



SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Girls Incorporated of Santa Fe, Inc.

Financial Statements
and
Independent Auditor's Report

August 31, 2025 with Comparative Totals for 2024

Girls Incorporated of Santa Fe, Inc.

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Independent Auditor’s Report

Board of Directors and Management
Girls Incorporated of Santa Fe, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Girls Incorporated of Santa Fe, Inc. (Girls Inc. of Santa Fe), which comprise the statement of financial position as of August 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Girls Inc. of Santa Fe as of August 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girls Inc. of Santa Fe and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter—Prior Period Financial Statements

The financial statements of Girls Inc. of Santa Fe as of and for the year-ended August 31, 2024, were audited by a predecessor auditor, whose report dated February 25, 2025, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

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 statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Inc. of Santa Fe'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

Our 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 our 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 generally accepted auditing standards and *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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment 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 Inc. of Santa Fe'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girls Inc. of Santa Fe's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from Girls Inc. of Santa Fe's August 31, 2024, financial statements, which were audited by other auditors whose report dated February 25, 2025, expressed an unmodified opinion on those statements. We have not audited, reviewed, or compiled the summarized comparative information, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026, on our consideration of Girls Inc. of Santa Fe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our 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 Inc. of Santa Fe'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 Inc. of Santa Fe's internal control over financial reporting and compliance.

SJT Group LLC

Albuquerque, New Mexico
March 6, 2026

Financial Statements

Girls Incorporated of Santa Fe, Inc.
Statement of Financial Position
As of August 31, 2025, with Comparative Totals for 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 1,266,954	\$ 1,069,408
Prepaid and other	28,032	20,667
Total current assets	1,294,986	1,090,075
Noncurrent assets		
Property and equipment, net	2,563,338	222,936
Operating lease-right of use asset, net	8,017	46,646
Total noncurrent assets	2,571,355	269,582
Total assets	\$ 3,866,341	\$ 1,359,657
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 24,705	\$ 8,754
Accrued payroll and related liabilities	71,263	58,065
Accrued leave	22,796	22,088
Unearned grant revenue	-	100,000
Deferred program revenue	12,490	12,027
Operating lease liability, current portion	8,017	38,565
Total current liabilities	139,271	239,499
Noncurrent liabilities		
Note payable	950,000	-
Operating lease liability, net of current portion	-	8,017
Total noncurrent liabilities	950,000	8,017
Total liabilities	1,089,271	247,516
Net assets		
Without donor restrictions	2,253,319	964,264
With donor restrictions	523,751	147,877
Total net assets	2,777,070	1,112,141
Total liabilities and net assets	\$ 3,866,341	\$ 1,359,657

The accompanying notes are an integral part of these financial statements.

Girls Incorporated of Santa Fe, Inc.
Statement of Activities
For the Year Ended August 31, 2025 with Comparative Totals for 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
Support and Revenue				
Comprehensive campaign	\$ 1,303,973	\$ 488,751	\$ 1,792,724	\$ 80,000
Contributions	1,538,729	35,000	1,573,729	1,580,867
Government grants	356,404	-	356,404	139,750
Program income	201,624	-	201,624	185,802
Special events, net of direct expenses	367,094	-	367,094	103,160
In-kind	36,817	-	36,817	35,161
Other	13,600	-	13,600	19,639
Interest income	13,290	-	13,290	3,678
Net assets released from restrictions	147,877	(147,877)	-	-
Total support and revenue	<u>3,979,408</u>	<u>375,874</u>	<u>4,355,282</u>	<u>2,148,057</u>
Expenses				
Program services	2,209,531	-	2,209,531	1,713,300
Support services				
Management and general	272,962	-	272,962	201,506
Fund development	207,860	-	207,860	171,802
Total supporting services	<u>480,822</u>	<u>-</u>	<u>480,822</u>	<u>373,308</u>
Total expenses	<u>2,690,353</u>	<u>-</u>	<u>2,690,353</u>	<u>2,086,608</u>
Change in net assets	1,289,055	375,874	1,664,929	61,449
Net assets, beginning of year	<u>964,264</u>	<u>147,877</u>	<u>1,112,141</u>	<u>1,050,635</u>
Net assets, end of year	<u><u>\$ 2,253,319</u></u>	<u><u>\$ 523,751</u></u>	<u><u>\$ 2,777,070</u></u>	<u><u>\$ 1,112,084</u></u>

The accompanying notes are an integral part of these financial statements.

