



**GIRL SCOUTS OF THE
CHESAPEAKE BAY COUNCIL, INC.**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
SEPTEMBER 30, 2021 AND 2020**

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

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INDEPENDENT AUDITOR'S REPORT

January 28, 2022

To the Board of Directors
Girl Scouts of the Chesapeake Bay Council, Inc.
Newark, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of Girl Scouts of the Chesapeake Bay Council, Inc., a nonprofit organization, which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

To the Board of Directors
Girl Scouts of the Chesapeake Bay Council, Inc.

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of the Chesapeake Bay Council, Inc. as of September 30, 2021, 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.

Other Matter

The financial statements of Girl Scouts of the Chesapeake Bay Council, Inc. for the year ended September 30, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 19, 2021.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,529,961	\$ 1,446,285
Accounts receivable, net	16,009	12,414
Grants receivable	102,243	73,721
Pledges receivable	100,800	150,800
Interest receivable	7,637	7,693
Inventories	4,103	29,295
Prepaid expenses	27,715	36,771
Total Current Assets	1,788,468	1,756,979
Noncurrent Assets:		
Land, buildings, and equipment (net of accumulated depreciation of \$5,557,049 and \$5,093,729, respectively)	9,889,970	10,342,822
Investments	4,770,154	3,916,787
Total Noncurrent Assets	14,660,124	14,259,609
TOTAL ASSETS	\$ 16,448,592	\$ 16,016,588
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 233,071	\$ 80,074
Accrued expenses and other liabilities	113,906	11,067
Accrued salaries and wages	33,679	140,547
Paycheck Protection Program loan payable	501,275	501,274
Deferred revenue	14,526	15,074
Current portion of capital lease	66,000	61,088
Current portion of notes payable	7,944	1,596,388
Total Current Liabilities	970,401	2,405,512
Long-term Liabilities:		
Long-term portion of capital lease	78,449	144,272
Long term portion of notes payable	1,605,813	13,671
Total Long-term Liabilities	1,684,262	157,943
Total Liabilities	2,654,663	2,563,455
Net Assets:		
Without donor restrictions	12,807,554	12,650,876
With donor restrictions	986,375	802,257
Total Net Assets	13,793,929	13,453,133
TOTAL LIABILITIES AND NET ASSETS	\$ 16,448,592	\$ 16,016,588

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

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Product program revenue, net	\$ 1,957,593	\$ -	\$ 1,957,593	\$ 2,657,585	\$ -	\$ 2,657,585
Retail shop sales and services, net	17,735	-	17,735	(5,582)	-	(5,582)
Camping and program fees, net	106,492	-	106,492	102,314	-	102,314
Contributions:						
Individual donations	86,687	-	86,687	86,684	-	86,684
Pledges and grants	711,840	106,021	817,861	36,456	252,730	289,186
Special events	625	-	625	39,540	-	39,540
United Way	121,401	-	121,401	65,858	-	65,858
Donations - in-kind	-	-	-	26,042	-	26,042
Investment income (loss)	634,665	184,118	818,783	194,889	(18,204)	176,685
Other income	71,136	-	71,136	43,212	-	43,212
Paycheck Protection Program loan forgiveness	501,274	-	501,274	-	-	-
Net assets released from restrictions	106,021	(106,021)	-	366,432	(366,432)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	4,315,469	184,118	4,499,587	3,613,430	(131,906)	3,481,524
EXPENSES						
Program Services:						
Membership development	1,229,213	-	1,229,213	984,621	-	984,621
Special programs	2,199,521	-	2,199,521	2,063,192	-	2,063,192
Camping services	390,712	-	390,712	309,076	-	309,076
Total Program Services	<u>3,819,446</u>	<u>-</u>	<u>3,819,446</u>	<u>3,356,889</u>	<u>-</u>	<u>3,356,889</u>
Supporting Services:						
Management and general	247,823	-	247,823	224,660	-	224,660
Public relations	5,747	-	5,747	250,950	-	250,950
Fund raising	85,775	-	85,775	171,385	-	171,385
Total Supporting Services	<u>339,345</u>	<u>-</u>	<u>339,345</u>	<u>646,995</u>	<u>-</u>	<u>646,995</u>
TOTAL EXPENSES	4,158,791	-	4,158,791	4,003,884	-	4,003,884
Increase (Decrease) in Net Assets	156,678	184,118	340,796	(390,454)	(131,906)	(522,360)
Net Assets, Beginning of Year	12,650,876	802,257	13,453,133	13,041,330	934,163	13,975,493
Net Assets, End of Year	<u>\$ 12,807,554</u>	<u>\$ 986,375</u>	<u>\$ 13,793,929</u>	<u>\$ 12,650,876</u>	<u>\$ 802,257</u>	<u>\$ 13,453,133</u>

