

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

December 31, 2012 and 2011

(With Independent Auditor's Report Thereon)

Prepared by

**Kathleen R. Lane, P.C.
Certified Public Accountant
7520 Montgomery NE, Building E-17
Albuquerque, New Mexico 87109**

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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, 2012 and 2011, and the related statements of activities, 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, 2012 and 2011, 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, P.C.
September 13, 2013

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2012 and 2011

	<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:			
Cash		\$ 75,368	\$ 75,140
Prepaid expenses		1,788	7,163
Accounts receivable		<u>927</u>	<u> </u>
Total current assets		<u>78,083</u>	<u>82,303</u>
Property, plant, and equipment (Note 1):			
Building		37,500	37,500
Buildings and improvements		160,158	185,241
Furniture, fixtures, and equipment		104,853	104,854
Transportation equipment		<u>63,821</u>	<u>73,971</u>
		366,332	401,566
Accumulated depreciation		<u>(270,056)</u>	<u>(263,258)</u>
Net property, plant, and equipment		<u>96,276</u>	<u>138,308</u>
Total Assets		\$ <u>174,359</u>	\$ <u>220,611</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Accounts payable		\$ 1,777	\$ 13,246
Deferred revenue - programs		-	1,602
Deferred revenue - arts and crafts (Note 3)		15,000	
Deferred revenue - foundation (Note 3)		25,000	
Payroll taxes payable		4,062	3,039
Accrued payroll (Note 4)		<u>2,014</u>	<u>2,959</u>
Total current liabilities		<u>47,853</u>	<u>20,846</u>
Total liabilities		<u>47,853</u>	<u>20,846</u>
Net assets:			
Unrestricted		125,379	194,261
Temporarily restricted (Note 5)		<u>1,127</u>	<u>5,504</u>
Total net assets		<u>126,506</u>	<u>199,765</u>
Total Liabilities and Net Assets		\$ <u>174,359</u>	\$ <u>220,611</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY

For the Year Ended December 31, 2012 and 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Totals Only</u>
Support and revenue:				
Support:				
Contributions	\$ 220,681	\$ 34,936	\$ 255,617	\$ 261,359
Contributions - In kind	77,708		77,708	62,825
City of Santa Fe	23,700		23,700	21,846
Grants/foundations	<u>10,000</u>	<u>32,500</u>	<u>42,500</u>	<u>25,000</u>
Total support	<u>332,089</u>	<u>67,436</u>	<u>399,525</u>	<u>371,030</u>
Revenue:				
Program fees	171,335		171,335	181,564
Investment income	20		20	199
Fund-raising	78,652		78,652	96,257
Gain (loss) on disposal of fixed assets	(22,390)		(22,390)	5,780
Other receipts	8,163		8,163	1,290
Net assets released from restrictions	<u>71,813</u>	<u>(71,813)</u>	<u> </u>	<u> </u>
Total revenue	<u>307,593</u>	<u>(71,813)</u>	<u>235,780</u>	<u>285,090</u>
Total support and revenue	<u>639,682</u>	<u>(4,377)</u>	<u>635,305</u>	<u>656,120</u>
Functional expense:				
Program services	549,452		549,452	603,110
Management and general	69,037		69,037	86,463
Fund-raising	<u>90,075</u>		<u>90,075</u>	<u>74,052</u>
Total functional expenses	<u>708,564</u>	<u> </u>	<u>708,564</u>	<u>763,625</u>
Excess of support and revenue over (expenses)	(68,882)	(4,377)	(73,259)	(107,505)
Net assets, beginning of year	<u>194,261</u>	<u>5,504</u>	<u>199,765</u>	<u>307,270</u>
Net assets, end of year	\$ <u>125,379</u>	\$ <u>1,127</u>	\$ <u>126,506</u>	\$ <u>199,765</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2012 and 2011

<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 FUNCTIONAL EXPENSES
December 31, 2012 and 2011