Girls Incorporated of Santa Fe, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2025 with Comparative Totals for 2024

	Program Services	Management and General	Fund Development	2025 Total	2024 Total
Salaries	\$ 1,257,895	\$ 135,378	\$ 147,899	\$ 1,541,172	1,258,528
Employee benefits	172,028	15,290	2,158	189,476	146,451
Payroll tax expense	108,988	12,151	14,978	136,117	99,722
Total salaries and related expenses	1,538,911	162,819	165,035	1,866,765	1,504,701
Contract services	96,845	-	16,366	113,211	72,604
Meals and refreshments	63,294	2,368	15,254	80,916	60,759
Rents	45,276	19,338	9,567	74,181	56,247
Miscellaneous	40,463	3,803	15,436	59,702	2,255
Accounting	33,408	24,272	-	57,680	35,167
Repair and maintenance	42,515	8,675	-	51,190	45,986
Dues and subscriptions	43,246	-	7,373	50,619	36,883
Office expense	40,784	1,376	3,014	45,174	20,443
Printing	34,102	1,216	1,742	37,060	16,037
In-kind expense	34,392	-	1,661	36,053	29,182
Interest expense	-	35,111	-	35,111	1,082
Professional services	1,775	2,785	28,247	32,807	13,729
Insurance	32,536	-	-	32,536	41,748
Depreciation expense	32,068	-	-	32,068	25,206
Bank and merchant fees	13,626	-	12,106	25,732	14,752
Telephone	18,782	3,627	1,300	23,709	21,513
Navigation grant expenses	19,875	-	-	19,875	3,600
Utilities	12,591	4,935	-	17,526	14,350
Travel	15,424	-	204	15,628	13,429
Program expense/supplies	14,705	-	-	14,705	20,996
Advertising/public awareness	10,791	272	-	11,063	2,248
Automobile expense	8,925	-	-	8,925	7,919
Equipment lease	4,374	1,765	-	6,139	6,288
Mileage	4,614	102	325	5,041	3,864
Conferences and training	2,904	-	-	2,904	5,191
Postage	1,827	441	82	2,350	2,261
Licenses and permits	1,478	57	-	1,535	595
Capital campaign	-	-	-	-	7,573
Total Expenses	\$ 2,209,531	\$ 272,962	\$ 277,712	2,760,205	2,086,608
Less special events expenses netted with revenues	-	-	(69,852)	(69,852)	-
Total expenses on the Statement of Activities	\$ 2,209,531	\$ 272,962	\$ 207,860	\$ 2,690,353	\$ 2,086,608
Allocation percentages	<u>82%</u>	<u>10%</u>	<u>8%</u>		

The accompanying notes are an integral part of these financial statements.

