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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2022 AND 2021**

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GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

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## INDEPENDENT AUDITOR'S REPORT

February 21, 2023

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Girl Scouts of the Chesapeake Bay Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 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 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, 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 of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Girl Scouts of the Chesapeake Bay Council, Inc. 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.

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

### 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 Girl Scouts of the Chesapeake Bay Council, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 Girl Scouts of the Chesapeake Bay Council, 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of the Chesapeake Bay Council, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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.

*Barbacane, Thornton & Company LLP*

BARBACANE, THORNTON & COMPANY LLP

**GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022 AND 2021**

|  | <u>2022</u>                 | <u>2021</u>                 |
|--|-----------------------------|-----------------------------|
| <b><u>ASSETS</u></b>   |                             |                             |
| Current Assets:  |                             |                             |
| Cash and cash equivalents  | \$ 817,998                  | \$ 1,529,961                |
| Accounts receivable, net   | 11,427                      | 16,009                      |
| Grants receivable  | 131,775                     | 102,243                     |
| Pledges receivable   | 800                         | 100,800                     |
| Interest receivable  | 8,815                       | 7,637                       |
| Inventories  | -                           | 4,103                       |
| Prepaid expenses   | 107,969                     | 27,715                      |
| Total Current Assets   | <u>1,078,784</u>            | <u>1,788,468</u>            |
| Noncurrent Assets:   |                             |                             |
| Land, buildings, and equipment (net of accumulated depreciation<br>of \$5,920,286 and \$5,557,049, respectively) | 9,662,919                   | 9,889,970                   |
| Investments  | 4,045,271                   | 4,770,154                   |
| Total Noncurrent Assets  | <u>13,708,190</u>           | <u>14,660,124</u>           |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 14,786,974</u></b> | <b><u>\$ 16,448,592</u></b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>   |                             |                             |
| Current Liabilities:   |                             |                             |
| Accounts payable   | \$ 52,117                   | \$ 233,071                  |
| Accrued expenses and other liabilities   | 121,611                     | 113,906                     |
| Accrued salaries and wages   | 37,660                      | 33,679                      |
| Paycheck Protection Program loan payable   | -                           | 501,275                     |
| Deferred revenue   | 45,715                      | 14,526                      |
| Current portion of capital lease   | 123,600                     | 66,000                      |
| Current portion of notes payable   | -                           | 7,944                       |
| Total Current Liabilities  | <u>380,703</u>              | <u>970,401</u>              |
| Long-term Liabilities:   |                             |                             |
| Long-term portion of capital lease   | 40,841                      | 78,449                      |
| Long term portion of notes payable   | 1,600,000                   | 1,605,813                   |
| Total Long-term Liabilities  | <u>1,640,841</u>            | <u>1,684,262</u>            |
| <b>Total Liabilities</b>   | <b><u>2,021,544</u></b>     | <b><u>2,654,663</u></b>     |
| Net Assets:  |                             |                             |
| Without donor restrictions   | 11,949,341                  | 12,807,554                  |
| With donor restrictions  | 816,089                     | 986,375                     |
| Total Net Assets   | <u>12,765,430</u>           | <u>13,793,929</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b><u>\$ 14,786,974</u></b> | <b><u>\$ 16,448,592</u></b> |

