

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

August 31, 2023 and 2022

(With Independent Auditor's Report Thereon)

Prepared by

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GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS
August 31, 2023 and 2022

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TABLE OF CONTENTS
August 31, 2023 and 2022

	<u>Page(s)</u>
Independent Auditor's Report	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses - August 31, 2023	6
Statement of Functional Expenses - August 31, 2022	7
Statement of Cash Flows	8
Notes to Financial Statements	9-17
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

Opinion

I have audited the accompanying financial statements of Girls Incorporated of Santa Fe, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Girls Incorporated of Santa Fe, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Incorporated of Santa Fe, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted 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*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Girls Incorporated of Santa Fe, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Incorporated of Santa Fe, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 23, 2024, on my consideration of Girls Incorporated of Santa Fe, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matter. The purpose of that report is solely 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 the effectiveness of Girls Incorporated of Santa Fe, Inc.'s 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 Incorporated of Santa Fe, Inc.'s internal control over financial reporting and compliance.



Kathleen R. Lane, P.C.
Albuquerque, NM
January 23, 2024

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FINANCIAL POSITION
August 31, 2023 and 2022

	<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:			
Cash and cash equivalents (Note 3)	\$	973,460	\$ 1,046,267
Prepaid expenses		21,772	15,239
Accounts receivable - other		-	95,000
Total current assets		<u>995,232</u>	<u>1,156,506</u>
Property, plant, and equipment (Note 1):			
Building		37,500	37,500
Building improvements		402,525	402,525
Furniture, fixtures, and equipment		200,897	195,364
Transportation equipment		89,312	89,312
		<u>730,234</u>	<u>724,701</u>
Accumulated depreciation		(499,273)	(471,916)
Net property, plant, and equipment		<u>230,961</u>	<u>252,785</u>
Other Assets:			
Operating Lease-Right of Use asset (Note 10)		<u>48,400</u>	<u> </u>
Total Assets	\$	<u>1,274,593</u>	\$ <u>1,409,291</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	\$	7,152	\$ 4,341
Deferred revenue - programs (Note 4)		13,337	13,947
Deferred revenue - support (Note 4)		100,000	270,000
Payroll liabilities payable		2,593	5,467
Loan - building improvements (Note 11)		616	2,376
Operating Lease liabilities (Note 10)		40,495	
Accrued payroll (Note 5)		35,326	33,618
Compensated absences (Note 5)		14,827	16,740
Total current liabilities		<u>214,346</u>	<u>346,489</u>
Operating lease liability-LT (Note 10)		9,612	
Long term portion of loan (Note 11)		-	616
Total long-term liabilities		<u>9,612</u>	<u>616</u>
Total liabilities		<u>223,958</u>	<u>347,105</u>
Net assets:			
Without donor restrictions		972,635	1,029,186
With donor restrictions (Note 7)		78,000	33,000
Total net assets		<u>1,050,635</u>	<u>1,062,186</u>
Total Liabilities and Net Assets	\$	<u>1,274,593</u>	\$ <u>1,409,291</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY
For the Years Ended August 31, 2023 and 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
Support and revenue:				
Support:				
Contributions	\$ 1,345,850	\$ 49,309	\$ 1,395,159	\$ 1,166,830
Contributions - In kind	21,507		21,507	27,315
City of Santa Fe		40,000	40,000	40,000
New Mexico LEDA grant		16,160	16,160	75,000
COVID-19 ERTC (Note 13)				182,886
Grants/foundations	<u>50,200</u>	<u>128,000</u>	<u>178,200</u>	<u>78,500</u>
Total support	<u>1,417,557</u>	<u>233,469</u>	<u>1,651,026</u>	<u>1,570,531</u>
Revenue:				
Program fees	178,610		178,610	144,297
Investment income	1,526		1,526	1,564
Loss on sale of securities	(544)		(544)	(1,436)
Event income	68,459		68,459	50,329
Other receipts	3,802		3,802	713
Net assets released from restrictions	<u>188,469</u>	<u>(188,469)</u>	<u> </u>	<u> </u>
Total revenue	<u>440,322</u>	<u>(188,469)</u>	<u>251,853</u>	<u>195,467</u>
Total support and revenue	<u>1,857,879</u>	<u>45,000</u>	<u>1,902,879</u>	<u>1,765,998</u>
Functional expense:				
Program services	1,569,064		1,569,064	1,427,571
Management and general	192,196		192,196	202,279
Fund-raising	<u>151,372</u>	<u> </u>	<u>151,372</u>	<u>154,678</u>
Total functional expenses	<u>1,912,632</u>	<u> </u>	<u>1,912,632</u>	<u>1,784,528</u>
Changes in net assets from operations	(54,753)	45,000	(9,753)	(18,530)
Net assets, beginning of year	1,029,186	33,000	1,062,186	1,080,716
Prior period adjustment (Note 1)	<u>(1,798)</u>	<u> </u>	<u>(1,798)</u>	<u> </u>
Restated -Net Assets - Beg Year	<u>1,027,388</u>	<u>33,000</u>	<u>1,060,388</u>	<u>1,080,716</u>
Net assets, end of year	\$ <u>972,635</u>	\$ <u>78,000</u>	\$ <u>1,050,635</u>	\$ <u>1,062,186</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended August 31, 2023 and 2022

