

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

December 31, 2014 and 2013

(With Independent Auditor's Report Thereon)

Prepared by

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GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Girls Incorporated of Santa Fe, Inc.
Santa Fe, New Mexico

I have audited the accompanying financial statements of Girls Incorporated of Santa Fe, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activity, functional expenses and cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Santa Fe, Inc. as of December 31, 2014 and 2013, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 19, 2015, on my consideration of Girls Inc.'s internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Girls Inc.'s internal control over financial reporting and compliance.



Kathleen R. Lane, P.C.

August 19, 2015

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY

For the Year Ended December 31, 2014 and 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Totals Only</u>
Support and revenue:				
Support:				
Contributions	\$ 419,774	\$ 16,928	\$ 436,702	\$ 277,905
Contributions - In kind	1,100		1,100	19,944
City of Santa Fe	25,000		25,000	30,000
CDBG grant		40,148	40,148	
Grants/foundations	<u> </u>	<u>94,000</u>	<u>94,000</u>	<u>32,300</u>
Total support	<u>445,874</u>	<u>151,076</u>	<u>596,950</u>	<u>360,149</u>
Revenue:				
Program fees	181,398		181,398	184,623
Investment income	24		24	15
Event income	91,272		91,272	80,223
Other receipts	2,926		2,926	2,241
Net assets released from restrictions	<u>130,302</u>	<u>(130,302)</u>	<u>-</u>	<u> </u>
Total revenue	<u>405,922</u>	<u>(130,302)</u>	<u>275,620</u>	<u>267,102</u>
Total support and revenue	<u>851,796</u>	<u>20,774</u>	<u>872,570</u>	<u>627,251</u>
Functional expense:				
Program services	528,913		528,913	511,244
Management and general	42,410		42,410	50,854
Fund-raising	<u>52,129</u>	<u> </u>	<u>52,129</u>	<u>54,569</u>
Total functional expenses	<u>623,452</u>	<u>-</u>	<u>623,452</u>	<u>616,667</u>
Excess of support and revenue over (expenses)	228,344	20,774	249,118	10,584
Net assets, beginning of year	<u>132,090</u>	<u>5,000</u>	<u>137,090</u>	<u>126,506</u>
Net assets, end of year	\$ <u>360,434</u>	\$ <u>25,774</u>	\$ <u>386,208</u>	\$ <u>137,090</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2014 and 2013

<u>December 31, 2014</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 298,256	\$ 14,472	\$ 20,961	\$ 333,689
Employee benefits	33,205	4,718	97	38,020
Payroll tax expenses	<u>32,617</u>	<u>1,107</u>	<u>2,075</u>	<u>35,799</u>
Total salaries and related expenses	364,078	20,297	23,133	407,508
Accounting	9,902	1,164		11,066
Advertising	7,722		3,154	10,876
Automobile expense	7,413			7,413
Copier expense	3,281	766	1,081	5,128
Conferences and training	5,616	293	302	6,211
Contract services	15,321	1,193	14,102	30,616
Depreciation expense	11,981	1,497	1,497	14,975
Dues and subscriptions	13,944	856	229	15,029
Food/beverage	8,401	590	216	9,207
Insurance	27,048		1,266	28,314
Interest expense	119	274		393
Licenses and permits	100	90	5,540	5,730
Mileage	892		78	970
Miscellaneous	524		3	527
Office expense	1,785	3,951		5,736
Postage	1,747	313	6	2,066
Printing	4,059		283	4,342
Professional fees		7,086		7,086
Program expense/supplies	8,625	82	1,104	9,811
Rent	1,025			1,025
Repairs and maintenance	14,723	2,427		17,150
Telephone	2,582			2,582
Travel	11,436		135	11,571
Utilities	<u>6,589</u>	<u>1,531</u>	<u> </u>	<u>8,120</u>
	\$ <u>528,913</u>	\$ <u>42,410</u>	\$ <u>52,129</u>	\$ <u>623,452</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2014 and 2013