Girls Incorporated of Santa Fe, Inc.
Statement of Cash Flows
For the Year Ended August 31, 2025 with Comparative Totals for 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received for the Comprehensive Campaign	\$ 1,792,724	\$ 80,000
Cash from grants and contributions	1,830,133	1,709,502
Cash received for program income	201,624	185,802
Cash received for special events	367,094	103,160
Cash paid to or on behalf of employees	(1,852,859)	(1,477,294)
Cash paid to suppliers	(745,590)	(488,062)
Interest income and other cash receipts	26,890	4,219
Net cash provided by operating activities	1,620,016	117,327
Cash Flows From Investing Activities		
Purchases of property and equipment	(2,372,470)	(20,222)
Securities received	-	(31,616)
Proceeds from sale of securities	-	31,075
Net cash used by investing activities	(2,372,470)	(20,763)
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	1,000,000	-
Principal payments on long-term debt	(50,000)	(616)
Net cash provided (used) by financing activities	950,000	(616)
Net increase in cash and cash equivalents	197,546	95,948
Cash and cash equivalents, beginning of year	1,069,408	973,460
Cash and cash equivalents, end of year	\$ 1,266,954	\$ 1,069,408
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 1,664,929	\$ 61,506
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	32,068	25,206
Changes in assets and liabilities		
Loss on sale of securities	-	541
Loss on disposal of fixed assets	-	3,040
Operating lease-right of use assets	38,629	1,754
Operating lease-liability	(38,565)	(3,525)
Prepaid expenses	(7,365)	1,106
Accounts payable	15,951	1,602
Accrued payroll and related liabilities	13,198	25,362
Accrued leave	708	2,045
Unearned grant revenue	(100,000)	-
Deferred program revenue	463	(1,310)
Net cash provided by operating activities	\$ 1,620,016	\$ 117,327

The accompanying notes are an integral part of these financial statements.

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

1) Organization and Nature of Activities

Girls Incorporated of Santa Fe, Inc. (Girls Inc. of Santa Fe) 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 hands-on activities that provide academic enrichment and support, life skills instruction and activities focused on healthy living. Girls Inc. of Santa Fe's major sources of funding are contributions, grants, and tuition revenue.

2) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Girls Inc. of Santa Fe have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Girls Inc. of Santa Fe 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 the primary objectives of the organization. These net assets may be used at the discretion of Girls Inc. of Santa Fe 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 Girls Inc. of Santa Fe 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 restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

For purposes of reporting cash flows, Girls Inc. of Santa Fe considers all highly liquid instruments with original maturities of three months or less to be cash equivalents, which at times may exceed federally insured limits. At August 31, 2025 and 2024, the cash bank balances were \$1,079,986 and \$1,056,867. Girls Inc. of Santa Fe participates in Intrafi Network Deposits through its bank under a Deposit Placement Agreement, which allows cash balances to be distributed across multiple FDIC-insured institutions to maintain full FDIC coverage.

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

2) Summary of Significant Accounting Policies — continued

Property and Equipment

Purchased property and equipment is stated at cost. Property and equipment received by donation is recorded at the estimated fair value on the date of donation. Such donations are reported as support without restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as support with restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, Girls Inc. of Santa Fe reports the expiration of donor restrictions when the donated assets are placed in service, as instructed by the donor. Girls Inc. of Santa Fe reclassifies net assets with restrictions to net assets without restrictions at that time. Purchased or donated property in excess of \$1,000 is capitalized.

Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from five to forty years.

Fair Value of Financial Instruments

Girls Inc. of Santa Fe believes the carrying amount of cash and cash equivalents, accounts payable, accrued payroll and related expenses approximate fair value due to their short maturity.

Revenue Recognition

Girls Inc. of Santa Fe's financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09 Girls Inc. of Santa Fe is required to recognize revenue for the transfer of goods or services to customers in an amount that reflects the consideration to which Girls Inc. of Santa Fe expects to be entitled in exchange for those goods or services.

Revenue recognition for Girls Inc. of Santa Fe is as follows:

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions and grants are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted by donors has been fulfilled, or both. Girls Inc. of Santa Fe reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue was received.

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

2) Summary of Significant Accounting Policies — continued

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Girls Inc. of Santa Fe will record such disallowance at the time the final assessment is made.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Program Fee Revenue

Girls Inc. of Santa Fe charges fees for participation in its various programs. Program fees represent exchange transactions and are recognized as revenue when the related program services are provided to participants. Program fees are recognized ratably over the period during which the related program activities occur. Fees received in advance of program delivery are recorded as deferred revenue (a liability) and recognized as revenue in the period(s) when the related services are provided.

