

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

December 31, 2016 and 2015

(With Independent Auditor's Report Thereon)

**GIRLS INCORPORATED OF SANTA FE, INC.**

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**December 31, 2016**

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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, 2016 and 2015, 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, 2016 and 2015, 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 31, 2017, 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 31, 2017

**GIRLS INCORPORATED OF SANTA FE, INC.**

**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2016 and 2015**

	<u>Assets</u>	<u>2016</u>	<u>2015</u>
Current assets:			
Cash and cash equivalents (Note 1)	\$ 402,054	\$ 316,774	
Prepaid expenses	5,323	3,661	
Accounts receivable (Note 1)	659	882	
Employee receivable	141	-	
Total current assets	<u>408,177</u>	<u>321,317</u>	
Property, plant, and equipment (Note 1):			
Building	37,500	37,500	
Buildings and improvements	271,289	271,289	
Furniture, fixtures, and equipment	146,059	127,887	
Transportation equipment	<u>63,821</u>	<u>63,821</u>	
	518,669	500,497	
Accumulated depreciation	<u>(336,244)</u>	<u>(312,540)</u>	
Net property, plant, and equipment	<u>182,425</u>	<u>187,957</u>	
Total Assets	\$ <u>590,602</u>	\$ <u>509,274</u>	
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	\$ 7,913	\$ 4,907	
Deferred revenue - arts and crafts (Note 2)	22,700	21,600	
Deferred revenue - grants	-	15,000	
Deferred revenue - foundations (Note 2)	35,000	-	
Payroll taxes payable	1,456	3,404	
Accrued payroll (Note 3)	<u>17,414</u>	<u>12,604</u>	
Total current liabilities	<u>84,483</u>	<u>57,515</u>	
Total liabilities	<u>84,483</u>	<u>57,515</u>	
Net assets:			
Unrestricted	401,119	436,759	
Board designated	100,000		
Total unrestricted	<u>501,119</u>	<u>436,759</u>	
Temporarily restricted (Note 4)	<u>5,000</u>	<u>15,000</u>	
Total net assets	<u>506,119</u>	<u>451,759</u>	
Total Liabilities and Net Assets	\$ <u>590,602</u>	\$ <u>509,274</u>	

See Accompanying Notes to Financial Statements

**GIRLS INCORPORATED OF SANTA FE, INC.**

**STATEMENT OF ACTIVITY**

**For the Year Ended December 31, 2016 and 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Totals Only</u>
Support and revenue:				
Support:				
Contributions	\$ 367,730	\$ 28,127	\$ 395,857	\$ 345,042
Contributions - In kind	8,188		8,188	9,070
City of Santa Fe	26,950		26,950	28,050
State of New Mexico	65,500		65,500	
CDBG grant (Note 1)			-	30,750
Grants/foundations	<u>35,000</u>	<u>55,000</u>	<u>90,000</u>	<u>72,190</u>
Total support	<u>503,368</u>	<u>83,127</u>	<u>586,495</u>	<u>485,102</u>
Revenue:				
Program fees	186,918		186,918	207,506
Investment income	139		139	75
Event income	130,395		130,395	116,086
Other receipts	1,911		1,911	1,908
Net assets released from restrictions	<u>93,127</u>	<u>(93,127)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>412,490</u>	<u>(93,127)</u>	<u>319,363</u>	<u>325,575</u>
Total support and revenue	<u>915,858</u>	<u>(10,000)</u>	<u>905,858</u>	<u>810,677</u>
Functional expense:				
Program services	688,631		688,631	604,750
Management and general	51,579		51,579	42,909
Fund-raising	<u>111,288</u>		<u>111,288</u>	<u>96,467</u>
Total functional expenses	<u>851,498</u>	<u>-</u>	<u>851,498</u>	<u>745,126</u>
Excess of support and revenue over (expenses)	64,360	(10,000)	54,360	65,551
Net assets, beginning of year	<u>436,759</u>	<u>15,000</u>	<u>451,759</u>	<u>386,208</u>
Net assets, end of year	\$ <u>501,119</u>	\$ <u>5,000</u>	\$ <u>506,119</u>	\$ <u>451,759</u>

