

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

**DRAFT**

**FINANCIAL STATEMENTS**

**August 31, 2020 and 2019**

**(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**

GIRLS INCORPORATED OF SANTA FE, INC.

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August 31, 2020 and 2019

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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, 2020 and 2019, 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



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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, 2020 and 2019, 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 February 16, 2021, 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  
February 16, 2021

## GIRLS INCORPORATED OF SANTA FE, INC.

## STATEMENT OF FINANCIAL POSITION

August 31, 2020 and 2019

	<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:			
Cash and cash equivalents (Note 3)		\$ 713,940	\$ 350,122
Prepaid expenses		11,468	10,908
Accounts receivable - program (Note 1)		302	2,614
Accounts receivable - other (Note 4)		540	7,318
Unconditional promise to give - without donor restrictions		-	102,484
Total current assets		<u>726,250</u>	<u>473,446</u>
Property, plant, and equipment (Note 1):			
Building		37,500	37,500
Building improvements		378,736	301,658
Furniture, fixtures, and equipment		141,197	141,197
Transportation equipment		89,312	89,312
		<u>646,745</u>	<u>569,667</u>
Accumulated depreciation		(421,504)	(395,623)
Net property, plant, and equipment		<u>225,241</u>	<u>174,044</u>
Total Assets		\$ <u>951,491</u>	\$ <u>647,490</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Accounts payable		\$ 8,596	\$ 20,693
Deferred revenue - programs (Note 5)		8,256	-
Deferred revenue - grants (Note 5)		1,500	75,200
Payroll taxes payable		9,542	15,608
Accrued payroll (Note 6)		18,494	18,351
Compensated absences (Note 6)		10,990	13,051
Total current liabilities		<u>57,378</u>	<u>142,903</u>
Total liabilities		<u>57,378</u>	<u>142,903</u>
Net assets:			
Without donor restrictions		892,613	481,587
With donor restrictions (Note 8)		<u>1,500</u>	<u>23,000</u>
Total net assets		<u>894,113</u>	<u>504,587</u>
Total Liabilities and Net Assets		\$ <u>951,491</u>	\$ <u>647,490</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY  
For the Years Ended August 31, 2020 and 2019

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	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2020 <u>Total</u>	2019 <u>Total</u>
Support and revenue:				
Support:				
Contributions	\$ 1,239,915	\$ 74,922	\$ 1,314,837	\$ 1,253,929
Contributions - In kind	49,129		49,129	41,218
City of Santa Fe		46,282	46,282	57,318
State of New Mexico			-	46,604
Santa Fe County	-	22,500	22,500	
Payroll protection SBA grant	-	219,000	219,000	
Grants/foundations	<u>42,500</u>		<u>42,500</u>	<u>73,500</u>
Total support	<u>1,331,544</u>	<u>362,704</u>	<u>1,694,248</u>	<u>1,472,569</u>
Revenue:				
Program fees	73,734		73,734	228,349
Investment income	267		267	134
Loss on sale of securities	(1,261)		(1,261)	
Event income	-		-	77,845
Other receipts	1,181		1,181	1,470
Net assets released from restrictions	<u>384,204</u>	<u>(384,204)</u>		
Total revenue	<u>458,125</u>	<u>(384,204)</u>	<u>73,921</u>	<u>307,798</u>
Total support and revenue	<u>1,789,669</u>	<u>(21,500)</u>	<u>1,768,169</u>	<u>1,780,367</u>
Functional expense:				
Program services	1,114,800		1,114,800	1,400,844
Management and general	169,511		169,511	170,066
Fund-raising	<u>94,332</u>		<u>94,332</u>	<u>152,054</u>
Total functional expenses	<u>1,378,643</u>		<u>1,378,643</u>	<u>1,722,964</u>
Changes in net assets from operations	411,026	(21,500)	389,526	57,403
Net assets, beginning of year	<u>481,587</u>	<u>23,000</u>	<u>504,587</u>	<u>447,184</u>
Net assets, end of year	\$ <u>892,613</u>	\$ <u>1,500</u>	\$ <u>894,113</u>	\$ <u>504,587</u>

