

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

August 31, 2021 and 2020

(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.

FINANCIAL STATEMENTS

August 31, 2021 and 2020

(With Independent Auditor's Report Thereon)

GIRLS INCORPORATED OF SANTA FE, INC.

TABLE OF CONTENTS
August 31, 2021 and 2020

	<u>Page(s)</u>
Independent Auditor's Report.....	1-2
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses - August 31, 2021.....	5
Statement of Functional Expenses - August 31, 2020.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8-17
Supplemental Information	
Report on Internal Control over Financial Reporting and Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	18-19

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, 2021 and 2020, 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 August 31, 2021 and 2020, 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 15, 2022, 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 15, 2022

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FINANCIAL POSITION
August 31, 2021 and 2020

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash and cash equivalents (Note 3)		\$ 1,087,955	\$ 713,940
Prepaid expenses		13,628	11,468
Accounts receivable - program (Note 1)		2,133	302
Accounts receivable - other (Note 4)		-	540
Total current assets		<u>1,103,716</u>	<u>726,250</u>
Property, plant, and equipment (Note 1):			
Building		37,500	37,500
Building improvements		397,842	378,736
Furniture, fixtures, and equipment		153,497	141,197
Transportation equipment		89,312	89,312
		<u>678,151</u>	<u>646,745</u>
Accumulated depreciation		<u>(445,001)</u>	<u>(421,504)</u>
Net property, plant, and equipment		<u>233,150</u>	<u>225,241</u>
Total Assets		\$ <u>1,336,866</u>	\$ <u>951,491</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Accounts payable		\$ 9,676	\$ 8,596
Deferred revenue - programs (Note 5)		24,617	8,256
Deferred revenue - foundation (Note 5)		180,000	1,500
Payroll taxes payable		8,191	9,542
Accrued payroll (Note 6)		22,240	18,494
Compensated absences (Note 6)		11,426	10,990
		<u>256,150</u>	<u>57,378</u>
Total current liabilities		<u>256,150</u>	<u>57,378</u>
Total liabilities		<u>256,150</u>	<u>57,378</u>
Net assets:			
Without donor restrictions		1,035,716	892,613
With donor restrictions (Note 8)		<u>45,000</u>	<u>1,500</u>
Total net assets		<u>1,080,716</u>	<u>894,113</u>
Total Liabilities and Net Assets		\$ <u>1,336,866</u>	\$ <u>951,491</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY
For the Years Ended August 31, 2021 and 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2021 <u>Total</u>	2020 <u>Total</u>
Support and revenue:				
Support:				
Contributions	\$ 811,603	\$ 46,979	\$ 858,582	\$ 1,314,837
Contributions - In kind	15,409		15,409	49,129
City of Santa Fe		40,000	40,000	46,282
City of Santa Fe - CARES		26,171	26,171	
State of New Mexico		25,000	25,000	-
Santa Fe County		25,000	25,000	22,500
Payroll protection SBA grant		225,792	225,792	219,000
COVID-19 ERTC/EFMLA	102,141		102,141	
Grants/foundations	<u>62,000</u>	<u>45,000</u>	<u>107,000</u>	<u>42,500</u>
Total support	<u>991,153</u>	<u>433,942</u>	<u>1,425,095</u>	<u>1,694,248</u>
Revenue:				
Program fees	69,915		69,915	73,734
Investment income	271		271	267
Loss on sale of securities	(2,608)		(2,608)	(1,261)
Event income	2,560		2,560	-
Other receipts				1,181
Net assets released from restrictions	<u>390,442</u>	<u>(390,442)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>460,580</u>	<u>(390,442)</u>	<u>70,138</u>	<u>73,921</u>
Total support and revenue	<u>1,451,733</u>	<u>43,500</u>	<u>1,495,233</u>	<u>1,768,169</u>
Functional expense:				
Program services	1,068,823		1,068,823	1,114,800
Management and general	152,341		152,341	169,511
Fund-raising	<u>87,466</u>		<u>87,466</u>	<u>94,332</u>
Total functional expenses	<u>1,308,630</u>		<u>1,308,630</u>	<u>1,378,643</u>
Changes in net assets from operations	143,103	43,500	186,603	389,526
Net assets, beginning of year	<u>892,613</u>	<u>1,500</u>	<u>894,113</u>	<u>504,587</u>
Net assets, end of year	\$ <u>1,035,716</u>	\$ <u>45,000</u>	\$ <u>1,080,716</u>	\$ <u>894,113</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended August 31, 2021 and 2020

