

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

December 31, 2015 and 2014

(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, 2015 and 2014, 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.

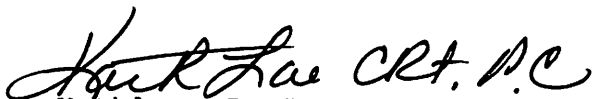
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2015 and 2014, 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 17, 2016, 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 17, 2016

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:			
Cash		\$ 316,774	\$ 175,841
Prepaid expenses		3,661	2,120
Accounts receivable (Note 1)		882	-
Contribution receivable (Note 2)		-	150,000
Employee receivable		-	680
Total current assets		<u>321,317</u>	<u>328,641</u>
Property, plant, and equipment (Note 1):			
Building		37,500	37,500
Buildings and improvements		271,289	217,779
Furniture, fixtures, and equipment		127,887	105,389
Transportation equipment		<u>63,821</u>	<u>63,821</u>
		500,497	424,489
Accumulated depreciation		<u>(312,540)</u>	<u>(301,767)</u>
Net property, plant, and equipment		<u>187,957</u>	<u>122,722</u>
Total Assets		\$ <u>509,274</u>	\$ <u>451,363</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Accounts payable		\$ 4,907	\$ 6,718
Deferred revenue - arts and crafts (Note 3)		21,600	16,750
Deferred revenue - grants (Note 3)		15,000	25,774
Deferred revenue - tuition (Note 3)		-	5,697
Payroll taxes payable		3,404	1,888
Accrued payroll (Note 4)		<u>12,604</u>	<u>8,328</u>
Total current liabilities		<u>57,515</u>	<u>65,155</u>
Total liabilities		<u>57,515</u>	<u>65,155</u>
Net assets:			
Unrestricted		436,759	360,434
Temporarily restricted (Note 6)		<u>15,000</u>	<u>25,774</u>
Total net assets		<u>451,759</u>	<u>386,208</u>
Total Liabilities and Net Assets		\$ <u>509,274</u>	\$ <u>451,363</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY
For the Year Ended December 31, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Totals Only</u>
Support and revenue:				
Support:				
Contributions	\$ 335,780	\$ 9,262	\$ 345,042	\$ 436,702
Contributions - In kind	9,070		9,070	1,100
City of Santa Fe		28,050	28,050	25,000
CDBG grant (Note 1)		30,750	30,750	40,148
Grants/foundations	<u>42,690</u>	<u>29,500</u>	<u>72,190</u>	<u>94,000</u>
Total support	<u>387,540</u>	<u>97,562</u>	<u>485,102</u>	<u>596,950</u>
Revenue:				
Program fees	207,506		207,506	181,398
Investment income	75		75	24
Event income	116,086		116,086	91,272
Other receipts	1,908		1,908	2,926
Net assets released from restrictions	<u>108,336</u>	<u>(108,336)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>433,911</u>	<u>(108,336)</u>	<u>325,575</u>	<u>275,620</u>
Total support and revenue	<u>821,451</u>	<u>(10,774)</u>	<u>810,677</u>	<u>872,570</u>
Functional expense:				
Program services	604,750		604,750	528,913
Management and general	43,909		42,909	42,410
Fund-raising	<u>96,467</u>		<u>96,467</u>	<u>52,129</u>
Total functional expenses	<u>745,126</u>	<u>-</u>	<u>745,126</u>	<u>623,452</u>
Excess of support and revenue over (expenses)	76,325	(10,774)	65,551	249,118
Net assets, beginning of year	<u>360,434</u>	<u>25,774</u>	<u>386,208</u>	<u>137,090</u>
Net assets, end of year	\$ <u>436,759</u>	\$ <u>15,000</u>	\$ <u>451,759</u>	\$ <u>386,208</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2015 and 2014

<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>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2015 and 2014