<u>August 31, 2023</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total</u>
Salaries	\$ 881,185	\$ 115,462	\$ 106,825	\$ 1,103,472
Employee benefits	127,996	13,212	1,812	143,020
Payroll tax expenses	<u>69,168</u>	<u>9,593</u>	<u>8,403</u>	<u>87,164</u>
 Total salaries and related expenses	 1,078,349	 138,267	 117,040	 1,333,656
Accounting	23,123	15,416		38,539
Advertising/Public awareness	1,229		84	1,313
Automobile expense	8,196			8,196
Conferences and training	6,956		138	7,094
Contract services	57,927		2,858	60,785
Depreciation expense	27,357			27,357
Dues and subscriptions	41,629		612	42,241
Equipment leases	4,914	1,551		6,465
Food/beverage	64,914	61	17,102	82,077
In-kind expense	19,081	2,195	231	21,507
Insurance	34,695			34,695
Interest expense	144	152		296
Licenses and permits	80			80
Mileage	3,155		350	3,505
Miscellaneous	1,529			1,529
Office expense	13,478	671	2,844	16,993
Postage	2,719	32	744	3,495
Printing	20,086		1,169	21,255
Professional fees	11,433	5,334		16,767
Program expense/supplies	31,121	110	750	31,981
Rent	33,942	18,758	6,225	58,925
Repairs and maintenance	36,985	4,781		41,766
Telephone	16,351	3,256	1,225	20,832
Travel	10,366			10,366
Utilities	14,705	1,612		16,317
Navigation grant expenses	4,600			4,600
Total expenses	\$ <u>1,569,064</u>	\$ <u>192,196</u>	\$ <u>151,372</u>	\$ <u>1,912,632</u>
 Expense Allocation %	 82%	 10%	 8%	 100%

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended August 31, 2023 and 2022

<u>August 31, 2022</u>	<u>Program</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total</u>
Salaries	\$ 810,794	\$ 120,505	\$ 111,360	\$ 1,042,659
Employee benefits	110,268	13,283	1,673	125,224
Payroll tax expenses	<u>61,451</u>	<u>11,209</u>	<u>8,707</u>	<u>81,367</u>
 Total salaries and related expenses	 982,513	 144,997	 121,740	 1,249,250
 Accounting	 22,343	 15,233		 37,576
Advertising/Public awareness	3,012	126	621	3,759
Automobile expense	7,807			7,807
Copier expense	4,741	1,626		6,367
Conferences and training	4,500			4,500
Contract services	81,727		6,917	88,644
Depreciation expense	26,915			26,915
Dues and subscriptions	33,123	32	333	33,488
Food/beverage	27,115	74	6,173	33,362
In-kind expense	20,904		937	21,841
Insurance	26,949			26,949
Interest expense	177			177
Licenses and permits	320			320
Mileage	1,206		320	1,526
Miscellaneous	3,427			3,427
Office expense	13,558	876	3,780	18,214
Postage	2,621	45	1,003	3,669
Printing	11,895		3,689	15,584
Professional fees	11,552	5,801		17,353
Program expense/supplies	37,939	1,242	826	40,007
Rent	29,018	19,962	7,689	56,669
Repairs and maintenance	35,202	3,778		38,980
Technology expense		3,951		3,951
Telephone	17,694	3,067	650	21,411
Travel	5,001			5,001
Utilities	13,712	1,469		15,181
CARES grant expenses	2,600			2,600
Total expenses	\$ <u>1,427,571</u>	\$ <u>202,279</u>	\$ <u>154,678</u>	\$ <u>1,784,528</u>
 Expense Allocation %	 80.0%	 11.3%	 8.7%	 100%

