Services

Donated services are recognized as contributions at the estimated fair market value at the time of receipt when there is an objective basis available to measure their value, and the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by persons with those skills, and would otherwise need to be purchased by the organization. A number of unpaid volunteers regularly make contributions of their time to GF Fund's programs, the value of which is not reflected in these statements as it is not susceptible to objective measurement or valuation or does not meet the recognition criteria under generally accepted accounting principles.

NOTE 3 – RELATED PARTY/AFFILIATED ORGANIZATION

During the year ended June 30, 2012 the GF Fund received a donation of \$15,000 from the affiliated/sister organization, which is reported as contributions revenue and support in the accompanying financial statements.

NOTE 4 – INVESTMENTS AND CONCENTRATION OF CREDIT RISK ARISING FROM DEPOSITS

Investments

Investments are reported on the basis of quoted market prices and consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Held in brokerage account:		
Money market fund	\$ 2,496	\$ -
Mutual fund – equities	14,133	-
United States treasury notes	-	177,563
Mutual funds – fixed income	190,882	15,869
Mutual fund – real estate	<u>37,264</u>	<u>-</u>
Total held in brokerage account	<u>244,775</u>	<u>193,432</u>
Bank savings account styled "Endowment Fund"	<u>2,376</u>	<u>54,164</u>
Total investments	<u>\$ 247,151</u>	<u>\$ 247,596</u>

THE GIRL FRIENDS FUND, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 and 2012

Investment Return

The components of investment return are as follows for the years ended June 30:

	2013	2012
Interest and dividend income	\$ 4,402	\$ 4,940
Gains and (losses) on investments carried at fair market value	(10,371)	15,309
Total investment return	\$ (5,969)	\$ 20,249

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At June 30, 2013 and 2012 investments include \$244,775 and \$193,432, respectively, in accounts that are not covered by FDIC insurance. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Investments in mutual funds are not insured or guaranteed by the U. S. government. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the financial statements.

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy contains three levels as follows:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

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

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions.

THE GIRL FRIENDS FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

The fair values of assets measured on a recurring basis at June 30, 2013 and 2012 are as follows:

	Fair Value	Fair Value Measurement Using Inputs Considered as		
		Level 1	Level 2	Level 3
June 30, 2013				
Investments	\$ 247,151	\$244,775	\$ 2,376	-
June 30, 2012				
Investments	\$ 247,596	\$193,432	\$ 54,164	-

Investments are measured at fair value using quoted market prices and trade in an active market for which closing prices are readily available (Level 1), or using account statement values as observable inputs for bank savings account (Level 2).

NOTE 6 – COMMITMENTS

Scholarship Program – Conditional Promises to Give

GF Fund annually awards scholarships to graduating high school seniors, nominated by local chapters of The Girl Friends, Inc., who maintain an established grade point average and plan to attend an accredited four-year institution. Scholarships will be awarded for up to four years, providing the award recipient satisfies the renewal requirements, which include continued enrollment at an accredited four-year institution, class registration, and maintenance of the required grade point average. During the years ended June 30, 2013 and 2012 GF Fund announced the 2013 Group 19 class of twenty-one scholarship recipients, and the 2012 Group 18 class of thirteen scholarship recipients, respectively, whereby scholarships are intended to be awarded to the recipients over the next four years upon the recipients' satisfaction of the initial and continuing requirements for the scholarship awards.

Expenses for these scholarship awards will be recognized over the next four years following verification that the scholarship conditions have been met by the selected recipients. Expected future payments of scholarship awards for selected recipients for the remaining term of the commitment years ending June 30, are as follows as of June 30:

	<u>2013</u>	<u>2012</u>
2013	\$ -	\$ 51,000
2014	78,000	46,500
2015	64,500	33,000
2016	46,500	15,000
2017	<u>31,500</u>	<u>-</u>
Total conditional promises to give - scholarship award commitments	<u>\$ 220,500</u>	<u>\$ 145,500</u>

THE GIRL FRIENDS FUND, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 and 2012

NOTE 7 - RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 79,015	\$ 50,655
Scholarship Endowment Fund, including undistributed investment return	<u>247,151</u>	<u>247,596</u>
Total temporarily restricted net assets	<u>\$ 326,166</u>	<u>\$ 298,251</u>

Scholarship Endowment Fund (Donor-Restricted Endowment)

In 2002 the GF Fund created an endowment fund, which is to be used for scholarships. The scholarship endowment funds are held in a brokerage account and a bank savings account styled "Endowment Fund" and are reported as investments in the accompanying financial statements. The investment return is accounted for as temporarily restricted net assets until disbursed to the GF Fund's operating account for scholarships.

Endowment Investment and Spending Policies

No investment or spending policies have been adopted since inception of the scholarship endowment fund, nor have any disbursements to the GF Fund's operating account been made since inception of the endowment fund.

Reconciliation of Scholarship Endowment Funds

The changes in the scholarship endowment fund are as follows for the year ended June 30, 2013:

	<u>Temporarily Restricted</u>
Beginning balance	\$ 247,596
Scholarship endowment contributions	5,600
Interest and dividend income	4,326
Gains (losses) on investments carried at fair market value	<u>(10,371)</u>
Ending balance	<u>\$ 247,151</u>

THE GIRL FRIENDS FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

The changes in the scholarship endowment fund are as follows for the year ended June 30, 2012:

	<u>Temporarily Restricted</u>
Beginning balance	\$ 226,899
Scholarship endowment contributions	600
Interest and dividend income	4,788
Gains (losses) on investments carried at fair market value	<u>15,309</u>
Ending balance	<u>\$ 247,596</u>

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through January 23, 2014, which is the date the financial statements were available to be issued.