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, 2022 AND 2021**

|   | 2022                          |                            |                      | 2021                          |                            |                      |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
| REVENUE, GAINS, LOSSES, AND OTHER SUPPORT       |                               |                            |                      |                               |                            |                      |
| Product program revenue, net                    | \$ 2,305,146                  | \$ -                       | \$ 2,305,146         | \$ 1,957,593                  | \$ -                       | \$ 1,957,593         |
| Retail shop sales and services, net             | -                             | -                          | -                    | 17,735                        | -                          | 17,735               |
| Camping and program fees, net                   | 153,301                       | -                          | 153,301              | 106,492                       | -                          | 106,492              |
| Contributions:                                  |                               | -                          |                      |                               | -                          |                      |
| Individual donations                            | 82,401                        | -                          | 82,401               | 86,687                        | -                          | 86,687               |
| Pledges and grants                              | 26,059                        | 192,500                    | 218,559              | 711,840                       | 106,021                    | 817,861              |
| Special events                                  | 50                            | -                          | 50                   | 625                           | -                          | 625                  |
| United Way                                      | 162,428                       | -                          | 162,428              | 121,401                       | -                          | 121,401              |
| Investment income (loss)                        | (440,707)                     | (180,279)                  | (620,986)            | 634,665                       | 184,118                    | 818,783              |
| Other income                                    | 705,520                       | -                          | 705,520              | 71,136                        | -                          | 71,136               |
| Paycheck Protection Program loan forgiveness    | 501,275                       | -                          | 501,275              | 501,274                       | -                          | 501,274              |
| Net assets released from restrictions           | 182,507                       | (182,507)                  | -                    | 106,021                       | (106,021)                  | -                    |
| TOTAL REVENUE, GAINS, LOSSES, AND OTHER SUPPORT | <u>3,677,980</u>              | <u>(170,286)</u>           | <u>3,507,694</u>     | <u>4,315,469</u>              | <u>184,118</u>             | <u>4,499,587</u>     |
| EXPENSES  |                               |                            |                      |                               |                            |                      |
| Program Services:                               |                               |                            |                      |                               |                            |                      |
| Membership development                          | 1,126,143                     | -                          | 1,126,143            | 1,229,213                     | -                          | 1,229,213            |
| Special programs                                | 2,600,859                     | -                          | 2,600,859            | 2,199,521                     | -                          | 2,199,521            |
| Camping services                                | 342,880                       | -                          | 342,880              | 390,712                       | -                          | 390,712              |
| Total Program Services                          | <u>4,069,882</u>              | <u>-</u>                   | <u>4,069,882</u>     | <u>3,819,446</u>              | <u>-</u>                   | <u>3,819,446</u>     |
| Supporting Services:                            |                               |                            |                      |                               |                            |                      |
| Management and general                          | 267,979                       | -                          | 267,979              | 247,823                       | -                          | 247,823              |
| Public relations                                | 92,317                        | -                          | 92,317               | 5,747                         | -                          | 5,747                |
| Fund raising                                    | 106,015                       | -                          | 106,015              | 85,775                        | -                          | 85,775               |
| Total Supporting Services                       | <u>466,311</u>                | <u>-</u>                   | <u>466,311</u>       | <u>339,345</u>                | <u>-</u>                   | <u>339,345</u>       |
| TOTAL EXPENSES                                  | <u>4,536,193</u>              | <u>-</u>                   | <u>4,536,193</u>     | <u>4,158,791</u>              | <u>-</u>                   | <u>4,158,791</u>     |
| Increase (Decrease) in Net Assets               | (858,213)                     | (170,286)                  | (1,028,499)          | 156,678                       | 184,118                    | 340,796              |
| Net Assets, Beginning 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>    |
| Net Assets, End of Year                         | <u>\$ 11,949,341</u>          | <u>\$ 816,089</u>          | <u>\$ 12,765,430</u> | <u>\$ 12,807,554</u>          | <u>\$ 986,375</u>          | <u>\$ 13,793,929</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, 2022**

