

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

August 31, 2017

(With Independent Auditor's Report Thereon)

Prepared by

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GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

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(With Independent Auditor's Report Thereon)

GIRLS INCORPORATED OF SANTA FE, INC.

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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 August 31, 2017, and the related statements of activity, functional expenses and cash flows for the short year 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 August 31, 2017, and the changes in its net assets and its cash flows for the short year 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 January 24, 2018, 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.
Albuquerque, NM
January 24, 2018

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FINANCIAL POSITION

August 31, 2017

	<u>Assets</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents (Note 2)		\$ 395,634
Prepaid expenses		10,196
Accounts receivable program (Note 1)		1,836
Accounts receivable - other (Note 3)		<u>11,175</u>
Total current assets		<u>418,841</u>
Property, plant, and equipment (Note 1):		
Building		37,500
Buildings and improvements		271,289
Furniture, fixtures, and equipment		136,131
Transportation equipment		<u>63,821</u>
		<u>508,741</u>
Accumulated depreciation		<u>(337,692)</u>
Net property, plant, and equipment		<u>171,049</u>
Total Assets		\$ <u>589,890</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable		\$ 19,203
Deferred revenue - arts and crafts (Note 4)		19,870
Deferred revenue - grants (Note 4)		34,000
Deferred revenue - Gala (Note 4)		39,200
Payroll taxes payable		11,335
Accrued payroll (Note 5)		10,727
Compensated absences (Note 5)		<u>14,163</u>
Total current liabilities		<u>148,498</u>
Total liabilities		<u>148,498</u>
Net assets:		
Unrestricted		311,392
Board designated		<u>100,000</u>
Total unrestricted		<u>411,392</u>
Temporarily restricted (Note 6)		<u>30,000</u>
Total net assets		<u>441,392</u>
Total Liabilities and Net Assets		\$ <u>589,890</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY
For the Short Year Ended August 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>
Support and revenue:			
Support:			
Contributions	\$ 303,384	\$ 17,610	\$ 320,994
Contributions - In kind	13,220		13,220
City of Santa Fe		18,494	18,494
State of New Mexico		26,540	26,540
Grants/foundations	<u>25,000</u>	<u>30,000</u>	<u>55,000</u>
Total support	<u>341,604</u>	<u>92,644</u>	<u>434,248</u>
Revenue:			
Program fees	147,074		147,074
Investment income	110		110
Event income	76,383		76,383
Other receipts	2,356		2,356
Net assets released from restrictions	<u>67,644</u>	<u>(67,644)</u>	<u>-</u>
Total revenue	<u>293,567</u>	<u>(67,644)</u>	<u>225,923</u>
Total support and revenue	<u>635,171</u>	<u>25,000</u>	<u>660,171</u>
Functional expense:			
Program services	575,920		575,920
Management and general	60,942		60,942
Fund-raising	<u>88,036</u>		<u>88,036</u>
Total functional expenses	<u>724,898</u>	<u>-</u>	<u>724,898</u>
Excess of support and revenue over (expenses)	(89,727)	25,000	(64,727)
Net assets, beginning of year	<u>501,119</u>	<u>5,000</u>	<u>506,119</u>
Net assets, end of year	\$ <u>411,392</u>	\$ <u>30,000</u>	\$ <u>441,392</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

August 31, 2017

<u>August 31, 2017</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total</u>
Salaries	\$ 332,266	\$ 25,445	\$ 38,764	\$ 396,475
Employee benefits	36,284	2,771	4,243	43,298
Payroll tax expenses	<u>28,430</u>	<u>2,171</u>	<u>3,325</u>	<u>33,926</u>
Total salaries and related expenses	396,980	30,387	46,332	473,699
Accounting	9,631	6,003		15,634
Advertising	8,762		353	9,115
Automobile expense	3,311			3,311
Copier expense	2,309	401		2,710
Conferences and training	3,113	76	200	3,389
Contract services	15,137	75	21,889	37,101
Contract services - temp.	12,279	1,364		13,643
Depreciation expense	16,504			16,504
Dues and subscriptions	12,049	4	341	12,394
Food/beverage	14,502	472	8,330	23,304
Insurance	15,817	1,166		16,983
Licenses and permits	10		5,590	5,600
Mileage	258	669	40	967
Miscellaneous	1,538			1,538
Office expense	6,556	8,064	950	15,570
Postage	1,166	100	420	1,686
Printing	6,478	345	68	6,891
Professional fees	3,683	3,682		7,365
Program expense/supplies	13,200	368	1,508	15,076
Rent	1,758	4,101	1,214	7,073
Repairs and maintenance	13,433	1,389		14,822
Telephone	6,038	1,451	540	8,029
Travel	6,535			6,535
Utilities	<u>4,873</u>	<u>825</u>	<u>261</u>	<u>5,959</u>
Total expenses	\$ <u>575,920</u>	\$ <u>60,942</u>	\$ <u>88,036</u>	\$ <u>724,898</u>
Expense Allocation %	79.5%	8.4%	12.1%	100%