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF CASH FLOWS

For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising activities	\$ 1,805,780	\$ 1,725,018
Investment income	1,526	1,564
Salaries and benefits paid	(1,336,735)	(1,235,282)
Operating expenses paid	(494,426)	(492,817)
Operating lease expense	(40,203)	
Interest paid	(296)	(177)
Net cash provided (used) by operations	<u>(64,354)</u>	<u>(1,694)</u>
Cash flows from investing:		
Securities received	(36,608)	(69,327)
Proceeds from sale of securities	36,064	67,891
Computer and office equipment	(5,533)	(36,867)
Building improvements	-	(4,683)
Loan-building improvements	-	4,683
Payments on loan	(2,376)	(1,691)
Net cash provided (used) by investing	<u>(8,453)</u>	<u>(39,994)</u>
Net increase (decrease) in cash	(72,807)	(41,688)
Cash and cash equivalents - beginning of year	1,046,267	1,087,955
Cash and cash equivalents - end of year	\$ <u>973,460</u>	\$ <u>1,046,267</u>

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

Change in net assets from operations	\$ (9,753)	\$ (18,530)
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Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:

Depreciation	27,357	26,915
In-kind donation	-	(5,000)
Loss on sale of securities	544	1,436
Change in operating lease ROU asset	2,534	
Change in operating lease liability	(2,625)	
(Increase) decrease in prepaid expense	(6,533)	(1,611)
(Increase) decrease in accounts receivable	-	2,133
(Increase) decrease in receivables - other	95,000	(95,000)
Increase (decrease) in accounts payable	2,811	(5,335)
Increase (decrease) in deferred revenue	(170,610)	79,330
Increase (decrease) in accrued payroll	(205)	16,692
Increase (decrease) in taxes payable	(2,874)	(2,724)
	<u>\$ (64,354)</u>	<u>\$ (1,694)</u>

Lease assets obtained in exchange for lease obligations: \$50,934

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2023 and 2022

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, 2023 and 2022

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.

Noncash Investing Activities

Operating lease right of use assets in exchange for lease obligations in the amount of \$50,934.

Accounts Receivable - Program

Accounts receivable consist of unpaid balance due for after school and camp fees as of August 31, 2023. 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, 2023 and 2022

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 \$21,507 and 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 (126) 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.

The Organization's Federal Exempt Organization Business Income Tax Returns (Form 990) for 2020, 2021 and 2022 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
August 31, 2023 and 2022

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 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.

Change in Accounting Principles

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2016-02, *Leases* (ACS 842), which became effective for Girls Inc. this fiscal year. The new standard increases transparency and comparability among organizations by requiring recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (continued)

Change in Accounting Principles

enabling users of financial statements to assess the amount, timing and uncertainty cash flows arising from leases.

Prior Period Adjustment

The new lease standard was implemented this fiscal year with an adjustment to beginning net assets in the amount of \$(1,798). See Note 10 for operating lease details.