|  | Program Services          |                     |                     | Supporting Services       |                     |                   |                     |
|--|---------------------------|---------------------|---------------------|---------------------------|---------------------|-------------------|---------------------|
|  | Membership<br>Development | Special<br>Programs | Camping<br>Services | Management<br>and General | Public<br>Relations | Fund Raising      | Total               |
| Salaries                                   | \$ 564,639                | \$ 1,134,586        | \$ 118,382          | 75,480                    | 46,703              | \$ 79,466         | \$ 2,019,256        |
| Employee health and retirement benefits    | 84,089                    | 210,765             | 25,964              | 28,961                    | 6,346               | 6,647             | 362,772             |
| Payroll taxes and related costs            | 48,922                    | 101,033             | 11,215              | 8,219                     | 4,004               | 6,364             | 179,757             |
| <b>Total Salaries and Related Expenses</b> | <b>697,650</b>            | <b>1,446,384</b>    | <b>155,561</b>      | <b>112,660</b>            | <b>57,053</b>       | <b>92,477</b>     | <b>2,561,785</b>    |
| Bad debt expense                           | 12,176                    | 26,797              | 3,707               | 5,000                     | 998                 | -                 | 48,678              |
| Conferences                                | 20,770                    | 52,473              | 5,777               | 7,792                     | 1,705               | -                 | 88,517              |
| Equipment rental and maintenance           | 2,983                     | 7,719               | 7,908               | 1,225                     | 244                 | -                 | 20,079              |
| Fees                                       | 4,696                     | 11,438              | 2,673               | 2,034                     | 406                 | 250               | 21,497              |
| Financial assistance                       | 12,543                    | 31,999              | -                   | -                         | -                   | -                 | 44,542              |
| Insurance                                  | 29,958                    | 68,629              | 9,048               | 12,202                    | 2,436               | -                 | 122,273             |
| Interest expense                           | 13,632                    | 31,483              | 4,151               | 5,598                     | 1,118               | -                 | 55,982              |
| Miscellaneous expense                      | 43,566                    | 94,736              | 13,079              | 12,746                    | 3,336               | 25                | 167,488             |
| Occupancy                                  | 65,882                    | 159,250             | 21,401              | 27,054                    | 5,401               | -                 | 278,988             |
| Postage                                    | 1,760                     | 7,683               | 3,177               | 685                       | 137                 | 150               | 13,592              |
| Printing and publications                  | 908                       | 28,636              | 1,896               | 360                       | 2,727               | 2,316             | 36,843              |
| Professional fees                          | 48,189                    | 116,422             | 19,366              | 19,788                    | 4,553               | 10,400            | 218,718             |
| Supplies                                   | 27,352                    | 159,663             | 49,191              | 2,039                     | 466                 | 397               | 239,108             |
| Telephone                                  | 24,152                    | 56,000              | 7,361               | 9,928                     | 1,982               | -                 | 99,423              |
| Travel                                     | 10,545                    | 34,649              | 4,235               | 3,952                     | 789                 | -                 | 54,170              |
| <b>Total Expenses Before Depreciation</b>  | <b>1,016,762</b>          | <b>2,333,961</b>    | <b>308,531</b>      | <b>223,063</b>            | <b>83,351</b>       | <b>106,015</b>    | <b>4,071,683</b>    |
| Depreciation                               | 109,381                   | 266,898             | 34,349              | 44,916                    | 8,966               | -                 | 464,510             |
| <b>Total Expenses</b>                      | <b>\$ 1,126,143</b>       | <b>\$ 2,600,859</b> | <b>\$ 342,880</b>   | <b>\$ 267,979</b>         | <b>\$ 92,317</b>    | <b>\$ 106,015</b> | <b>\$ 4,536,193</b> |

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       |                     |                  |                     |
|--|---------------------------|---------------------|---------------------|---------------------------|---------------------|------------------|---------------------|
|  | Membership<br>Development | Special<br>Programs | Camping<br>Services | Management<br>and General | Public<br>Relations | Fund Raising     | Total               |
| 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             |
| <b>Total Salaries and Related Expenses</b> | <b>823,392</b>            | <b>1,321,877</b>    | <b>220,817</b>      | <b>113,633</b>            | <b>1,606</b>        | <b>68,755</b>    | <b>2,550,080</b>    |
| 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              |
| <b>Total Expenses Before Depreciation</b>  | <b>1,096,991</b>          | <b>1,956,650</b>    | <b>348,443</b>      | <b>202,505</b>            | <b>5,106</b>        | <b>85,775</b>    | <b>3,695,470</b>    |
| Depreciation                               | 132,222                   | 242,871             | 42,269              | 45,318                    | 641                 | -                | 463,321             |
| <b>Total Expenses</b>                      | <b>\$ 1,229,213</b>       | <b>\$ 2,199,521</b> | <b>\$ 390,712</b>   | <b>\$ 247,823</b>         | <b>\$ 5,747</b>     | <b>\$ 85,775</b> | <b>\$ 4,158,791</b> |

