

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

December 31, 2013 and 2012

(With Independent Auditor's Report Thereon)

Prepared by

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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, 2013 and 2012, 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. 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, 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.

 *Kathleen R. Lane CRT, P.C.*

Kathleen R. Lane, P.C.
July 16, 2014

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2013 and 2012

	<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:			
Cash		\$ 112,419	\$ 75,368
Prepaid expenses		-	1,788
Accounts receivable (Note 1)		1,696	927
Contribution receivable (Note 5)		2,930	
Total current assets		<u>117,045</u>	<u>78,083</u>
Property, plant, and equipment (Note 1):			
Building		37,500	37,500
Buildings and improvements		161,352	160,158
Furniture, fixtures, and equipment		105,389	104,853
Transportation equipment		63,821	63,821
		<u>368,062</u>	<u>366,332</u>
Accumulated depreciation		<u>(286,792)</u>	<u>(270,056)</u>
Net property, plant, and equipment		<u>81,270</u>	<u>96,276</u>
Total Assets		\$ <u>198,315</u>	\$ <u>174,359</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Accounts payable		\$ 2,297	\$ 1,777
Deferred revenue - arts and crafts (Note 2)		15,700	15,000
Deferred revenue - foundation		-	25,000
Payroll taxes payable		4,291	4,062
Accrued payroll (Note 8)		5,781	2,014
Line of credit (Note 4)		<u>33,156</u>	<u> </u>
Total current liabilities		<u>61,225</u>	<u>47,853</u>
Total liabilities		<u>61,225</u>	<u>47,853</u>
Net assets:			
Unrestricted		132,090	125,379
Temporarily restricted (Note 3)		<u>5,000</u>	<u>1,127</u>
Total net assets		<u>137,090</u>	<u>126,506</u>
Total Liabilities and Net Assets		\$ <u>198,315</u>	\$ <u>174,359</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY
For the Year Ended December 31, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Totals Only</u>
Support and revenue:				
Support:				
Contributions	\$ 257,905	\$ 20,000	\$ 277,905	\$ 255,617
Contributions - In kind	19,944		19,944	77,708
City of Santa Fe	30,000		30,000	23,700
Grants/foundations	<u>14,800</u>	<u>17,500</u>	<u>32,300</u>	<u>42,500</u>
Total support	<u>322,649</u>	<u>37,500</u>	<u>360,149</u>	<u>399,525</u>
Revenue:				
Program fees	184,623		184,623	171,335
Investment income	15		15	20
Event income	80,223		80,223	78,652
Gain (loss) on disposal of fixed assets			-	(22,390)
Other receipts	2,241		2,241	8,163
Net assets released from restrictions	<u>33,627</u>	<u>(33,627)</u>	<u> </u>	<u> </u>
Total revenue	<u>300,729</u>	<u>(33,627)</u>	<u>267,102</u>	<u>235,780</u>
Total support and revenue	<u>623,378</u>	<u>3,873</u>	<u>627,251</u>	<u>635,305</u>
Functional expense:				
Program services	511,244		511,244	549,452
Management and general	50,854		50,854	69,037
Fund-raising	<u>54,569</u>		<u>54,569</u>	<u>90,075</u>
Total functional expenses	<u>616,667</u>	<u> </u>	<u>616,667</u>	<u>708,564</u>
Excess of support and revenue over (expenses)	6,711	3,873	10,584	(73,259)
Net assets, beginning of year	<u>125,379</u>	<u>1,127</u>	<u>126,506</u>	<u>199,765</u>
Net assets, end of year	\$ <u>132,090</u>	\$ <u>5,000</u>	\$ <u>137,090</u>	\$ <u>126,506</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2013 and 2012