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

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services			Supporting Services			Total
	Membership Development	Special Programs	Camping Services	Management and General	Public Relations	Fund Raising	
Salaries	\$ 619,114	\$ 971,788	\$ 161,206	\$ 67,990	\$ 961	\$ 60,915	\$ 1,881,974
Employee health and retirement benefits	105,815	184,984	31,632	22,769	322	2,933	348,455
Payroll taxes and related costs	98,463	165,105	27,979	22,874	323	4,907	319,651
Total Salaries and Related Expenses	823,392	1,321,877	220,817	113,633	1,606	68,755	2,550,080
Bad debt expense	-	1,889	-	-	-	-	1,889
Conferences	4,366	7,889	1,313	1,359	19	-	14,946
Equipment rental and maintenance	7,278	14,951	2,273	2,494	35	-	27,031
Fees	6,190	9,015	2,915	1,649	23	366	20,158
Financial assistance	14,789	17,910	-	-	-	-	32,699
Insurance	29,043	51,524	9,072	9,955	141	-	99,735
Interest expense	20,775	33,276	6,489	10,565	101	-	71,206
Miscellaneous expense	8,951	16,042	2,845	1,780	42	625	30,285
Occupancy	68,229	126,589	25,628	23,384	331	-	244,161
Postage	2,259	6,145	9,891	769	11	67	19,142
Printing and publications	979	16,243	428	247	1,091	-	18,988
Professional fees	71,330	127,477	24,792	24,402	919	11,020	259,940
Supplies	6,731	138,855	30,873	1,129	131	4,942	182,661
Telephone	27,730	49,327	8,635	9,476	632	-	95,800
Travel	4,949	17,641	2,472	1,663	24	-	26,749
Total Expenses Before Depreciation	1,096,991	1,956,650	348,443	202,505	5,106	85,775	3,695,470
Depreciation	132,222	242,871	42,269	45,318	641	-	463,321
Total Expenses	\$ 1,229,213	\$ 2,199,521	\$ 390,712	\$ 247,823	\$ 5,747	\$ 85,775	\$ 4,158,791

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

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services			Supporting Services			Total
	Membership Development	Special Programs	Camping Services	Management and General	Public Relations	Fund Raising	
Salaries	\$ 479,912	\$ 883,953	\$ 147,693	\$ 62,805	\$ 102,164	\$ 140,404	\$ 1,816,931
Employee health and retirement benefits	135,350	227,019	40,032	29,902	21,791	1,971	456,065
Payroll taxes and related costs	40,047	76,373	11,925	8,076	9,000	9,108	154,529
Total Salaries and Related Expenses	655,309	1,187,345	199,650	100,783	132,955	151,483	2,427,525
Bad debt expense	-	-	-	-	-	41	41
Conferences	4,105	5,464	810	1,042	659	1,084	13,164
Equipment rental and maintenance	8,031	18,025	2,521	3,247	2,201	-	34,025
Fees	5,047	10,573	1,529	1,913	1,208	554	20,824
Financial assistance	8,542	37,808	-	-	-	-	46,350
Insurance	25,134	52,029	7,886	10,161	6,418	-	101,628
Interest expense	20,473	42,399	6,426	8,281	5,230	-	82,809
Miscellaneous expense	6,985	4,405	426	449	601	1,805	14,671
Occupancy	43,947	122,791	14,009	17,749	11,210	-	209,706
Postage	930	2,203	742	375	1,787	402	6,439
Printing and publications	1,097	409	54	70	26,139	2,531	30,300
Professional fees	50,875	109,048	19,222	20,580	24,036	8,400	232,161
Supplies	6,142	162,681	6,385	1,100	757	4,756	181,821
Telephone	23,331	50,035	8,056	9,272	6,398	319	97,411
Travel	4,596	8,332	2,623	1,072	678	10	17,311
Total Expenses Before Depreciation	864,544	1,813,547	270,339	176,094	220,277	171,385	3,516,186
Depreciation	120,077	249,645	38,737	48,566	30,673	-	487,698
Total Expenses	\$ 984,621	\$ 2,063,192	\$ 309,076	\$ 224,660	\$ 250,950	\$ 171,385	\$ 4,003,884