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, 2022 AND 2021**

|   | <u>2022</u>       | <u>2021</u>         |
|---|-------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                   |                     |
| Change in net assets  | \$ (1,028,499)    | \$ 340,796          |
| Adjustments to reconcile change in net assets to<br>net cash provided (used) by operating activities: |                   |                     |
| Depreciation  | 464,510           | 463,321             |
| Bad debt expense  | 48,678            | 1,889               |
| Unrealized (gain) loss on investments   | 801,265           | (603,341)           |
| Realized (gain) loss on investments   | 103,639           | (144,220)           |
| Paycheck Protection Program loan forgiveness  | (501,275)         | (501,274)           |
| (Increase) decrease in assets:  |                   |                     |
| Pledges receivable  | 51,322            | (28,522)            |
| Grants receivable   | (29,532)          | 50,000              |
| Accounts receivable   | 4,582             | (3,539)             |
| Inventory   | 4,103             | 25,367              |
| Prepaid expenses  | (80,254)          | 9,014               |
| Increase (decrease) in liabilities:   |                   |                     |
| Accounts payable  | (180,954)         | 152,997             |
| Accrued expenses and other liabilities  | 7,705             | 102,839             |
| Accrued salaries and wages  | 3,981             | (106,868)           |
| Deferred revenue  | 31,189            | (548)               |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES  | <u>(299,540)</u>  | <u>(242,089)</u>    |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                   |                     |
| Purchase of land, building and equipment  | (125,622)         | (10,468)            |
| Proceeds from sale of investments   | 797,836           | 346,379             |
| Purchase of investments   | <u>(989,845)</u>  | <u>(447,407)</u>    |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES  | <u>(317,631)</u>  | <u>(111,496)</u>    |
| CASH FLOWS FROM FINANCING ACTIVITIES:   |                   |                     |
| Capital lease obligation payments   | (94,792)          | (67,717)            |
| Proceeds from Paycheck Protection Program Loan  | -                 | 501,275             |
| Proceeds from issuance of note payable  | -                 | 1,600,000           |
| Payments on notes payable   | <u>-</u>          | <u>(1,596,302)</u>  |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES  | <u>(94,792)</u>   | <u>437,256</u>      |
| CHANGE IN CASH AND CASH EQUIVALENTS   | (711,963)         | 83,671              |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR  | <u>1,529,961</u>  | <u>1,446,290</u>    |
| CASH AND CASH EQUIVALENTS, END OF YEAR  | <u>\$ 817,998</u> | <u>\$ 1,529,961</u> |
| CASH PAID FOR INTEREST  | <u>\$ 55,982</u>  | <u>\$ 71,206</u>    |
| CASH PAID FOR TAXES   | <u>\$ -</u>       | <u>\$ -</u>         |
| NONCASH FINANCING ACTIVITY:   |                   |                     |
| Forgiveness of Paycheck Protection Program loan   | <u>\$ 501,275</u> | <u>\$ 501,274</u>   |
| Incurrence of capital lease   | <u>\$ 111,838</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 associations operate under the federal identification number but not under the direct control

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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. The allowance for the years ended September 30, 2022 and 2021 were \$0 and \$0, respectively.

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.

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.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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.

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.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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. These donated materials 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, 2022 and 2021, the Council recognized donated materials of \$0 and \$0, respectively.