See Accompanying Notes to Financial Statements



GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Years Ended August 31, 2020 and 2019

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<u>August 31, 2020</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total</u>
Salaries	\$ 639,383	\$ 100,231	\$ 67,534	\$ 807,148
Employee benefits	95,675	11,774	3,388	110,837
Payroll tax expenses	<u>47,826</u>	<u>8,008</u>	<u>6,929</u>	<u>62,763</u>
Total salaries and related expenses	782,884	120,013	77,851	980,748
Accounting	22,238	14,826		37,064
Advertising/Public awareness	3,563		15	3,578
Automobile expense	2,363			2,363
Copier expense	3,452	3,359	901	7,712
Conferences and training	2,025	71	262	2,358
Contract services	45,995		6,407	52,402
Depreciation expense	25,881			25,881
Dues and subscriptions	20,342	106	333	20,781
Food/beverage	18,692		160	18,852
In-kind expense	41,530		3,226	44,756
Insurance	29,412			29,412
Licenses and permits	35	10		45
Mileage	2,035			2,035
Miscellaneous	2,116	168	169	2,453
Office expense	8,649	239	414	9,302
Postage	3,260		140	3,400
Printing	8,614	1,098	615	10,327
Professional fees	6,592	6,591		13,183
Program expense/supplies	24,329		2,737	27,066
Rent	22,176	21,259		43,435
Repairs and maintenance	14,228	480		14,708
Telephone	11,456	1,291	940	13,687
Travel	5,106		162	5,268
Utilities	<u>7,827</u>			<u>7,827</u>
Total expenses	\$ <u>1,114,800</u>	\$ <u>169,511</u>	\$ <u>94,332</u>	\$ <u>1,378,643</u>
Expense Allocation %	80.9%	12.3%	6.8%	100.0%

See Accompanying Notes to Financial Statements



GIRLS INCORPORATED OF SANTA FE, INC.

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STATEMENT OF FUNCTIONAL EXPENSES  
For the Years Ended August 31, 2020 and 2019

<u>August 31, 2019</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total</u>
Salaries	\$ 801,888	\$ 96,216	\$ 73,923	\$ 972,027
Employee benefits	101,962	14,270	246	116,478
Payroll tax expenses	<u>64,774</u>	<u>7,599</u>	<u>5,718</u>	<u>78,091</u>
Total salaries and related expenses	968,624	118,085	79,887	1,166,596
Accounting	17,688	11,617		29,305
Advertising/Public awareness	17,397		4,434	21,831
Automobile expense	5,756			5,756
Copier expense	3,272	2,916	464	6,652
Conferences and training	10,159	104	328	10,591
Contract services	85,877		13,557	99,434
Depreciation expense	29,531			29,531
Dues and subscriptions	29,236		680	29,916
Food/beverage	44,703	(11)	14,346	59,038
Insurance	30,054			30,054
Licenses and permits	493	10	197	700
Mileage	5,482		12	5,494
Miscellaneous	3,902	5		3,907
Office expense	15,414	512	1,959	17,885
Postage	2,865	38	868	3,771
Printing	7,722	2,636	3,366	13,724
Professional fees	6,691	4,541		11,232
Program expense/supplies	43,177	9	31,956	75,142
Rent	18,277	27,600		45,877
Repairs and maintenance	20,622	880		21,502
Telephone	13,374	1,124		14,498
Travel	13,125			13,125
Utilities	<u>7,403</u>			<u>7,403</u>
Total expenses	\$ <u>1,400,844</u>	\$ <u>170,066</u>	\$ <u>152,054</u>	\$ <u>1,722,964</u>
Expense Allocation %	81.3%	9.9%	8.8%	100%