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

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 340,796	\$ (522,360)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	463,321	487,698
Bad debt expense	1,889	41
Unrealized gain on investments	(603,341)	(30,984)
Realized gain on investments	(144,220)	(71,879)
Paycheck Protection Program loan forgiveness	(501,274)	-
(Increase) decrease in assets:		
Pledges receivable	(28,522)	97,561
Grants receivable	50,000	14,638
Accounts receivable	(3,539)	4,571
Inventory	25,367	75,597
Prepaid expenses	9,014	(9,729)
Interest receivable	-	2,856
Increase (decrease) in liabilities:		
Accounts payable	152,997	(21,785)
Accrued expenses and other liabilities	102,839	8,484
Accrued salaries and wages	(106,868)	3,634
Deferred revenue	(548)	(36,927)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(242,089)</u>	<u>1,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(10,468)	(41,089)
Proceeds from sale of investments	346,379	1,067,828
Purchase of investments	<u>(447,407)</u>	<u>(584,057)</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(111,496)</u>	<u>442,682</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease obligation payments	(67,717)	(59,215)
Proceeds from Paycheck Protection Program Loan	501,275	501,274
Proceeds from issuance of note payable	1,600,000	-
Payments on notes payable	<u>(1,596,302)</u>	<u>(78,832)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>437,256</u>	<u>363,227</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,671	807,325
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,446,290</u>	<u>638,960</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,529,961</u>	<u>\$ 1,446,285</u>
CASH PAID FOR INTEREST	<u>\$ 71,206</u>	<u>\$ 82,809</u>
CASH PAID FOR TAXES	<u>\$ -</u>	<u>\$ -</u>
NONCASH FINANCING ACTIVITY		
Forgiveness of Paycheck Protection Program loan	<u>\$ 501,274</u>	<u>\$ -</u>

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

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

Description of Entity

Girl Scouts of the Chesapeake Bay Council, Inc. ("the Council") is an independent 501(c)(3) nonprofit organization, operating under a charter from the Girl Scouts of the United States of America (GSUSA). The Council provides programming and support to over 5,000 girls and 3,000 adult members throughout 14 Counties between Delaware and the Eastern Shores of Maryland and Virginia (Delmarva Peninsula). The Council operates four camps and two resource centers, and its mission is to build girls of courage, confidence, and character, who make the world a better place.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The financial statements of the Council have been prepared on the accrual basis in accordance with the accounting principles applicable to Girl Scout councils which have been prescribed by Girl Scouts of the USA and which conform to accounting principles generally accepted in the United States of America. Financial statement presentation also follows the recommendations of relevant accounting standards which require the Council to report information regarding its financial position and its activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions account for all unrestricted resources over which the Board of Directors has discretionary control in transactions related to the Council's regular activities, and the assets and liabilities related to the Council's regular activities or held in trust for other funds in accordance with the provisions of the Council charter and bylaws.