See Accompanying Notes to Financial Statements

**GIRLS INCORPORATED OF SANTA FE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**December 31, 2016 and 2015**

<u>December 31, 2016</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 399,313	\$ 17,995	\$ 45,330	\$ 462,638
Employee benefits	46,996	2,160	4,862	54,018
Payroll tax expenses	<u>43,637</u>	<u>2,006</u>	<u>4,515</u>	<u>50,158</u>
Total salaries and related expenses	489,946	22,161	54,707	566,814
Accounting	12,275	7,750		20,025
Advertising	4,641	160	2,630	7,431
Automobile expense	6,010			6,010
Copier expense	3,508		864	4,372
Conferences and training	7,608	42	490	8,140
Contract services	1,712	1,562	16,258	19,532
Depreciation expense	18,962	2,371	2,371	23,704
Dues and subscriptions	21,431	1,046	28	22,505
Food/beverage	17,392	120	13,747	31,259
Insurance	24,632	1,316		25,948
Licenses and permits	145	35	6,245	6,425
Mileage	293	1,014	112	1,419
Miscellaneous	1,389			1,389
Office expense	7,831	4,014	2,921	14,766
Postage	3,018	13	898	3,929
Printing	6,350		993	7,343
Professional fees	3,669	3,669		7,338
Program expense/supplies	14,859	9	7,274	22,142
Rent			1,750	1,750
Repairs and maintenance	15,566	2,087		17,653
Telephone	8,151	2,570		10,721
Travel	12,431	92		12,523
Utilities	<u>6,812</u>	<u>1,548</u>		<u>8,360</u>
	\$ <u>688,631</u>	\$ <u>51,579</u>	\$ <u>111,288</u>	\$ <u>851,498</u>
Expense Allocation %	<u>80.9%</u>	<u>6.0%</u>	<u>13.1%</u>	<u>100%</u>

See Accompanying Notes to Financial Statements

**GIRLS INCORPORATED OF SANTA FE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**December 31, 2016 and 2015**

<u>December 31, 2015</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 334,379	\$ 13,301	\$ 50,438	\$ 398,118
Employee benefits	53,249	324		53,573
Payroll tax expenses	<u>40,085</u>	<u>1,831</u>	<u>5,412</u>	<u>47,328</u>
Total salaries and related expenses	427,713	15,456	55,850	499,019
Accounting	13,443			13,443
Advertising	9,699		3,860	13,559
Automobile expense	4,214			4,214
Copier expense	2,986	189	1,077	4,252
Conferences and training	9,029	40		9,069
Contract services	8,839	8,839		17,678
Depreciation expense	15,304	1,913	1,913	19,130
Dues and subscriptions	9,689	53	257	9,999
Food/beverage	14,741	30	13,746	28,517
Insurance	27,772	1,316		29,088
Licenses and permits	1,451	10	4,880	6,341
Mileage	1,244			1,244
Miscellaneous	965	18		983
Office expense	6,515	3,259	322	10,096
Postage	2,347	3	52	2,402
Printing	6,048		81	6,129
Professional fees	3,450	9,373	4,131	16,954
Program expense/supplies	8,474		10,020	18,494
Rent	1,028			1,028
Repairs and maintenance	15,112	1,577		16,689
Telephone	2,575			2,575
Travel	4,427			4,427
Utilities	<u>7,685</u>	<u>1,833</u>	<u>278</u>	<u>9,796</u>
	\$ <u>604,750</u>	\$ <u>43,909</u>	\$ <u>96,467</u>	\$ <u>745,126</u>
Expense Allocation %	<u>81.2%</u>	<u>5.9%</u>	<u>12.9%</u>	<u>100%</u>