<u>December 31, 2013</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 312,263	\$ 14,437	\$ 28,582	\$ 355,282
Employee benefits	23,785	6,399	6,446	36,630
Payroll tax expenses	<u>34,922</u>	<u>1,713</u>	<u>2,991</u>	<u>39,626</u>
 Total salaries and related expenses	 370,970	 22,549	 38,019	 431,538
Accounting	7,254	8,266		15,520
Advertising	6,378		243	6,621
Advertising - In kind	9,053		2,263	11,316
Automobile expense	3,542			3,542
Copier expense	3,631	828	784	5,243
Conferences and training	703	151	50	904
Depreciation expense	13,388	1,674	1,674	16,736
Dues and subscriptions	11,418	1,178	2,149	14,745
Food/beverage	6,864	284	1,180	8,328
Insurance	24,114	6,688		30,802
Interest expense		229		229
Licenses and permits	356	65	4,765	5,186
Mileage	670			670
Miscellaneous	1,221	499	47	1,767
Office expense	2,975	2,219	884	6,078
Postage	1,527	85	8	1,620
Printing	2,644		371	3,015
Professional fees	3,869	148		4,017
Professional legal fees-in kind	2,250	2,250		4,500
Program expense/supplies	7,420		56	7,476
Supplies - in kind	1,805			1,805
Rent			596	596
Repairs and maintenance	18,247	1,715		19,962
Telephone	2,350	195		2,545
Travel	2,252	383		2,635
Utilities	<u>6,343</u>	<u>1,448</u>	<u>1,480</u>	<u>9,271</u>
	 \$ <u>511,244</u>	 \$ <u>50,854</u>	 \$ <u>54,569</u>	 \$ <u>616,667</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF CASH FLOWS
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising	\$ 755,971	\$ 579,293
Investment income	24	15
Salaries and benefits paid	(408,044)	(427,542)
Operating expenses paid	(197,199)	(146,031)
Interest expense	(393)	(110)
Net cash provided (used) by operations	<u>150,359</u>	<u>5,625</u>
Cash flows from investing:		
Line of credit payments	(30,510)	33,156
Building improvement	(56,427)	(1,730)
Net cash provided (used) by investing	<u>(86,937)</u>	<u>31,426</u>
Net increase (decrease) in cash	63,422	37,051
Cash and equivalents - beginning of year	<u>112,419</u>	<u>75,368</u>
Cash and equivalents - end of year	\$ <u>175,841</u>	\$ <u>112,419</u>
Reconciliation of excess of revenues over (expense) to net cash provided by operating activities:		
Excess of revenue over (expense)	\$ 249,118	\$ 10,584
Adjustments		
Depreciation	14,975	16,736
In-kind donations	(2,646)	
(Increase) decrease in prepaid insurance	(2,120)	1,788
(Increase) decrease in accounts receivable	1,016	(3,699)
(Increase) decrease in contribution receivable	(147,070)	
Increase (decrease) in accounts payable	4,421	520
Increase (decrease) in deferred revenue	32,521	(24,300)
Increase (decrease) in accrued payroll	2,547	3,767
Increase (decrease) in taxes payable	(2,403)	229
	\$ <u>150,359</u>	\$ <u>5,625</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

Note 1: Summary of Significant Accounting Policies

Girls Incorporated of Santa Fe, Inc. (Girls Inc.) is a New Mexico not-for-profit corporation dedicated to giving girls the right tools and support to succeed. Girls learn to set and achieve goals, boldly confront challenges, resist peer pressure and see college as attainable. Programs are comprised of hand-on activities that provide academic enrichment and support, life skills instruction and activities focused on healthy living.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation

Girls Inc. has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations" and is reporting information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, or permanently restricted), based upon the existence or absence of donor-imposed restrictions.

Contributions

Girls Inc. has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Cash Equivalents

Cash equivalents consist of short-term highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

Note 1: Summary of Significant Accounting Policies

Accounts Receivable

Accounts receivable consist of unpaid balance due for after school and camp fees as of December 31, 2014.

Property, Plant and Equipment

Equipment, vehicle, land, building, and improvements are recorded at cost or donor value. The Organization capitalizes additions to property and equipment in excess of \$500 cost or fair value, if donated. Depreciation is computed on a straight-line basis over estimated useful life of 5 to 40 years.