Net Assets with Donor Restrictions

Net assets with donor restrictions represent net assets whose use is restricted or limited by the donor or grantor. Net assets with donor restrictions are financial resources restricted for certain needs or limited by donor-imposed stipulations. Such financial resources may come in the form of gifts, grants, endowment funds, interest from endowment funds, or similar sources. This includes net assets held by the Council and net assets held by various bank trust departments.

Cash and Cash Equivalents

Cash and cash equivalents does not include bank accounts held by Girl Scouts troops and service units under the federal identification number of the Council. Cash held in troops and

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

associations operate under the federal identification number but not under the direct control of the Council. The Council has no signature authority over and will not access the funds as long as a troop or association is functioning according to Girl Scout policy and procedure. Individual troops and associations have a responsibility to use funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers. If a troop or association disbands without having used all the funds in its accounts, the members have to turn the funds over to their local service unit, in anticipation of another troop or association starting up and taking its place, or return the funds to the Council. Annually, troops and associations are required to report to the Council the balance in their accounts, and the sources and uses of funds since the last reporting date.

For purposes of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

Pledges and Grants Receivable

Unconditional promises to give that are expected to be collected within a year are recorded at their net realizable value. As required by the Not-for-Profit Entities Revenue Recognition topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), management considers the amount and timing of future cash flows of unconditional promises to give that are expected to be collected in future years when applicable. No present value adjustment has been made for these unconditional promises to give.

An allowance is recorded for estimated uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors as necessary. All pledges were determined to be collectible and, therefore, an allowance was not recorded at September 30, 2021 or 2020.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Council provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Council's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for the years ended September 30, 2021 and 2020 were \$0, and \$34,181, respectively.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Alternative investments are generally reported at the net asset value ("NAV") provided by the fund manager, which is used as a practical expedient to estimate the fair value of the Council's interest therein. Individual investment holdings within the alternative investment may include investments in both nonmarketable and market-traded securities. Investment valuations may be based on estimates that require varying degrees of judgment where readily available fair values do not exist. Generally, fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses.

FASB ASC 820, Fair Value Measurement, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities valued using models or other pricing methodologies that do not require significant judgment because the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment. These values are generally determined using pricing models that utilize management's estimates of market participant assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Shop Inventory

Inventory consists of Girl Scouts merchandise and supplies held for resale and are stated at the lower of cost (principally first-in, first-out method) or market.

Cookie Inventory

The Council has chosen not to record inventory for cookies. All activity for the annual cookie program normally occurs within the fiscal year, and any ending inventory would not be material.

Property, Equipment, and Depreciation

Major additions and betterments in excess of \$5,000 are charged to land, buildings, and equipment accounts, while replacements, maintenance, and repairs which do not improve or extend the life of the respective assets are expensed currently.

Depreciation is computed on the straight-line method over the estimated lives of the assets as follows:

Buildings and improvements and land improvements	10 - 40 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 10 years

Deferred Revenue

Deferred revenue consists of revenue collected for events that have not yet occurred or fees collected for future years.

Donated Materials

Donated materials and equipment are reflected as gifts in-kind and as expenses in the accompanying statements at their estimated fair values at date of receipt.

In-kind Donations and Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Council's programs, principally in membership development and educational programs. These contributed services are not reflected in the financial statements since the services do not meet the criteria for recognition contained in applicable accounting standards. During the years ended September 30, 2021 and 2020, the Council recognized in-kind donations and contributions of \$0 and \$26,042, respectively.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions and Donor Restrictions

The Council accounts for contributions in accordance with accounting principles generally accepted in the United States of America. In accordance with these principles, contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Product Sales