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF CASH FLOWS  
For the Years Ended August 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising activities	\$ 1,767,250	\$ 1,629,894
Investment income	267	134
Salaries and benefits paid	(988,732)	(1,160,274)
Operating expenses paid	<u>(339,915)</u>	<u>(484,846)</u>
Net cash provided (used) by operations	<u>438,870</u>	<u>(15,092)</u>
Cash flows from investing:		
Securities received	(136,011)	
Proceeds from sale of securities	134,750	
Computer equipment		(1,157)
Building improvements	<u>(73,791)</u>	<u>(1,000)</u>
Net cash provided (used) by investing	<u>(75,052)</u>	<u>(2,157)</u>
Net increase (decrease) in cash	363,818	(17,249)
Cash and cash equivalents - beginning of year	<u>350,122</u>	<u>367,371</u>
Cash and cash equivalents - end of year	\$ <u>713,940</u>	\$ <u>350,122</u>

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

Change in net assets from operations	\$ 389,526	\$ 57,403
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	25,881	29,531
In-kind donation	(3,287)	(750)
Loss on sale of securities	1,261	
(Increase) decrease in prepaid expense	(560)	9,432
(Increase) decrease in accounts receivable	2,312	462
(Increase) decrease in receivables - other	109,262	(58,097)
Increase (decrease) in accounts payable	(12,097)	(7,779)
Increase (decrease) in deferred revenue	(65,444)	(51,616)
Increase (decrease) in accrued payroll	(1,918)	5,271
Increase (decrease) in taxes payable	<u>(6,066)</u>	<u>1,051</u>
	\$ <u>438,870</u>	\$ <u>(15,092)</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

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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.

Basis of Presentation

The financial statements of Girls Incorporated of Santa Fe, Inc. have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets



GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

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Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation

with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs for girls and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be a more unusual or nonrecurring nature.

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, 2020. 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.



GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS  
August 31, 2020 and 2019

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Note 1: Summary of Significant Accounting Policies (continued)

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 the in-kind is \$47,873, of which \$3,288 was included in building improvement and \$44,585 has been included in their appropriate expense category.

The Organization received 432 pairs of Quay sunglasses from a Girls Inc. National corporate partnership sponsor, fair market value of \$28,080, which has been included in in-kind revenue and expenses. The sunglasses were distributed to the girls.

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 (69) 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.

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.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

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Note 1: Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization's Federal Exempt Organization Business Income Tax Returns (Form 990) for 2017, 2018 and 2019 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 and summarized on the statement of 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 net assets-without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets-with donor restrictions. Grants and other contributions of cash and other assets are reported as donor 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, donor restricted net assets are reclassified to net assets-without donor restrictions and reported in the statement of activities as net assets released from restrictions.



GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS  
August 31, 2020 and 2019

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Note 1: Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (topic 958)- *Presentation of Financial Statements for Not-for-Profit Entities*. The update addressed the complexity and understanding of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 2: Availability and Liquidity

The following represents Girls Inc. of Santa Fe's financial assets at August 31, 2020 and 2019:

Financial assets at end of year:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 713,940	\$ 350,122
Receivables	<u>842</u>	<u>112,416</u>
Total financial assets	<u>714,782</u>	<u>462,538</u>

Financial assets available to meet general expenditures over the next twelve months	\$ <u>714,782</u>	\$ <u>462,538</u>
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Note 3: 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, 2020, the uninsured bank balance at Century Bank is \$254,477. 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.

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NOTES TO FINANCIAL STATEMENTS  
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Note 4: Accounts receivable-Other

As of August 31, 2020, accounts receivable from online deposits and reimbursements of funds consist of the following:

Facebook donations	\$ <u>540</u>
	\$ <u>540</u>

Note 5: Deferred Revenue

Due to the COVID pandemic, summer programs were cancelled or re-designed. Families that had already pre-paid for the summer camps were given the options for refunds or carry the money forward to next year's programs. The amount of program revenue carried forward to next fiscal year was \$8,256.

Grant money received for 2021 projects in the amount of \$1,500 has been included in deferred revenue.