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF CASH FLOWS

For Short Year Ended August 31, 2017

	<u>2017</u>
Cash flows from operating activities:	
Receipts from public support, fund-raising activities	\$ 669,858
Investment income	110
Salaries and benefits paid	(456,203)
Operating expenses paid	<u>(215,748)</u>
Net cash provided (used) by operations	<u>(1,983)</u>
Cash flows from investing:	
Purchase technology equipment	<u>(4,437)</u>
Net cash provided (used) by investing	<u>(4,437)</u>
Net increase (decrease) in cash	(6,420)
Cash and cash equivalents - beginning of year	<u>402,054</u>
Cash and cash equivalents - end of year	\$ <u>395,634</u>
Reconciliation of excess of revenues over (expense) to net cash provided by operating activities:	
Excess of revenue over (expense)	\$ (64,727)
Adjustments	
Depreciation	16,504
In kind - fixed asset	(690)
(Increase) decrease in prepaid expense	(4,873)
(Increase) decrease in accounts receivable	(1,177)
(Increase) decrease in grant receivable	(11,175)
Increase (decrease) in accounts payable	11,289
Increase (decrease) in deferred revenue	35,370
Increase (decrease) in accrued payroll	10,020
Increase (decrease) in taxes payable	<u>7,476</u>
	\$ <u>(1,983)</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

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.

Change in Fiscal Year

The Board has elected to change the fiscal year end of the Organization. The new fiscal year end will be August 31. A short year audit and tax return has been prepared for August 31, 2017 year.

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.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

Note 1: Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Accounts Receivable - Program

Accounts receivable consist of unpaid balance due for after school and camp fees as of August 31, 2017. All receipts are expected to be collected; therefore no allowance for doubtful accounts has been applied.

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 \$12,893, 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 532 have donated a significant amount of time on behalf of Girls Inc.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

Note 1: Summary of Significant Accounting Policies (continued)

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.

Income Taxes

Girls Inc. is 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 2015, 2016 and 2017 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.

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.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

Note 1: Summary of Significant Accounting Policies (continued)

Unconditional Promises to Give (continued)

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.

Note 2: Concentration of Credit Risk

The Organization maintains cash balances at two financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. As of August 31, 2017, the uninsured bank balance at Century Bank is \$289,506. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Note 3: Accounts receivable-Other

As of August 31, 2107, accounts receivable from grants and reimbursements of funds consist of the following:

GI National-travel stipend	\$ 1,200
GI National-individual contribution	250
City of Santa Fe-grant	5,494
Santa Fe County-YERP grant	<u>4,231</u>
	<u>\$11,175</u>

Note 4: Deferred Revenue

Income for the 2018 arts and crafts fair has been deferred to next year in the amount of \$19,870.

Grant money received for 2018 projects in the amount of \$34,000 has been included in deferred revenue.

Revenue for Gala event held in September 2017 has been deferred to next year in the amount of \$39,200.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

Note 5: Accrued Payroll and Compensated Absence

Girls Inc. pays its employees every two weeks. There were accrued wages of \$10,727 at August 31, 2017.

Accrued vacation may be carried forward in the amount of three days (24 hours), but due to change in fiscal year, employees were allowed to carry over 2017 balances. At August 31, 2017, there was accrued vacation of \$14,163.

Note 6: Temporarily Restricted Net Assets

As of August 31, 2017, temporarily restricted net assets consist of the following:

Hestia - SFC	2017 \$ 10,000
REI- Encourage	<u>20,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 30,000</u>

Note 7: Fundraising expense

Fundraising expenses in 2017 represented 13.2% (\$95,976) of total expenses. 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, reflected on page 4.

Note 8: Employee Benefit Plan

Girls Inc. has a 403(b) salary deferral plan. Under the plan, Girl's Inc. contributes up to 5% of eligible employee's salary, based on employee contribution. If an employee does not participate in plan, there is no employer contribution. The employee may contribute up to the IRS maximum tax deferral. 403(b) plan expenses for the year were \$6,713.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

Note 9: Line of Credit

An open line of credit was set up at Century Bank in the amount of \$75,000 for the purpose of providing short term emergency financial support to Girls Inc. of Santa Fe. The line of credit balance at August 31, 2017, is \$0.

Note 10: Operating Lease

Girls Inc. entered into a copier lease agreement, March 2015, with Toshiba. The amount of lease payments made in 2017 was \$2,045.

Future obligations:

2018	\$ 3,067
2019	3,067
2020	<u>1,022</u>
	\$ <u>7,156</u>

Girls Inc. entered into a 60 month copier lease agreement for new office July 7, 2017, with monthly payments of \$214. The amount of lease payments made in 2017 was \$428.

Future obligations:

2018	\$ 2,567
2019	2,567
2020	2,567
2021	2,567
2022	<u>2,139</u>
	\$ <u>12,407</u>

On July 10, 2017, the Organization entered into an office space lease for one year with an option to renew for two more years. An anonymous donor has pledged to sponsor the new office expenses for two years.

Future obligations:

2018	\$ 38,315
2019	42,600

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

Note 11: Beneficiary of Decedent's Trust

The Organization received notification they are a 3% beneficiary of a decedent's trust. The total amount of the distribution is unknown. The Organization received an initial disbursement of \$30,000, which has been included in revenue in 2017. The balance has not been accrued in 2017, since it is undetermined.

Note 12: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through January 24, 2018, 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 short year ended August 31, 2017, and have issued my report thereon dated January 24, 2018.

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 not 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

The 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
January 24, 2018