

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS

August 31, 2022 and 2021

(With Independent Auditor's Report Thereon)

Prepared by

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Certified Public Accountant
7520 Montgomery NE, Building E-17
Albuquerque, New Mexico 87109**

GIRLS INCORPORATED OF SANTA FE, INC.

FINANCIAL STATEMENTS
August 31, 2022 and 2021

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GIRLS INCORPORATED OF SANTA FE, INC.

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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, 2022 and 2021, 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, 2022 and 2021, 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:

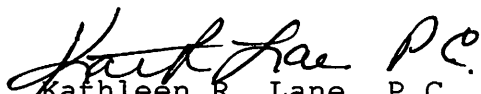
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include 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 19, 2023, 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 19, 2023

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FINANCIAL POSITION

August 31, 2022 and 2021

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash and cash equivalents (Note 3)	\$	1,046,267	\$ 1,087,955
Prepaid expenses		15,239	13,628
Accounts receivable - program (Note 1)		-	2,133
Accounts receivable - other (Note 4)		95,000	-
Total current assets		<u>1,156,506</u>	<u>1,103,716</u>
Property, plant, and equipment (Note 1):			
Building		37,500	37,500
Building improvements		402,525	397,842
Furniture, fixtures, and equipment		195,364	153,497
Transportation equipment		89,312	89,312
		<u>724,701</u>	<u>678,151</u>
Accumulated depreciation		<u>(471,916)</u>	<u>(445,001)</u>
Net property, plant, and equipment		<u>252,785</u>	<u>233,150</u>
Total Assets	\$	<u>1,409,291</u>	\$ <u>1,336,866</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	\$	4,341	\$ 9,676
Deferred revenue - programs (Note 5)		13,947	24,617
Deferred revenue - support (Note 5)		270,000	180,000
Payroll liabilities payable		5,467	8,191
Loan - building improvements (Note 12)		2,376	
Accrued payroll (Note 6)		33,618	22,240
Compensated absences (Note 6)		16,740	11,426
Total current liabilities		<u>346,489</u>	<u>256,150</u>
Long term portion of loan (Note 12)		<u>616</u>	
Total liabilities		<u>347,105</u>	<u>256,150</u>
Net assets:			
Without donor restrictions		1,029,186	1,035,716
With donor restrictions (Note 8)		<u>33,000</u>	<u>45,000</u>
Total net assets		<u>1,062,186</u>	<u>1,080,716</u>
Total Liabilities and Net Assets	\$	<u>1,409,291</u>	\$ <u>1,336,866</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF ACTIVITY
For the Years Ended August 31, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Support and revenue:				
Support:				
Contributions	\$ 1,158,046	\$ 8,784	\$ 1,166,830	\$ 858,582
Contributions - In kind	27,315		27,315	15,409
City of Santa Fe		40,000	40,000	40,000
City of Santa Fe - CARES				26,171
State of New Mexico				25,000
Santa Fe County				25,000
New Mexico LEDA grant		75,000	75,000	
Payroll protection SBA grant				225,792
COVID-19 ERTC (Note 16)	182,886		182,886	102,141
Grants/foundations	<u>15,000</u>	<u>63,500</u>	<u>78,500</u>	<u>107,000</u>
Total support	<u>1,383,247</u>	<u>187,284</u>	<u>1,570,531</u>	<u>1,425,095</u>
Revenue:				
Program fees	144,297		144,297	69,915
Investment income	1,564		1,564	271
Loss on sale of securities	(1,436)		(1,436)	(2,608)
Event income	50,329		50,329	2,560
Other receipts	713		713	
Net assets released from restrictions	<u>199,284</u>	<u>(199,284)</u>		<u>-</u>
Total revenue	<u>394,751</u>	<u>(199,284)</u>	<u>195,467</u>	<u>70,138</u>
Total support and revenue	<u>1,777,998</u>	<u>(12,000)</u>	<u>1,765,998</u>	<u>1,495,233</u>
Functional expense:				
Program services	1,427,571		1,427,571	1,068,823
Management and general	202,279		202,279	152,341
Fund-raising	<u>154,678</u>		<u>154,678</u>	<u>87,466</u>
Total functional expenses	<u>1,784,528</u>		<u>1,784,528</u>	<u>1,308,630</u>
Changes in net assets from operations	(6,530)	(12,000)	(18,530)	186,603
Net assets, beginning of year	<u>1,035,716</u>	<u>45,000</u>	<u>1,080,716</u>	<u>894,113</u>
Net assets, end of year	\$ <u>1,029,186</u>	\$ <u>33,000</u>	\$ <u>1,062,186</u>	\$ <u>1,080,716</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended August 31, 2022 and 2021

<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	<u>2,600</u>			<u>2,600</u>
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 FUNCTIONAL EXPENSES
For the Years Ended August 31, 2022 and 2021