Note 2: Availability and Liquidity

The following represents Girls Inc. of Santa Fe's financial assets on August 31, 2023 and 2022:

Financial assets at end of year:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 973,460	\$ 1,046,267
Receivables	-	95,000
Total financial assets	<u>973,460</u>	<u>1,141,267</u>

Financial assets available to meet general expenditures

over the next twelve months \$ 973,460 \$ 1,141,267

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, 2023, the uninsured bank balance at Century Bank is \$5,638. 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: Deferred Revenue

Families prepaid for the upcoming school year in the amount of \$13,337. The total amount of program revenue carried forward to the next fiscal year was \$13,337.

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
August 31, 2023 and 2022**

Note 4: Deferred Revenue (continued)

Foundation, bequests and support money received for 2023-2024 projects in the amount of \$100,000 has been included in deferred revenue.

Note 5: Accrued Payroll and Compensated Absence

Girls Inc. pays its employees every two weeks. There were accrued wages of \$35,326 on August 31, 2023.

At August 31, 2023, there was accrued vacation liability of \$14,827.

Note 6: 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 on August 31, 2023, is \$0.

Note 7: Net Assets with Donor Restrictions

As of August 31, 2023, net assets with donor restrictions consist of the following:

	<u>2023</u>	<u>2022</u>
Hestia - SFC	\$ 18,000	\$ 18,000
Bequest- Healthy Eating	60,000	
Community Health Funders Alliance	<u> </u>	<u>15,000</u>
Total Net Assets with Donor Restrictions	\$ <u>78,000</u>	\$ <u>33,000</u>

Note 8: Fundraising Expenses

Fundraising expenses in 2023 represented 8% (\$151,372) 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 5.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2023 and 2022

Note 9: 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 the 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 \$38,310.

Note 10: Operating Lease Activities

Girls Inc. has operating leases for office space and equipment. The leases have remaining lease terms of 1-2 years, one of which includes an option to extend the lease for one more year.

The following summarizes the line items in the statement of financial position which includes amounts for the operating leases as of August 31, 2023:

Other Assets

Operating lease right of use (ROU) assets \$ 48,400

Liabilities

Operating lease liabilities \$ 50,107

Weighted Average Remaining Lease Term

Operating leases 1-2 year

Weighted Average Discount Rate

.25% to 5.5%

Future obligations:

2024 \$ 40,495

2025 9,612

\$ 50,107

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2023 and 2022

Note 11: Loan Payable

When the Organization signed a 24-month office lease agreement, there was a tenant improvement overage that is to be paid back over the term of the lease (24 months) with an annual 6% interest rate payable at \$207.55 per month. Balance at August 31, 2023 was \$616.

Future obligations:

2024	\$ <u>616</u>
	\$ <u>616</u>

Note 12: Donated Professional Services and Materials

For the year ended August 31, 2023, contributed nonfinancial assets recognized within the statement of activities include the following:

Computers	\$ 6,080
Supplies	11,692
Services	3,278
Program activities	132
Community events	325
Total in-kind	\$ <u>21,507</u>

Contributed supplies, services and events are valued using estimated prices of identical or similar products pricing in a "like kind" methodology considering the goods condition and utility for use at time of contribution. Contributed supplies, services, events, and computers are used in program services and management and general activities.

Note 13: Related Party Transactions

Girls, Inc. of Santa Fe is an affiliate of Girls Incorporated. During 2023, Girls Inc. of Santa Fe received \$9,694 from Girls Incorporated for a pass-through grant and \$3,500 distributed from Macy's Campaign run for GI. Girls Inc. of Santa Fe paid \$12,000 in dues to Girls Incorporated.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2023 and 2022

Note 14: Employee Retention Tax Credit

As of August 31, 2023, the Organization is no longer eligible to receive refundable employee retention tax credits. Under the provision of the Coronavirus Aid, Relief and Economic Security Act (The CARES Act) signed into law on March 27, 2020, and the subsequent extension of the CARES Act, the Organization was eligible for refundable employee retention credit subject to certain criteria and recognized \$182,881 employee retention credit during the fiscal year 2021-2022 as reported on the Statement of Activity.

Note 15: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through January 23, 2024, the date which the financial statements were available to be issued.

**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, 2023, and have issued my report thereon dated January 23, 2024.

Report on 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) as a basis for designing 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. 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
January 23, 2024