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, 2022 and 2021, the Council recognized contributed services of \$0 and \$0, 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, 2022 and 2021 were:

|                                    | <u>2022</u>                | <u>2021</u>                |
|------------------------------------|----------------------------|----------------------------|
| Product program income - cookies   | \$ 3,591,654               | \$ 3,196,285               |
| Less: related cost of sales        | <u>1,453,844</u>           | <u>1,375,213</u>           |
| Net program revenue - cookies      | <u>2,137,810</u>           | <u>1,821,072</u>           |
| Product program income - other     | 313,166                    | 263,540                    |
| Less: related cost of sales        | <u>145,830</u>             | <u>127,019</u>             |
| Net program revenue - other        | <u>167,336</u>             | <u>136,521</u>             |
| Total Product Program Income - Net | <u><u>\$ 2,305,146</u></u> | <u><u>\$ 1,957,593</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, 2022 and 2021 totaled \$6,092 and \$3,089, 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, 2022 and 2021 was \$817,998 and \$1,529,961, 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 \$80,268 and \$719,063 as of September 30, 2022 and 2021, respectively, were uninsured as they exceeded FDIC insurance limits.

Additionally, cash balances of \$350,963 and \$283,300 are held in investment accounts as of September 30, 2022 and 2021, 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:

|                        | 2022                          |                            |                     |
|------------------------|-------------------------------|----------------------------|---------------------|
|                        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Interest and dividends | \$ 96,811                     | \$ 4,765                   | \$ 101,576          |
| Realized gain (loss)   | 104,079                       | (440)                      | 103,639             |
| Unrealized gain (loss) | (624,655)                     | (176,610)                  | (801,265)           |
| Investment fees        | (16,942)                      | (7,994)                    | (24,936)            |
| Total                  | <u>\$ (440,707)</u>           | <u>\$ (180,279)</u>        | <u>\$ (620,986)</u> |

  

|                        | 2021                          |                            |                   |
|------------------------|-------------------------------|----------------------------|-------------------|
|                        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
| Interest and dividends | \$ 90,266                     | \$ 3,812                   | \$ 94,078         |
| Realized gain (loss)   | 134,822                       | 9,398                      | 144,220           |
| Unrealized gain (loss) | 424,730                       | 178,611                    | 603,341           |
| Investment fees        | (15,153)                      | (7,703)                    | (22,856)          |
| Total                  | <u>\$ 634,665</u>             | <u>\$ 184,118</u>          | <u>\$ 818,783</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, 2022:

|   | 2022                             |                     |             |                   |
|---|----------------------------------|---------------------|-------------|-------------------|
|   | Fair Value at Report Date Using: |                     |             |                   |
|   | Fair Value                       | Level 1             | Level 2     | Level 3           |
| U.S. treasuries                             | \$ 1,013,075                     | \$ 1,013,075        | \$ -        | \$ -              |
| Corporate bonds                             | 153,874                          | 153,874             | -           | -                 |
| Equities                                    | 1,546,097                        | 1,546,097           | -           | -                 |
| ETFs and REITs                              | 561,908                          | 561,908             | -           | -                 |
| Pooled investments in community foundations | 770,317                          | -                   | -           | 770,317           |
| Total Assets Valued at Fair Value           | <u>\$ 4,045,271</u>              | <u>\$ 3,274,954</u> | <u>\$ -</u> | <u>\$ 770,317</u> |

|   | 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           | <u>\$ 4,770,154</u>              | <u>\$ 3,809,846</u> | <u>\$ -</u> | <u>\$ 960,308</u> |

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.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ENDOWMENT ASSETS (cont'd)

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 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:

|                        | 2022                          |                            |                     |
|------------------------|-------------------------------|----------------------------|---------------------|
|                        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Endowment funds:       |                               |                            |                     |
| Donor-restricted       | \$ -                          | \$ 728,795                 | \$ 728,795          |
| Board-designated       | <u>3,316,476</u>              | <u>-</u>                   | <u>3,316,476</u>    |
| Total Endowment Assets | <u>\$ 3,316,476</u>           | <u>\$ 728,795</u>          | <u>\$ 4,045,271</u> |