<u>December 31, 2011</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 311,895	\$ 29,103	\$ 32,930	\$ 373,928
Employee benefits	41,665	3,897	4,396	49,958
Payroll tax expenses	<u>25,934</u>	<u>2,425</u>	<u>2,737</u>	<u>31,096</u>
 Total salaries and related expenses	 379,494	 35,425	 40,063	 454,982
Accounting	15,586	5,195		20,781
Advertising	2,010		463	2,473
Advertising - In kind	28,980		12,420	41,400
Automobile expense	3,818			3,818
Computer/copier expense	2,994	2,089	2,005	7,088
Conferences and training	518	187		705
Contract services	7,786	10,011	4,449	22,246
Depreciation expense	24,980	3,123	3,123	31,226
Dues and subscriptions	14,287	656	3,166	18,109
Food/beverage	6,078	1,036	454	7,568
Insurance	31,132	4,290	327	35,749
Licenses and permits	3,054	81	2,968	6,103
Mileage	960	468	124	1,552
Miscellaneous		1,683		1,683
Office expense	3,124	3,582	354	7,060
Postage	1,118	452	752	2,322
Printing	3,148		1,608	4,756
Professional fees	1,110	3,000		4,110
Professional legal fees-in kind	8,125	8,125		16,250
Program expense/supplies	11,519	250	525	12,294
Supplies - in kind	5,175			5,175
Rent	11,810	50		11,860
Repairs and maintenance	23,185	988	58	24,231
Telephone	4,286	1,072		5,358
Travel	930	3,366	167	4,463
Utilities	<u>7,903</u>	<u>1,334</u>	<u>1,026</u>	<u>10,263</u>
	 \$ <u>603,110</u>	 \$ <u>86,463</u>	 \$ <u>74,052</u>	 \$ <u>763,625</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF CASH FLOWS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising	\$ 617,438	\$ 572,145
Investment income	20	199
Salaries and benefits paid	(408,587)	(448,795)
Operating expenses paid	<u>(210,270)</u>	<u>(217,139)</u>
Net cash provided (used) by operations	<u>(1,399)</u>	<u>(93,590)</u>
Cash flows from investing:		
Proceed - sale of van and equipment	14,291	5,900
Equipment purchases	<u>(12,664)</u>	<u>(2,221)</u>
Net cash provided (used) by investing	<u>1,627</u>	<u>3,679</u>
Net increase (decrease) in cash	228	(89,911)
Cash and equivalents - beginning of year	<u>75,140</u>	<u>165,051</u>
Cash and equivalents - end of year	\$ <u><u>75,368</u></u>	\$ <u><u>75,140</u></u>

Reconciliation of excess of revenues over (expense) to net cash provided by operating activities:

Excess of revenue over (expense)	\$ (73,259)	\$ (107,505)
Adjustments		
Depreciation	22,225	31,226
In-kind donation capital improvement	(4,210)	
(Increase) decrease in prepaid insurance	5,375	(2,362)
(Increase) in accounts receivable	(927)	
Increase (decrease) in accounts payable	(11,469)	4,108
(Decrease) increase in deferred revenue	38,398	(15,173)
(Decrease) in accrued payroll	(945)	(1,143)
Increase in taxes payable	1,023	3,039
Gain (loss) on disposal of furniture	<u>22,390</u>	<u>(5,780)</u>
	\$ <u><u>(1,399)</u></u>	\$ <u><u>(93,590)</u></u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

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 providing a meeting place for girls and young women to build their capacity for responsible and confident adulthood, economic independence, and personal fulfillment through working and playing together.

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.

Accounts Receivable

Accounts receivable consist of unpaid balance due for after school and holiday care as of December 31, 2012.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

Note 1: Summary of Significant Accounting Policies

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 \$73,498. Girls' Inc. also received \$4,210 in-kind capital expenditures which has been included in fixed assets and contribution revenue.

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. 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 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

Note 1: Summary of Significant Accounting Policies (continued)

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.

Note 3: Deferred Revenue

Income for the 2013 arts and crafts fair has been deferred to next year in the amount of \$15,000.

A 2013 foundation grant in the amount of \$25,000 has also been deferred to next year.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

Note 4: Wages Payable

Girls, Inc. pays its employees every two weeks. There was no accrued wages at December 31, 2012. Accrued vacation may be carried forward in the amount of five days (40 hours), and at December 31, 2012, there was accrued vacation of \$2,014 and \$2,959 at December 31, 2011.

Note 5: Temporarily Restricted Net Assets

As of December 31, 2012, temporarily restricted net assets consist of the following:

	<u>2012</u>	<u>2011</u>
Garden - Hillside	\$ 1,127	\$ 1,127
Hillside Capital Campaign	_____	<u>4,377</u>
Total Temporarily Restricted Net Assets	\$ <u>1,127</u>	\$ <u>5,504</u>

Note 6: 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 \$6,661.

Note 7: Operating Lease

Girls, Inc. signed a memorandum of agreement with Santa Fe Youth and Family Center Consortium (Zona del Sol) to rent facility space at Zona del Sol. The agreement was cancelled in 2012, and Girls Inc. has moved out of the location. No rent was paid to Zona del Sol in 2012.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

Note 7: Operating Lease (continued)

Girls Inc. entered into a copier lease agreement with Toshiba. The amount of lease payments made in 2012 was \$3,604.

Future obligations:

2013	\$ 3,428
2014	3,428
2015	3,428
2016	<u>2,857</u>
	\$ <u>13,141</u>

Note 8: Contingencies

In 2011, a claim was filed with Equal Employment Opportunities Commission (EEOC) by a former employee of Girl's, Inc. A determination was made on August 17, 2012. It was determined no probable cause exists and the case was dismissed. The plaintiff had 90 days to appeal and that time frame has expired.

Note 9: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 13, 2013, the date which the financial statements were available to be issued.