Contributions Received and Contributions Made

Girls Inc. of Santa Fe adopted FASB ASU No. 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the following criteria:

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
- Execution of a resource provider’s mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purpose of determining whether a transfer of assets is a contribution or an exchange transaction.

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

2) Summary of Significant Accounting Policies — continued

In addition, this ASU also requires an organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets exists.

Contributed Services—Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Girls Inc. of Santa Fe. Girls Inc. of Santa Fe has a substantial number of volunteers that have donated their services to Girls Inc. of Santa Fe.

These donated services, which do not meet the criteria for revenue recognition, have not been recognized as support in the financial statements.

Girls Inc. of Santa Fe received contributed nonfinancial assets during the year ended August 31, 2025 and 2024, which are recorded at fair value and presented as a separate line item in the accompanying statement of activities. During the years ended August 31, 2025 and 2024 Girls Inc. of Santa Fe recognized \$36,817 and \$35,161, respectively, in contributed non-financial assets, consisting of program supplies and materials, facility improvements, and materials and supplies for special events.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries and wages	Time and effort
Employee benefits	Time and effort
Professional and contractual services	Specific identification
Repairs and maintenance	Specific identification
Meals and refreshments	Specific identification
Rent	Square footage
Depreciation	Square footage

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

2) Summary of Significant Accounting Policies — continued

Income Taxes

Girls Inc. of Santa Fe is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which provides guidance on how to measure and account for various tax positions. Girls Inc. of Santa Fe determined no material unrecognized tax benefits or liabilities existed as of August 31, 2025 and 2024. If applicable, Girls Inc. of Santa Fe will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of August 31, 2025 and 2024, Girls Inc. of Santa Fe had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. Girls Inc. of Santa Fe does not anticipate any significant changes to unrecognized tax benefits over the next year.

Girls Inc. of Santa Fe returns for the years ended August 31, 2022 and thereafter are still open for examination and management anticipates the statute of limitations for the return for the year ended August 31, 2025, will expire in May 2030.

Deferred Program Revenue

Deferred revenue consists of fees for program participation for programs occurring during the upcoming school year. Program fees received in advance totaled \$12,490 and \$12,027 at August 31, 2025 and 2024, respectively.

Unearned Grant Revenue

Unearned grant revenue of \$0 and \$100,000, respectively, represents monies received in advance of incurring qualifying expenditures. As the expenditures are incurred unearned grant revenue will be reduced and grant revenue will be recognized.

3) **Availability and Liquidity**

Financial assets available for general expenditures within one year of the balance sheet date are made up of cash and cash equivalents in the amount of \$1,266,954 and \$1,069,408 at August 31, 2025 and 2024, respectively.

As part of Girls Inc. of Santa Fe's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is invested in high-yield savings accounts to ensure funds are easily accessed in times of unanticipated liquidity needs.

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

4) Property and Equipment

Property and Equipment consist of the following at August 31:

	<u>2025</u>	<u>2024</u>
Building	\$ 37,500	\$ 37,500
Building improvements	454,499	414,092
Furniture, fixtures, and equipment	152,200	142,243
Land improvements	11,264	-
Vehicles	<u>89,312</u>	<u>89,312</u>
Subtotal	744,775	683,147
Less accumulated depreciation	<u>(492,279)</u>	<u>(460,211)</u>
Total capital assets being depreciated, net	252,496	222,936
CIP - Building	114,181	-
CIP - Land improvements	37,849	-
Land	<u>2,158,812</u>	<u>-</u>
Total capital assets, net	<u>\$ 2,563,338</u>	<u>\$ 222,936</u>

Depreciation expense was \$32,068 and \$25,206, for the years ended August 31, 2025 and 2024, respectively.