<u>August 31, 2021</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total</u>
Salaries	\$ 598,710	\$ 87,579	\$ 69,152	\$ 755,441
Employee benefits	97,597	11,600	850	110,047
Payroll tax expenses	<u>45,963</u>	<u>7,102</u>	<u>5,440</u>	<u>58,505</u>
Total salaries and related expenses	742,270	106,281	75,442	923,993
Accounting	27,222	17,426		44,648
Advertising/Public awareness	1,811		1,808	3,619
Automobile expense	3,701			3,701
Copier expense	5,961	2,073		8,034
Conferences and training	2,530	100		2,630
Contract services	54,269		426	54,695
Depreciation expense	23,497			23,497
Dues and subscriptions	32,724	534	537	33,795
Food/beverage	5,171	94	1,212	6,477
In-kind expense	5,261			5,261
Insurance	20,837		500	21,337
Licenses and permits	280	10		290
Mileage	44			44
Miscellaneous	161			161
Office expense	12,998	635	532	14,165
Postage	2,028	34	167	2,229
Printing	14,189	223	722	15,134
Professional fees	8,801	4,825	4,338	17,964
Program expense/supplies	22,828	212	1,507	24,547
Rent	17,735	17,735		35,470
Repairs and maintenance	17,644	480		18,124
Telephone	14,065	1,679	275	16,019
Travel	131			131
Utilities	7,741			7,741
CARES grant expenses	24,924			24,924
Total expenses	\$ <u>1,068,823</u>	\$ <u>152,341</u>	\$ <u>87,466</u>	\$ <u>1,308,630</u>
Expense Allocation %	81.7%	11.6%	6.7%	100%

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended August 31, 2021 and 2020

<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	7,827			7,827
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.

STATEMENT OF CASH FLOWS

For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising activities	\$ 1,678,611	\$ 1,767,250
Investment income	271	267
Salaries and benefits paid	(921,162)	(988,732)
Operating expenses paid	(354,123)	(339,915)
Net cash provided (used) by operations	<u>403,597</u>	<u>438,870</u>
Cash flows from investing:		
Securities received	(105,373)	(136,011)
Proceeds from sale of securities	102,765	134,750
Computer equipment	(9,300)	
Building improvements	(17,674)	(73,791)
Net cash provided (used) by investing	<u>(29,582)</u>	<u>(75,052)</u>
Net increase (decrease) in cash	374,015	363,818
Cash and cash equivalents - beginning of year	<u>713,940</u>	<u>350,122</u>
Cash and cash equivalents - end of year	\$ <u><u>1,087,955</u></u>	\$ <u><u>713,940</u></u>

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

Change in net assets from operations	\$ 186,603	\$ 389,526
--------------------------------------	------------	------------

Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:

Depreciation	23,497	25,881
In-kind donation	(8,032)	(3,287)
Loss on sale of securities	2,608	1,261
(Increase) decrease in prepaid expense	1,440	(560)
(Increase) decrease in accounts receivable	(1,831)	2,312
(Increase) decrease in receivables - other	540	109,262
Increase (decrease) in accounts payable	1,080	(12,097)
Increase (decrease) in deferred revenue	194,861	(65,444)
Increase (decrease) in accrued payroll	(1,351)	(1,918)
Increase (decrease) in taxes payable	4,182	(6,066)
	<u>\$ 403,597</u>	<u>\$ 438,870</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

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, whereby 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, 2021 and 2020

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, 2021. 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, 2021 and 2020

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 \$15,409, of which \$4,432 was included in building improvement and equipment, and \$10,977 has been included in their appropriate expense category.