Girl Scout product sale activities help girls develop five essential skills such as goal setting, decision making, money management, people skills, and business ethics. Each troop or group that sells products earns money for its treasury and plans to spend that money for their activities to achieve their Girl Scout goals. The Council's share of proceeds from product sale activities helps to provide the financial assistance needed to make Girl Scouting available for all girls, to fund program events and activities, to improve and maintain camps, to recruit and train volunteer leaders, and to help pay Council operating expenses. Revenue is recognized when delivery of products occurs, the price is fixed and determinable, and collectability is reasonably assured. Product sales for the year ended September 30, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Product program income - cookies	\$ 3,196,285	\$ 4,365,259
Less: related cost of sales	<u>1,375,213</u>	<u>1,822,307</u>
Net program revenue - cookies	<u>1,821,072</u>	<u>2,542,952</u>
Product program income - other	263,540	190,438
Less: related cost of sales	<u>127,019</u>	<u>75,805</u>
Net program revenue - other	<u>136,521</u>	<u>114,633</u>
Total Product Program Income - Net	<u><u>\$ 1,957,593</u></u>	<u><u>\$ 2,657,585</u></u>

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Merchandise Sales

Merchandise sales consist primarily of sales of Girl Scouts uniform components and related program supplies. Sales occur primarily at the Council's retail stores and through revenue sharing from the Girl Scouts official online store found on the Council's website. Revenue is recognized at the time of sale.

Program Fees

Program fees consist of fees for camp and programs for girls that are held throughout the year. Revenue from program fees is recognized when the service is provided.

Functional Allocation of Expenses

The Council allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and service are allocated directly according to their corresponding expenditure classification. All other expenses are allocated in proportion with the benefits provided to the related program services.

Advertising

The Council uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. Advertising expense for the year ended September 30, 2021 and 2020 totaled \$3,089 and 12,506, respectively, and is included in printing and publications on the statement of functional expenses.

Income Taxes

The Council qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and its activities are not subject to income tax.

Accounting principles generally accepted in the United States of America prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Council's tax returns. Management has determined that the Council does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Council's tax returns will not be challenged by the taxing authorities and that the Council will not be subject to additional tax, penalties, and interest as a result of such challenge.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts held in checking, savings, and money market funds. The book balance for these accounts as of September 30, 2021 and 2020 was \$1,529,961 and \$1,446,285, respectively.

The Council maintains its cash in bank accounts that, at times, may exceed federally insured limits. The Council has not experienced any losses in such accounts. Bank balances in the amounts of \$719,063 and \$553,084 as of September 30, 2021 and 2020, respectively, were uninsured as they exceeded FDIC insurance limits.

Additionally, cash balances of \$283,300 and \$308,204 are held in investment accounts as of September 30, 2021 and 2020, respectively, which are not insured under the FDIC insurance.

NOTE 4 INVESTMENTS

Investment return, and its classification in the statements of activities, is summarized as follows:

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 90,266	\$ 3,812	\$ 94,078
Realized gain	134,822	9,398	144,220
Unrealized gain	424,730	178,611	603,341
Investment fees	<u>(15,153)</u>	<u>(7,703)</u>	<u>(22,856)</u>
Total	<u>\$ 634,665</u>	<u>\$ 184,118</u>	<u>\$ 818,783</u>
	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 89,868	\$ 3,787	\$ 93,655
Realized gain	68,182	3,697	71,879
Unrealized gain (loss)	49,988	(19,004)	30,984
Investment fees	<u>(13,149)</u>	<u>(6,684)</u>	<u>(19,833)</u>
Total	<u>\$ 194,889</u>	<u>\$ (18,204)</u>	<u>\$ 176,685</u>

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 FAIR VALUE MEASUREMENT

The Council recognizes its interest in the net assets of the Delaware Community Foundation (DCF), the Eastern Shore Foundation, and the Mid Shore Community Foundation as Level 3 investments in accordance with accounting principles generally accepted in the United States of America. The table below sets forth, by level, the Council's financial assets that were accounted for at fair value as of September 30, 2021:

	2021			
	Fair Value at Report Date Using:			
	Fair Value	Level 1	Level 2	Level 3
U.S. treasuries	\$ 370,519	\$ 370,519	\$ -	\$ -
Corporate bonds	403,474	403,474	-	-
Equities	2,365,917	2,365,917	-	-
ETFs and REITs	669,936	669,936	-	-
Pooled investments in community foundations	960,308	-	-	960,308
Total Assets Valued at Fair Value	\$ 4,770,154	\$ 3,809,846	\$ -	\$ 960,308