5) Special Events

Girls Inc. of Santa Fe normally holds a Spring Celebration each year that is classified as a special event. Event revenues are presented net of the corresponding direct expenses in the financial statements. A summary of the Spring Celebration special event is shown below:

	<u>Revenues</u>	<u>Direct Costs</u>	<u>2025 Net</u>	<u>2024 Net</u>
Spring Celebration	<u>\$ 436,946</u>	<u>\$ (69,852)</u>	<u>\$ 367,094</u>	<u>\$ 103,160</u>

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

6) Net Assets

Net assets with donor restrictions were as follows for the year ended August 31, 2025:

	<u>2025</u>	<u>2024</u>
Restricted for purpose:		
Hestia - SFC	\$ -	\$ 20,000
Bequest-Healthy Eating	-	30,000
Security Improvements	-	25,450
Mind+Body and Friendly PEERsuasion programs (Kiwanis)	5,000	-
Improving attendance and graduation rates programs - United Way	15,000	-
Middle school programs - Hestia	15,000	-
Comprehensive campaign	488,751	72,427
	<u>\$ 523,751</u>	<u>\$ 147,877</u>

Net assets released from restrictions were as follows for the year ended August 31, 2025:

	<u>2025</u>	<u>2024</u>
Use restrictions		
City of Santa Fe	\$ -	\$ 79,750
State of New Mexico	-	60,000
Other contributions	-	154,023
Hestia - SFC	20,000	-
Bequest-Healthy Eating	30,000	-
Security Improvements	25,450	-
Comprehensive campaign	72,427	-
	<u>\$ 147,877</u>	<u>\$ 293,773</u>

7) Comprehensive Campaign

During 2024 Girls, Inc. of Santa Fe launched its Comprehensive Campaign (the “Campaign”). The purpose of the Campaign is to expand beyond its current location with a new facility on a four-acre site that will allow Girls Inc. of Santa Fe to serve more children in a more centrally located environment. The vision for the property includes indoor and outdoor classrooms, a gymnasium, a teaching kitchen, a greenhouse, a chicken coop, a pavilion, a caretaker residence and areas for dance, fitness and art. During 2025 a major step towards this goal was achieved with the purchase of the four-acre site for \$2.1 million. Campaign activity for the year ended August 31, 2025, is as shown on the following page:

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

7) Comprehensive Campaign—continued

Comprehensive campaign, beginning balance	\$	72,427
Loan proceeds (Note 8)		1,000,000
Principal payment on loan		(50,000)
Contributions		1,792,724
Disbursement for land purchase including county taxes, lot fees, loan fees, etc.		(2,115,474)
Other campaign expenses		(210,926)
Comprehensive campaign, ending balance	\$	<u>488,751</u>

8) **Note Payable**

In 2025, Girls Inc. of Santa Fe obtained financing to use towards the acquisition of the four-acre property located at 2904 Rufina St. The cost of the land was \$2.1 million and was funded by a loan in the amount of \$1 million with the remaining amount of funds coming from the Campaign (see Note 7). The note calls for the loan to be paid in one payment of all outstanding principal plus all accrued unpaid interest on May 28, 2027. In addition, Girls Inc. of Santa Fe will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning April 5, 2025, with all subsequent interest payments to be due on the same day of each month after that. The interest rate on the note is a variable interest rate subject to change from time to time based on changes in an index which is the rate per annum equal to the interest rate as determined by Enterprise Bank & Trust (the “Lender”) from time to time and is designated by it as the Enterprise Bank & Trust Prime Rate (the “Index”). On the loan date the index was 7.500% per annum. Interest on the unpaid principal balance is calculated as described in the “interest calculation method” paragraph of the promissory note using a rate of 0.500 percentage points over the index, resulting in an initial rate through August 31, 2025 of 8.000%. Interest expense totaled \$35,111 for the year ended August 31, 2025. As there are no required principal payments prior to maturity the note is shown entirely as a noncurrent liability in the accompanying statement of financial position. Girls Inc. of Santa Fe may prepay the outstanding principal balance in whole or in part at any time without incurring prepayment penalties or fees.