During FY 2020, 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

August 31, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization's Federal Exempt Organization Business Income Tax Returns (Form 990) for 2018, 2019 and 2020 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, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (continued)

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, 2021.

Note 2: Availability and Liquidity

The following represents Girls Inc. of Santa Fe's financial assets at August 31, 2021 and 2020:

Financial assets at end of year:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,087,955	\$ 713,940
Receivables	<u>2,133</u>	<u>842</u>
Total financial assets	<u>1,090,088</u>	<u>714,782</u>

Financial assets available to meet general expenditures over the next twelve months	\$ <u>1,090,088</u>	\$ <u>714,782</u>
---	---------------------	-------------------

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

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, 2021, the uninsured bank balance at Century Bank is \$388,807. 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.

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, of which \$3,970 was carried forward to 2021/2022. Families also prepaid for the upcoming school year in the amount of \$20,647. The total amount of program revenue carried forward to next fiscal year was \$24,617.

Foundation money received for 2022 projects in the amount of \$180,000 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 \$22,240 at August 31, 2021.

At August 31, 2021, there was accrued vacation liability of \$11,426.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

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, 2021, is \$0.

Note 8: Net Assets with Donor Restrictions

As of August 31, 2021, net assets with donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Hestia - SFC	\$ 35,000	\$
LANL - Stem	5,000	
ACLU Grant	5,000	
USBank - Opsmart	_____	1,500
Total Net Assets with Donor Restrictions	\$ <u>45,000</u>	\$ <u>1,500</u>

Note 9: Fundraising expense

Fundraising expenses in 2021 represented 6.7% (\$87,466) 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 \$22,173.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

Note 11: Operating Lease

Girls Inc. entered into a 60-month copier lease agreement July 7, 2017, with monthly payments of \$246, plus sales tax. The amount of lease payments made in 2021 was \$2,958.

Future obligations:

2022	\$ 2,465
	\$ <u>2,465</u>

Girls Inc. entered into a 60-month copier lease agreement August 20, 2019, with monthly payments of \$247.91, plus sales tax. Lease expense in 2021 was \$2,975.

Future obligations:

2022	\$ 2,975
2023	2,975
2024	<u>2,975</u>
	\$ <u>8,925</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. On September 30, 2021, the lessor gave 60 days notice and terminated the lease. Rent expense for 2021 was \$35,470.

Future obligations:

2021	\$ <u>14,440</u>
------	------------------

On November 2, 2021, a new office lease was entered into. Terms are twenty-four month lease with monthly rent of \$3,062.50.

Note 12: Beneficiary of Decedent's Estate

In FY 2020, the Organization received notification they are a 12% beneficiary of a decedent's estate which will take several years to liquidate. The Organization received the final distribution of \$6,972 during the current year.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

Note 13: Related Party Transactions

Girls, Inc. of Santa Fe is an affiliate of Girls Incorporated. During 2021, Girls Inc. of Santa Fe received \$11,500 from Girls Incorporated for a pass through grant to support costs of meeting and work objectives and an additional \$5,750 to reimburse travel and other small programs. Girls Inc. of Santa Fe paid \$12,000 in dues to Girls Incorporated.

Note 14: COVID-19 Pandemic

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, 2021, the investment and credit markets have experienced volatility.

Note 15: Payroll Protection Program

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.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

Note 15: Payroll Protection Program (continued)

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 the Payroll Protection Program was made available to qualifying businesses. The Organization was granted a \$225,792 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 \$252,792 as grant revenue for the year ended August 31, 2021.

Note 16: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through February 15, 2022, the date which the financial statements were available to be issued.

The Organization applied for and received Payroll Protection Program forgiveness on October 28, 2021 in the full amount of \$252,792.

**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, 2021, and have issued my report thereon dated February 15, 2022.

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 15, 2022