	2020			
	Fair Value at Report Date Using:			
	Fair Value	Level 1	Level 2	Level 3
U.S. treasuries	\$ 251,654	\$ 251,654	\$ -	\$ -
Corporate bonds	459,482	459,482	-	-
Equities	1,942,599	1,942,599	-	-
ETFs and REITs	496,514	496,514	-	-
Pooled investments in community foundations	766,538	-	-	766,538
Total Assets Valued at Fair Value	\$ 3,916,787	\$ 3,150,249	\$ -	\$ 766,538

NOTE 6 ENDOWMENT ASSETS

The Council's endowment consists of approximately seven individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ENDOWMENT ASSETS (cont'd)

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the date of gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as donor-restricted net assets in perpetuity (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net assets restricted in perpetuity consist of one endowment fund to be held indefinitely, the income of which is expendable to support the charitable and educational purpose of the Council. The remaining portion of the donor-restricted endowment fund that is not classified in donor-restricted net assets in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The Council's mission and purpose supported by the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The Council's other resources, and
7. The investment policies of the council

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Council to retain as a fund of perpetual duration. Deficiencies, if any, are the result of unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

The Council has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ENDOWMENT ASSETS (cont'd)

appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible.

Investment risk is measured across the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The Council has a policy of appropriating for distribution each year the interest and dividends earned on the endowment fund investments. In establishing this policy, the Council considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

The Council expected the current spending policy to allow its endowment funds to continue to grow annually. This is consistent with the Council's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. Endowment net asset composition by type of fund as of September 30 was as follows:

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds:			
Donor-restricted	\$ -	\$ 909,074	\$ 909,074
Board-designated	<u>3,861,080</u>	<u>-</u>	<u>3,861,080</u>
Total Endowment Assets	<u>\$ 3,861,080</u>	<u>\$ 909,074</u>	<u>\$ 4,770,154</u>

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds:			
Donor-restricted	\$ -	\$ 724,956	\$ 724,956
Board-designated	<u>3,191,831</u>	<u>-</u>	<u>3,191,831</u>
Total Endowment Assets	<u>\$ 3,191,831</u>	<u>\$ 724,956</u>	<u>\$ 3,916,787</u>

Changes in endowment net assets for the years ended September 30, 2021 and 2010 were as follows:

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ENDOWMENT ASSETS (cont'd)

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Endowment assets, beginning of year	\$ 3,191,831	\$ 724,956	\$ 3,916,787
Earnings on investments	634,665	184,118	818,783
Other charges	66,754	-	66,754
Disbursements and expenses	<u>(32,170)</u>	<u>-</u>	<u>(32,170)</u>
Endowment assets, end of year	<u>\$ 3,861,080</u>	<u>\$ 909,074</u>	<u>\$ 4,770,154</u>
	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Endowment assets, beginning of year	\$ 3,554,535	\$ 743,160	\$ 4,297,695
Earnings (losses) on investments	194,889	(18,204)	176,685
Disbursements and expenses	<u>(557,593)</u>	<u>-</u>	<u>(557,593)</u>
Endowment assets, end of year	<u>\$ 3,191,831</u>	<u>\$ 724,956</u>	<u>\$ 3,916,787</u>

NOTE 7 NET ASSETS

Net assets with donor restrictions consisted of the following as of September 30, 2021:

Specific program support	\$ 77,301
Endowment funds	<u>909,074</u>
Total Net Assets With Donor Restrictions	<u>\$ 986,375</u>

Net assets with donor restrictions were released for the following purposes during the year ended September 30, 2021:

Specific program support	\$ 106,021
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GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 NET ASSETS (cont'd)

Net assets with donor restrictions consisted of the following as of September 30, 2020:

Specific program support	\$ 77,301
Endowment funds	<u>724,956</u>
Total Net Assets With Donor Restrictions	<u>\$ 802,257</u>

Net assets with donor restrictions were released for the following purposes during the year ended September 30, 2020:

Specific program support	\$ 366,432
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NOTE 8 LAND, BUILDINGS, AND EQUIPMENT

At September 30, 2021 and 2020, land, buildings, and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 724,489	\$ 724,489
Land improvements	477,965	477,965
Buildings and improvements	12,595,292	12,582,942
Equipment/furniture/vehicles	<u>1,649,273</u>	<u>1,651,155</u>
	15,447,019	15,436,551
Less: accumulated depreciation	<u>(5,557,049)</u>	<u>(5,093,729)</u>
	<u>\$ 9,889,970</u>	<u>\$10,342,822</u>

Depreciation expense for the fiscal years ended September 30, 2021 and 2020 was \$463,321 and \$487,698, respectively.

NOTE 9 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Council's financial assets consist of cash and cash equivalents, pledges and grants receivable, other receivables, and investments.

The following reflects the Council's financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 LIQUIDITY AND AVAILABILITY OF RESOURCES (cont'd)

available include amounts set aside for contingency and maintenance reserves that could be drawn upon if the governing board approves that action.

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 6,526,804	\$ 5,607,700
Less those unavailable for general expenditures within one year due to:		
Donor-imposed purpose restrictions	986,375	802,257
Board-designated	<u>3,861,080</u>	<u>3,191,831</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,679,349</u>	<u>\$ 1,613,612</u>

The Council has five months of operating liquidity available at September 30, 2021. As part of the Council's liquidity policy, its financial assets are managed in order to be available as necessary to fund its general expenditures and the discharge of its liabilities and other obligations as they become due.

NOTE 10 PENSION PLAN

The council participates in the National Girl Scout Council Retirement Plan ("NGSCR"), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the plan effective July 31, 2010. The plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the plan prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Although net plan assets grew during the year, net plan assets available for plan benefits continue to be less than the actuarial present value of accumulated plan benefits as of January 1, 2021. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base, and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In 2021, the funded status of the plan increased, and the \$30,000,000 minimum will no longer apply. In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (cont'd)

the Pension Protection Act ("the PPA") funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to the PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million to \$26 million starting in calendar year 2023 until the plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2020 and 2021 were \$32.2 million and \$32.9 million, respectively. Aggregate contributions to be made in fiscal 2022 are expected to be \$32.2 million.

NOTE 11 403(b) PLAN

In January 2007, the Council adopted a 403(b) thrift plan for all eligible employees. Participants are fully vested in employer contributions on the date of participation in the plan. Each participant who satisfies the age and service requirement of the plan is entitled to receive an employer contribution equal to \$20 per pay period. Contribution expense under this plan for the year ended September 30, 2021 and 2020 was \$17,560 and \$19,490, respectively.

NOTE 12 PAYCHECK PROTECTION PROGRAM

In May 2021, the Council obtained a Paycheck Protection Program ("the PPP") loan, under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), for \$501,275. The Loan is administered by the Small Business Administration, guaranteed by the Federal government, and funded by TD Bank. The loan accrues interest at one percent, defers payments for six months, and matures in two years. The Council may apply for forgiveness of the loan and any accrued interest based on the amount of proceeds used for qualified expenses during the covered period.

As of September 30, 2021, the loan has not been forgiven. The Council believes it used all of the proceeds from the loan for eligible purposes and expects the loan to be fully forgiven within the next 12 months, at which time the Company will recognize a gain from forgiveness of debt for the loan.