Note 6: Accrued Payroll and Compensated Absence

Girls Inc. pays its employees every two weeks. There were accrued wages of \$18,494 at August 31, 2020.

At August 31, 2020, there was accrued vacation liability of \$10,990.

Note 7: Line of Credit

An open line of credit was set up at Century Bank in the amount of \$150,000 for the purpose of providing short-term emergency financial support to Girls Inc. of Santa Fe. The line of credit balance at August 31, 2020, is \$0.



GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS  
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Note 8: Net Assets with Donor Restrictions

As of August 31, 2020, net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Hestia - SFC	\$	\$ 8,000
PNM		5,000
AAUW - Opsmart		3,500
USBank - Opsmart	1,500	1,500
Verizon		<u>5,000</u>
Total Net Assets with Donor Restrictions	\$ <u>1,500</u>	\$ <u>23,000</u>

Note 9: Fundraising expense

Fundraising expenses in 2020 represented 8.2% (\$113,323) 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 10: 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 \$23,467.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS  
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Note 11: Operating Lease

Girls Inc. entered into a 60-month copier lease agreement July 7, 2017, with monthly payments of \$246. The amount of lease payments made in 2020 was \$2,668.

Future obligations:

2021	\$ 2,952
2022	<u>2,952</u>
	\$ <u>5,904</u>

Girls Inc. entered into a 60-month copier lease agreement August 20, 2019, with monthly payments of \$247.91. Lease expense in 2020 was \$2,975.

Future obligations:

2021	\$ 2,975
2022	2,975
2023	2,975
2024	<u>2,975</u>
	\$ <u>11,900</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. The lease also has a 60 day notice option to cancel lease obligation. Rent expense for 2020 was \$42,810.

Future obligations:

2021	\$ <u>35,470</u>
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Note 12: Beneficiary of Decedent's Estate

The Organization received notification they are a 12% beneficiary of a decedent's estate which will take several years to liquidate. The Organization did receive a partial distribution of \$350,000 during the current year. The total amount of the distribution is unknown. A beneficiary receivable has not been recorded at August 31, 2020, since the amount is undetermined. See Note 14.

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NOTES TO FINANCIAL STATEMENTS

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Note 13: Related Party Transactions

Girls, Inc. of Santa Fe is an affiliate of Girls Incorporated. During 2020, Girls Inc. of Santa Fe received \$50,000 from Girls Incorporated as part of an affiliate growth grant and an additional \$7,800 to reimburse travel, Bold Futures Mentoring, Healthy Sexuality and other small programs. Girls Inc. of Santa Fe paid \$12,000 in dues to Girls Incorporated.

Note 14: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through February 16, 2020, the date which the financial statements were available to be issued.

On December 30, 2020, Girls Inc. received \$6,972 as the fund beneficiary distribution as noted on Note 12.

New Accounting Standard

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, (Topic 606): *Revenue from Contracts with Customers* along with several amendments to this ASU, that was designed to develop a common revenue standard for U.S. GAAP and international standards. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Several new disclosures will also be required to include sufficient information to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arriving from contracts with customers. This ASU will be effective for annual periods beginning after December 15, 2020.



GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS  
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Note 15: Subsequent Events

Beginning around March, 2020, the COVID 19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demands across a broad range of industries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty. However, subsequent to August 31, 2020, the investment and credit markets have experienced volatility.

On April 16, 2020, the Organization was granted a \$219,000 loan under the Payroll Protection Program "PPP" administered by the Small Business Administration (SBA) approved partner, Century Bank. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contribution; that is, once the measureable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recorded \$219,000 as grant revenue for the year ended August 31, 2020.

The Organization applied for and received Payroll Protection Program forgiveness on November 4, 2020 in the full amount of \$219,000.

Due the continuing pandemic a second round of Payroll Program protection funds has been requested in the amount of \$225,792.



DRAFT

**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 August 31, 2020, and have issued my report thereon dated February 16, 2021.

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  
February 16, 2021