<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 FUNCTIONAL EXPENSES

December 31, 2013 and 2012

<u>December 31, 2012</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 282,043	\$ 21,338	\$ 35,076	\$ 338,457
Employee benefits	33,342	1,801	5,668	40,811
Payroll tax expenses	<u>24,364</u>	<u>2,080</u>	<u>2,953</u>	<u>29,397</u>
 Total salaries and related expenses	 339,749	 25,219	 43,697	 408,665
Accounting	9,109	6,109	351	15,569
Advertising	5,067		2,315	7,382
Advertising - In kind	43,000		10,452	53,452
Automobile expense	6,199			6,199
Bad debts	1,334			1,334
Computer/copier expense	3,013	752	2,791	6,556
Conferences and training	5,551	1,004	1,149	7,704
Contract services			3,825	3,825
Contract-Executive Director	25,078	3,948	10,269	39,295
Depreciation expense	17,780	2,223	2,222	22,225
Dues and subscriptions	13,633	613	12	14,258
Food/beverage	5,861	607	657	7,125
Insurance	27,714	3,724		31,438
Licenses and permits	59	35	6,372	6,466
Mileage	108	109	260	477
Miscellaneous	1,130		65	1,195
Office expense	3,063	1,526	258	4,847
Postage	1,787	184	452	2,423
Printing	2,201	150	1,115	3,466
Professional fees		4,347		4,347
Professional legal fees-in kind		15,000		15,000
Program expense/supplies	6,547		2,178	8,725
Supplies - in kind	2,270			2,270
Rent		725	900	1,625
Repairs and maintenance	22,232	291		22,523
Telephone	2,321	580		2,901
Travel	622	574	384	1,580
Utilities	<u>4,024</u>	<u>1,317</u>	<u>351</u>	<u>5,692</u>
	 \$ <u>549,452</u>	 \$ <u>69,037</u>	 \$ <u>90,075</u>	 \$ <u>708,564</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF CASH FLOWS
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising	\$ 579,293	\$ 617,438
Investment income	15	20
Salaries and benefits paid	(427,542)	(408,587)
Operating expenses paid	(146,031)	(210,270)
Interest expense	<u>(110)</u>	<u> </u>
Net cash provided (used) by operations	<u>5,625</u>	<u>(1,399)</u>
Cash flows from investing:		
Proceeds - line of credit	33,156	
Proceed - sale of van and equipment		14,291
Equipment purchases	<u>(1,730)</u>	<u>(12,664)</u>
Net cash provided (used) by investing	<u>31,426</u>	<u>1,627</u>
Net increase (decrease) in cash	37,051	228
Cash and equivalents - beginning of year	<u>75,368</u>	<u>75,140</u>
Cash and equivalents - end of year	\$ <u>112,419</u>	\$ <u>75,368</u>
Reconciliation of excess of revenues over (expense) to net cash provided by operating activities:		
Excess of revenue over (expense)	\$ 10,584	\$ (73,259)
Adjustments		
Depreciation	16,736	22,225
In-kind donation capital improvement	-	(4,210)
(Increase) decrease in prepaid insurance	1,788	5,375
(Increase) in accounts receivable	(3,699)	(927)
Increase (decrease) in accounts payable	520	(11,469)
Increase (decrease) in deferred revenue	(24,300)	38,398
Increase (decrease) in accrued payroll	3,767	(945)
Increase in taxes payable	229	1,023
Gain (loss) on disposal of furniture	<u>-</u>	<u>22,390</u>
	\$ <u>5,625</u>	\$ <u>(1,399)</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

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, 2013 and 2012**

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, 2013.

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 \$19,944, which includes advertising in the amount of \$11,316, legal costs of \$4,500, program supplies of \$1,805 and \$2,323 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, 2013 and 2012

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 2011, 2012 and 2013 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: Deferred Revenue

Income for the 2014 arts and crafts fair has been deferred to next year in the amount of \$15,700.

Note 3: Temporarily Restricted Net Assets

As of December 31, 2013, temporarily restricted net assets consist of the following:

	<u>2013</u>	<u>2012</u>
Garden - Hillside	\$	\$ 1,127
PNM - Re-use	<u>5,000</u>	<u> </u>
Total Temporarily Restricted Net Assets	\$ <u>5,000</u>	\$ <u>1,127</u>

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

Note 4: 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, 2013 is \$33,156, with interest payable at 1% per annum. The balance is to be paid off as soon as possible in 2014.

Note 5: 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.

Contribution receivable at December 31, 2013 was \$2,930 and expected to be received within one year.

Note 6: Fundraising expense

Fundraising expenses in 2013 represented 8.85% (\$54,569) of total expenses while in 2012 they were 12.7% (\$90,075). 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 2013 and 2012, respectively, monies raised were \$440,372 and \$470,177.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

Note 7: 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 is to be paid back including interest of 1% per annum. Interest was paid to each lender as of December 31, 2013 in the amount of \$229. The balance is to be paid back as soon as possible in 2014.

Note 8: Accrued payroll

Girls Inc. pays its employees every two weeks. There were accrued wages of \$5,194 at December 31, 2013. Accrued vacation may be carried forward in the amount of five days (40 hours), and at December 31, 2013, there was accrued vacation of \$587 and \$2,014 at December 31, 2012.

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 \$3,651.

Note 10: Operating Lease

Girls Inc. entered into a copier lease agreement with Toshiba. The amount of lease payments made in 2013 was \$3,702.

Future obligations:

2014	\$ 3,428
2015	3,428
2016	<u>2,857</u>
	\$ <u>9,713</u>

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

Note 11: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through July 16, 2014, the date which the financial statements were available to be issued.