<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 CASH FLOWS

For the Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from public support, fund-raising activities	\$ 1,725,018	\$ 1,678,611
Investment income	1,564	271
Salaries and benefits paid	(1,235,282)	(921,162)
Operating expenses paid	(492,817)	(354,123)
Interest paid	(177)	
Net cash provided (used) by operations	<u>(1,694)</u>	<u>403,597</u>
Cash flows from investing:		
Securities received	(69,327)	(105,373)
Proceeds from sale of securities	67,891	102,765
Computer and office equipment	(36,867)	(9,300)
Building improvements	(4,683)	(17,674)
Loan-building improvements	4,683	
Payments on loan	(1,691)	
Net cash provided (used) by investing	<u>(39,994)</u>	<u>(29,582)</u>
Net increase (decrease) in cash	(41,688)	374,015
Cash and cash equivalents - beginning of year	<u>1,087,955</u>	<u>713,940</u>
Cash and cash equivalents - end of year	\$ <u>1,046,267</u>	\$ <u>1,087,955</u>
Reconciliation of excess of revenues over (expense) to net cash provided by operating activities:		
Change in net assets from operations	\$ (18,530)	\$ 186,603
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	26,915	23,497
In-kind donation	(5,000)	(8,032)
Loss on sale of securities	1,436	2,608
(Increase) decrease in prepaid expense	(1,611)	1,440
(Increase) decrease in accounts receivable	2,133	(1,831)
(Increase) decrease in receivables - other	(95,000)	540
Increase (decrease) in accounts payable	(5,335)	1,080
Increase (decrease) in deferred revenue	79,330	194,861
Increase (decrease) in accrued payroll	16,692	(1,351)
Increase (decrease) in taxes payable	(2,724)	4,182
	<u>\$ (1,694)</u>	<u>\$ 403,597</u>

See Accompanying Notes to Financial Statements

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

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, 2022 and 2021

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, 2022. 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, 2022 and 2021

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 \$27,315, of which \$5,000 was included in furniture, and \$22,315 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 (175) 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 2019, 2020 and 2021 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, 2022 and 2021

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.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (continued)

New Accounting Standards

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.

FASB ACS Topic 842, *Leases*, requires lessees to recognize on the balance sheet, assets and liabilities associated with their lease contracts with terms of more than 12 month. This standard takes effect 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, 2022 and 2021:

Financial assets at end of year:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,046,267	\$ 1,087,955
Receivables	<u>95,000</u>	<u>2,133</u>
Total financial assets	<u>1,141,267</u>	<u>1,090,088</u>

Financial assets available to
meet general expenditures
over the next twelve months \$ 1,141,267 \$ 1,090,088

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

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, 2022, the uninsured bank balance at Century Bank is \$8,170. 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, 2021, accounts receivable from bequest consist of the following:

Bequest	\$ 95,000
	\$ <u>95,000</u>

Note 5: Deferred Revenue

Due to the COVID pandemic, the 2020 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 \$3,924 was carried forward to 2022/2023. Families also prepaid for the upcoming school year in the amount of \$10,023. The total amount of program revenue carried forward to next fiscal year was \$13,947.

Foundation, bequests and support money received for 2022-2023 projects in the amount of \$270,000 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 \$33,618 at August 31, 2022.

At August 31, 2022, there was accrued vacation liability of \$16,740.

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

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, 2022, is \$0.

Note 8: Net Assets with Donor Restrictions

As of August 31, 2022, net assets with donor restrictions consist of the following:

	<u>2022</u>	<u>2021</u>
Hestia - SFC	\$ 18,000	\$ 35,000
LANL - Stem		5,000
ACLU Grant		5,000
Community Health Funders Alliance	<u>15,000</u>	<u> </u>
Total Net Assets with Donor Restrictions	\$ <u>33,000</u>	\$ <u>45,000</u>

Note 9: Fundraising expense

Fundraising expenses in 2022 represented 8.7% (\$154,678) 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 \$28,228.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

Note 11: Operating Lease

Girls Inc. entered into a 60-month copier lease agreement July 7, 2017, amended July 19, 2019, with monthly payments of \$246.48, plus sales tax. The amount of lease payments made in 2022 was \$2,958. The lease expired on July 19, 2022 and is now a 60 day renewable lease.

Future obligations:

2023	\$ <u>493</u>
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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 2022 was \$2,975.

Future obligations:

2023	\$ 2,975
2024	<u>2,975</u>
	\$ <u>5,950</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 2022 was \$10,830.

On November 2, 2021, a new office lease was entered into. Terms are twenty-four month lease with monthly rent of \$3,062.50. Rent expense at this location was \$29,093.75

Future obligations:

2023	\$ 38,056
2024	<u>7,848</u>
	\$ <u>45,904</u>

GIRLS INCORPORATED OF SANTA FE, INC.

**NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

Note 12: 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 annual 6% interest rate payable at \$207.55 per month. Balance at August 31, 2022 was \$2,992.

Future obligations:

2023	\$ 2,376
2024	<u>616</u>
	\$ <u>2,992</u>

Note 13: 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 in FY 2021.

Note 14: Related Party Transactions

Girls, Inc. of Santa Fe is an affiliate of Girls Incorporated. During 2022, Girls Inc. of Santa Fe received \$6,684 from Girls Incorporated for a pass through grant and \$12,941 distributed from Macy's Campaign run for GI. Girls Inc. of Santa Fe paid \$12,000 in dues to Girls Incorporated.

Note 15: 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

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

Note 15: COVID-19 Pandemic (continued)

these financial statements as a result of this uncertainty. However, subsequent to August 31, 2022, the investment and credit markets have experienced volatility.

Note 16: Payroll Protection Program

Due to 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 \$225,792 as grant revenue for the year ended August 31, 2021.

Note 17: Payroll Protection Program (continued)

The Organization applied for and received Payroll Protection Program forgiveness on October 28, 2021, in the full amount of \$225,792 of PPP2 received in FY 2021

Note 18: Employee Retention Tax Credit

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. The Organization recognized \$182,886 employee retention credit during the fiscal year 2021-2022 as reported on the Statement of Activity. As of August 31, 2022, the Organization is no longer eligible to receive refundable employee retention credits.

GIRLS INCORPORATED OF SANTA FE, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

Note 19: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through January 19, 2023, 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, 2022, and have issued my report thereon dated January 19, 2023.

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.

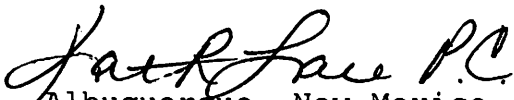
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during 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 19, 2023