Required principal and estimated interest payments on the note are as follows:

<i>Years ending August 31,</i>	<u>Principal</u>	<u>Interest</u>
2026	\$ -	\$ 77,136
2027	950,000	57,852
Total	<u>\$ 950,000</u>	<u>\$ 142,243</u>

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

9) Retirement Plan

Girls Inc. of Santa Fe has a defined contribution retirement plan (the “Plan”) under IRS Section 403(b) in which all permanent employees may elect to participate. Employer contributions are made to the Plan in amounts up to 5% of each eligible and participating participant’s annual salary. After one year with 1,000 hours of service, employees are eligible for the employer match. Girls Inc. of Santa Fe contributed \$45,077 and \$32,121 to the Plan for the year’s ended August 31, 2025 and 2024, respectively. Each eligible participant becomes vested in the employer’s share of the contribution according to their years of service.

10) Operating Lease

Operating lease consists of the following at August 31, 2025 and 2024:

- Girls Inc. of Santa Fe entered into a two-year office space lease commencing on November 16, 2023, and terminating on November 15, 2025. Monthly lease payments were \$3,233. Girls Inc. of Santa Fe measures the operating lease liability at August 31, 2025 and 2024 of \$8,017 and \$46,582, respectively, by calculating the present value of the future lease payments using a discount rate of 5.5%. Girls Inc. of Santa Fe entered into a one-year lease for this office space on November 16, 2025, with monthly rent payments of \$3,330. Girls Inc. of Santa Fe has elected to apply the short-term lease practical expedient under ASC 842, which allows leases with terms of twelve months or less to be excluded from balance sheet recognition. Accordingly, no additional right-of-use asset or liability has been recorded related to the new lease and lease payments for the new lease are recognized as expense on a straight-line basis over the term of the lease. The total remaining lease commitment under the two-year lease as of August 31, 2025, was \$8,017.

Amortization expense of right-of-use assets totaled \$38,629 and \$38,671 for the year ended August 31, 2025 and 2024, respectively.

11) In-Kind Contributions

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. In-kind totaled \$36,817 and \$35,161 for the years ended August 31, 2025 and 2024, respectively.

Girls Incorporated of Santa Fe, Inc.
Notes to Financial Statements
August 31, 2025 with Comparative Totals for 2024

12) Line of Credit

Girls Inc. of Santa Fe maintains a \$150,000 line of credit with Century Bank. Interest on the line of credit is subject to change from time to time based on changes in an independent index which is the U.S. PRIME RATE (the “Index”). Under no circumstances will the interest rate on this loan be less than 7.500% per annum or more than the maximum rate allowed by applicable law. As of August 31, 2025 and 2024, there was no outstanding balance on the line of credit, and the full \$150,000 was available for borrowing.

13) Related Party Transactions

Girls, Inc. of Santa Fe is an affiliate of Girls Incorporated. During 2025, Girls Inc. of Santa Fe received \$22,296 from Girls Incorporated for a passthrough grant and Girls Inc., of Santa Fe, paid \$12,000 in dues to Girls Incorporated.

14) Subsequent Events

The Organization has evaluated subsequent events through March 6, 2026, the date on which the financial statements were available to be issued. Management believes that there are no material subsequent events that have arisen that would require accrual or disclosure.

Independent Auditor’s 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 and Management
Girls Incorporated of Santa Fe, Inc.

We have audited, in accordance with the 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 Inc. of Santa Fe, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Girls Inc. of Santa Fe’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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Girls Inc. of Santa Fe’s internal control. Accordingly, we do not express an opinion on the effectiveness of Girls Inc. of Santa Fe’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 and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’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.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Girls Inc. of Santa Fe's financial statements are free from material misstatement, we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Girls Inc. of Santa Fe's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Girls Inc. of Santa Fe's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SJT Group LLC

Albuquerque, New Mexico
March 6, 2026

Girls Incorporated of Santa Fe, Inc.
Schedule of Findings and Responses
For the Year Ended August 31, 2025

Section I – Financial Statement Findings

None.

Section II – Summary Schedule of Prior Year Audit Findings

None.