Donated Services and Expenses

During the current year, certain operating expenses were donated to Girls Inc. The estimated value of these expenses has been reflected in the accompanying financial statements as public support with a like-kind amount included as an expense. The estimated value of these in-kind is \$1,100, which has been included in their appropriate expense category.

The value of donated volunteer services is not reflected in the accompanying financial statements since there are no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated a significant amount of time on behalf of Girls Inc.

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.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 1: Summary of Significant Accounting Policies (continued)

Income Taxes

Girls Inc. exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been reflected in the Organization's financial statements.

The Organization's Federal Exempt Organization Business Income Tax Returns (Form 990) for 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Functional Expenses

Functional expenses have been allocated among program services, general and management, and fund-raising based on analysis of personnel time and space utilized for the related activities.

Note 2: Unconditional Promises to Give

Unconditional promises to give 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 restricted net assets. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or its purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 2: Unconditional Promises to Give (continued)

Contributions receivable at December 31, 2014, was \$150,000 and expected to be received within one year.

Bequest-Meem	\$ 125,000
Donor pledge	<u>25,000</u>
	\$ <u>150,000</u>

Note 3: Deferred Revenue

Income for the 2015 arts and crafts fair has been deferred to next year in the amount of \$16,750.

Prepaid tuition for 2015 is included in deferred revenue in the amount of \$5,697.

Grant money received for 2015 projects in the amount of \$25,774 has been included in deferred revenue.

Note 4: Accrued payroll

Girls Inc. pays its employees every two weeks. There were accrued wages of \$6,291 at December 31, 2014. Accrued vacation may be carried forward in the amount of five days (40 hours), and at December 31, 2014, there was accrued vacation of \$2,037 and \$587 at December 31, 2013.

Note 5: Line of Credit

A line of credit was set up for the purpose of providing short term emergency financial support to Girls Inc. of Santa Fe. The line of credit balance at December 31, 2014 is \$0.

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

Note 6: Temporarily Restricted Net Assets

As of December 31, 2014, temporarily restricted net assets consist of the following:

	<u>2014</u>	<u>2013</u>
PNM - Re-use	\$ 5,000	5,000
Hestia - SFC	5,000	
Girl's encourage	5,202	
Facility Safety Improvements	5,572	
Buckaroo Ball	<u>5,000</u>	<u> </u>
 Total Temporarily Restricted Net Assets	 \$ <u>25,774</u>	 \$ <u>5,000</u>

Note 7: Fundraising expense

Fundraising expenses in 2014 represented 8.36% (\$52,129) of total expenses while in 2013 they were 8.85% (\$54,569). These expenses are attributable to "support and revenue" received as contributions from individuals, foundations and governmental sources as well as revenue received from special events. In 2014 and 2013, respectively, monies raised were \$688,222 and \$440,372.

Note 8: Related Party Transaction

During 2013, the board of directors and donors have set up and loaned the Organization \$33,156 as an operating line of credit. The line of credit was paid back during 2014 including interest of 1% per annum. Interest was paid in the amount of \$393.

Note 9: Employee Benefit Plan

Girls Inc. has a 403(b) salary deferral plan. Under the plan, Girl's Inc. contributes 5% of eligible employee's salary. The employee may contribute up to the IRS maximum tax deferral. 403(b) plan expenses for the year were \$3,314.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 10: Operating Lease

Girls Inc. entered into a copier lease agreement with Toshiba. The amount of lease payments made in 2014 was \$3,428.

Future obligations:

2015	\$ 3,428
2016	<u>2,857</u>
	\$ <u>6,285</u>

Note 11: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 19, 2015, the date which the financial statements were available to be issued.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Girls Incorporated of Santa Fe, Inc.
Santa Fe, New Mexico

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Girls Incorporated of Santa Fe, Inc. (a nonprofit organization) as of and for the year ended December 31, 2014, and have issued my report thereon dated August 19, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Girls Incorporated of Santa Fe, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Girls Incorporated of Santa Fe, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Girls Incorporated of Santa Fe, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Girls Incorporated of Santa Fe, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was no designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Girls Incorporated of Santa Fe, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico
August 19, 2015