<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 CASH FLOWS
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising activities	\$ 939,029	\$ 755,971
Investment income	75	24
Salaries and benefits paid	(492,547)	(408,044)
Operating expenses paid	(220,912)	(197,199)
Interest expense	-	(393)
Net cash provided (used) by operations	<u>225,645</u>	<u>150,359</u>
Cash flows from investing:		
Line of credit payments (Note 5)	-	(30,510)
Purchase technology equipment	(31,202)	
Building improvement	<u>(53,510)</u>	<u>(56,427)</u>
Net cash provided (used) by investing	<u>(84,712)</u>	<u>(86,937)</u>
Net increase (decrease) in cash	140,933	63,422
Cash and equivalents - beginning of year	<u>175,841</u>	<u>112,419</u>
Cash and equivalents - end of year	\$ <u>316,774</u>	\$ <u>175,841</u>
Reconciliation of excess of revenues over (expense) to net cash provided by operating activities:		
Excess of revenue over (expense)	\$ 65,551	\$ 249,118
Adjustments		
Depreciation	19,130	14,975
In-kind donations	-	(2,646)
Write off obsolete equipment	347	
(Increase) decrease in prepaid expense	(1,541)	(2,120)
(Increase) decrease in accounts receivable	(882)	1,016
(Increase) decrease in contribution receivable	150,000	(147,070)
Increase (decrease) in accounts payable	(1,811)	4,421
Increase (decrease) in deferred revenue	(11,621)	32,521
Increase (decrease) in accrued payroll	4,276	2,547
Increase (decrease) in taxes payable	<u>2,196</u>	<u>(2,403)</u>
	\$ <u>225,645</u>	\$ <u>150,359</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014**

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, 2015 and 2014

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, 2015. 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.

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 \$9,070, 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 (475) have donated a significant amount of time on behalf of Girls Inc.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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 2013, 2014 and 2015 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.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 2: 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.

Contributions receivable at December 31, 2014, was \$150,000 and was received within one year. There were none as of December 31, 2016.

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

Note 3: Deferred Revenue

Income for the 2016 arts and crafts fair has been deferred to next year in the amount of \$21,600.

Grant money received for 2016 projects in the amount of \$15,000 has been included in deferred revenue.

Note 4: Accrued payroll

Girls Inc. pays its employees every two weeks. There were accrued wages of \$10,794 at December 31, 2015. Accrued vacation may be carried forward in the amount of five days (40 hours), and at December 31, 2015, there was accrued vacation of \$1,810 and \$2,037 at December 31, 2014.

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, 2015, is \$0.

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014**

Note 6: Temporarily Restricted Net Assets

As of December 31, 2015, temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
PNM - Re-use	\$ -	\$ 5,000
Hestia - SFC	-	5,000
Girl's encourage	-	5,202
Facility Safety Improvements	-	5,572
Encourage - 2016	5,000	
Buckaroo Ball	-	5,000
Christus St. Vincent	5,000	
NMCF-NewMexicoWomen.org	<u>5,000</u>	<u> </u>
Total Temporarily Restricted Net Assets	\$ <u>15,000</u>	\$ <u>25,774</u>

Note 7: Fundraising expense

Fundraising expenses in 2015 represented 13% (\$96,467) of total expenses while in 2014 they were 9% (\$52,129). 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 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 \$2,937.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 9: Operating Lease

Girls Inc. entered into a copier lease agreement, March 2015, with Toshiba. The amount of lease payments made in 2015 was \$3,764.

Future obligations:

2016	\$ 3,067
2017	3,067
2018	3,067
2019	3,067
2020	<u>1,022</u>
	\$ <u>13,290</u>

Note 10: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 17, 2016, the date which the financial statements were available to be issued.

Effective August, 2016, the Organization has obtained an open line of credit with Century Bank in the amount of \$75,000, renewable annually.

**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, 2015, and have issued my report thereon dated August 17, 2016.

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.

Karl Sue CPA, PC.

Albuquerque, New Mexico
August 17, 2016