See Accompanying Notes to Financial Statements



**GIRLS INCORPORATED OF SANTA FE, INC.**

**STATEMENT OF CASH FLOWS**  
**December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising activities	\$ 918,924	\$ 939,029
Investment income	139	75
Salaries and benefits paid	(564,093)	(492,547)
Operating expenses paid	(251,518)	(220,912)
Net cash provided (used) by operations	<u>103,452</u>	<u>225,645</u>
Cash flows from investing:		
Purchase equipment	(7,819)	-
Purchase technology equipment	(10,353)	(31,202)
Building improvement	-	(53,510)
Net cash provided (used) by investing	<u>(18,172)</u>	<u>(84,712)</u>
Net increase (decrease) in cash	85,280	140,933
Cash and cash equivalents - beginning of year	<u>316,774</u>	<u>175,841</u>
Cash and cash equivalents - end of year	\$ <u>402,054</u>	\$ <u>316,774</u>
Reconciliation of excess of revenues over (expense) to net cash provided by operating activities:		
Excess of revenue over (expense)	\$ 54,360	\$ 65,551
Adjustments		
Depreciation	23,704	19,130
Write off obsolete equipment	-	347
(Increase) decrease in prepaid expense	(1,662)	(1,541)
(Increase) decrease in accounts receivable	82	(882)
(Increase) decrease in contribution receivable	-	150,000
Increase (decrease) in accounts payable	3,006	(1,811)
Increase (decrease) in deferred revenue	21,100	(11,621)
Increase (decrease) in accrued payroll	4,810	4,276
Increase (decrease) in taxes payable	(1,948)	2,196
	\$ <u>103,452</u>	\$ <u>225,645</u>

See Accompanying Notes to Financial Statements

**GIRLS INCORPORATED OF SANTA FE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

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 and 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, 2016 and 2015

Note 1: Summary of Significant Accounting Policies(continued)

Accounts Receivable

Accounts receivable consist of unpaid balance due for after school and camp fees as of December 31, 2016. 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.

In 2015, the Organization received a CDBG grant in the amount of \$30,750 in order to pay for a new parking lot. The total cost of the parking lot was \$48,877. The balance of the cost was paid by the Organization.

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 \$8,188, 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 (580) have donated a significant amount of time on behalf of Girls Inc.

**GIRLS INCORPORATED OF SANTA FE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

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 2014, 2015 and 2016 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

December 31, 2016 and 2015

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: Deferred Revenue

Income for the 2017 arts and crafts fair has been deferred to next year in the amount of \$22,700.

Foundation money received for 2017 projects in the amount of \$35,000 has been included in deferred revenue.

Note 3: Accrued payroll

Girls Inc. pays its employees every two weeks. There were accrued wages of \$14,246 at December 31, 2016. Accrued vacation may be carried forward in the amount of three days (24 hours), and at December 31, 2016, there was accrued vacation of \$3,168 and \$1,810 at December 31, 2015.

Note 4: Temporarily Restricted Net Assets

As of December 31, 2016, temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Hestia - SFC	\$ 5,000	\$ -
Encourage - 2016	-	5,000
Christus St. Vincent	-	5,000
NMCF-NewMexicoWomen.org	-	5,000
	<u>-</u>	<u>5,000</u>
Total Temporarily Restricted		
Net Assets	\$ <u>5,000</u>	\$ <u>15,000</u>

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

Note 5: Fundraising expense

Fundraising expenses in 2016 represented 13% (\$111,288) of total expenses while in 2015 they were 13% (\$96,467). 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 6: 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 \$4,612.

Note 7: 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 December 31, 2016, is \$0.

Note 8: Operating Lease

Girls Inc. entered into a copier lease agreement, March 2015, with Toshiba. The amount of lease payments made in 2016 was \$3,067.

Future obligations:

2017	\$ 3,067
2018	3,067
2019	3,067
2020	<u>1,022</u>
	\$ <u>10,223</u>

**GIRLS INCORPORATED OF SANTA FE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

Note 9: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 31, 2017, the date which the financial statements were available to be issued.

On July 10, 2017, the Organization entered into an operating lease for one with an option to renew for two more years. Monthly rent for the first two years is \$3,400. An anonymous donor has pledged to sponsor the new office expenses for two years.

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 2016. The balance has not been accrued in 2016, since it is undetermined.

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 will be filed for August 31, 2017 year.

**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, 2016, and have issued my report thereon dated August 31, 2017.

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.

 Hank R. Lee P.C.

Albuquerque, New Mexico  
August 31, 2017