NOTE 13 GAIN ON FORGIVENESS OF LOAN

During the year ended September 30, 2021, the Organization received notification that its loan under the United States Small Business Administration's Paycheck Protection Program dated April 2020 had been approved for full forgiveness. The \$501,274 forgiveness is reported as Paycheck Protection Program loan forgiveness on the statement of activities.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14 COMPENSATED ABSENCES

Council employees are entitled to 10 to 20 days, depending on the number of years of continuous service, of paid time off ("PTO") each year. Unused PTO may be accumulated, up to a maximum of 10 days, into the next year. Any unused time in excess of the annual amount is forfeited as of January 1. Upon termination, employees are entitled to receive compensation for their PTO days up to 70 hours total. At September 30, 2021 and 2020, accrued PTO was estimated to be \$91,001, and \$53,511, respectively, and is included in accrued expenses and other liabilities on the statement of financial position.

NOTE 15 OPERATING LEASES

At September 30, 2021, the Council had operating lease agreements in effect for various office equipment and office space. Future minimum rental payments under operating lease agreements are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 744
2023	<u>185</u>
Total	<u>\$ 929</u>

Rental payments under operating leases for the year ended September 30, 2021 and 2020 were \$7,099 and 15,996, respectively, and were included in occupancy expenses on the statement of functional expenses.

NOTE 16 NOTES PAYABLE

Notes payable consisted of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Note payable – Americredit Financial Services – requires monthly payments of \$331, which include principal and interest at 5.99%, payable through August 2023. The note is secured by a vehicle.	\$ 6,878	\$ 10,281
Note payable – Americredit Financial Services – requires monthly payments of \$331, which include principal and interest at 5.99%, payable through August 2023. The note is secured by a vehicle.	6,879	10,282

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 16 NOTES PAYABLE (cont'd)

	<u>2021</u>	<u>2020</u>
Mortgage payable to WSFS Bank, requiring monthly interest payments at a fixed rate of 2.5% and a balloon payment due upon maturity in March 2026.	1,600,000	-
Mortgage payable to TD Bank, requiring monthly interest payments at a fixed rate of 4.5% and a balloon payment due upon maturity in November 2022.	-	1,589,496
Total Notes Payable	<u>\$ 1,613,757</u>	<u>\$ 1,610,059</u>

Future maturities of long-term debt are as follows as of:

September 30,

2022	\$ 7,944
2023	5,813
2024	-
2025	-
2026	<u>1,600,000</u>
Total	<u>\$1,613,757</u>

NOTE 17 CAPITAL LEASE PAYABLE

The Council leases copier equipment under a capital lease arrangement with a supplier to provide the Council with copier equipment to use in its operations. In the prior fiscal year, the Council renegotiated its previous lease and obtained new equipment and a new lease which calls for monthly payments of \$5,500 through November 2023. The liabilities and asset obtained under the capital portion of the lease have been recorded at the present value of the minimum lease payments.

Future minimum lease payments required under the capital lease obligation are as follows:

For the Year Ended September 30,

2022	\$ 66,000
2023	66,000
2024	<u>16,500</u>
Total	148,500
Less imputed interest	<u>4,051</u>
Present value of future payments	<u>\$ 144,449</u>

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 17 CAPITAL LEASE PAYABLE (cont'd)

Interest expense recognized on the capital lease obligations totaled \$5,079 and \$6,632 for the years ended September 30, 2021 and 2020, respectively.

NOTE 18 COMITMENTS AND CONTINGENCIES

The Council may be come subject to various claims and legal matters covering a wide range of matters that arise in the normal course of business. In the opinion of management, all such matters are adequately covered by insurance, are without merit, or are of such kind or involve such amounts that would not have significant effect on the financial position or results of operations if disposed of unfavorably.

NOTE 19 UNCERTAINTY – COVID-19 PANDEMIC

As a result of the spread of the COVID-19 coronavirus which was ongoing at September 30, 2021, economic and operational uncertainties have arisen which may impact the Council in fiscal year 2022. There exist uncertainties surrounding the Council's operations in the upcoming fiscal year in terms of the Council's ability to hold fundraising and programmatic events. The uncertainties surrounding the operation of these events will have a direct impact on individual revenue and expense items that are dependent on these events. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

NOTE 20 SUBSEQUENT EVENTS

The Council has evaluated all subsequent events through January 28, 2022, the date the financial statements were available to be issued.