  

|                        | 2021                          |                            |                     |
|------------------------|-------------------------------|----------------------------|---------------------|
|                        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| 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> |

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ENDOWMENT ASSETS (cont'd)

Changes in endowment net assets for the years ended September 30, 2022 and 2021 were as follows:

|                                     | 2022                             |                               |                              |
|-------------------------------------|----------------------------------|-------------------------------|------------------------------|
|                                     | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total<br>Endowment<br>Assets |
| Endowment assets, beginning of year | \$ 3,861,080                     | \$ 909,074                    | \$ 4,770,154                 |
| Earnings on investments             | (440,707)                        | (180,279)                     | (620,986)                    |
| Other charges                       | (60,925)                         | -                             | (60,925)                     |
| Disbursements and expenses          | (42,972)                         | -                             | (42,972)                     |
| Endowment assets, end of year       | <u>\$ 3,316,476</u>              | <u>\$ 728,795</u>             | <u>\$ 4,045,271</u>          |

|                                     | 2021                             |                               |                              |
|-------------------------------------|----------------------------------|-------------------------------|------------------------------|
|                                     | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total<br>Endowment<br>Assets |
| 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          | (32,170)                         | -                             | (32,170)                     |
| Endowment assets, end of year       | <u>\$ 3,861,080</u>              | <u>\$ 909,074</u>             | <u>\$ 4,770,154</u>          |

NOTE 7 NET ASSETS

Net assets with donor restrictions consisted of the following as of September 30, 2022:

|  |                   |
|--|-------------------|
| Specific program support                 | \$ 87,294         |
| Endowment funds                          | <u>728,795</u>    |
| Total Net Assets With Donor Restrictions | <u>\$ 816,089</u> |

Net assets with donor restrictions were released for the following purposes during the year ended September 30, 2022:

|                          |            |
|--------------------------|------------|
| Specific program support | \$ 182,507 |
|--------------------------|------------|

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, 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 |
|--------------------------|------------|

NOTE 8 LAND, BUILDINGS, AND EQUIPMENT

At September 30, 2022 and 2021, land, buildings, and equipment consisted of the following:

|                                | <u>2022</u>         | <u>2021</u>         |
|--------------------------------|---------------------|---------------------|
| Land                           | \$ 724,489          | \$ 724,489          |
| Land improvements              | 477,965             | 477,965             |
| Buildings and improvements     | 12,595,292          | 12,595,292          |
| Equipment/furniture/vehicles   | <u>1,785,459</u>    | <u>1,649,273</u>    |
|                                | 15,583,205          | 15,447,019          |
| Less: accumulated depreciation | <u>(5,920,286)</u>  | <u>(5,557,049)</u>  |
|                                | <u>\$ 9,662,919</u> | <u>\$ 9,889,970</u> |

Depreciation expense for the fiscal years ended September 30, 2022 and 2021 was \$464,510 and \$463,321, 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, 2022 and 2021, 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>2022</u>       | <u>2021</u>         |
|--|-------------------|---------------------|
| Financial assets, at year-end  | \$ 5,016,086      | \$ 6,526,804        |
| Less those unavailable for general expenditures within one year due to:                |                   |                     |
| Donor-imposed purpose restrictions   | 816,089           | 986,375             |
| Board-designated   | <u>3,316,476</u>  | <u>3,861,080</u>    |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 883,521</u> | <u>\$ 1,679,349</u> |

The Council has five months of operating liquidity available at September 30, 2022. 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.

Net plan assets grew during the year and are greater than the actuarial present value of accumulated plan benefits as of January 1, 2022. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives the NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. The 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 2021 and 2022 were \$32.7 million and \$32.2 million, respectively. Aggregate contributions to be made in fiscal 2023 are expected to be \$27.55 million.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2022 and 2021 was \$18,708 and \$17,560, 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 1%, 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, 2022, this loan has been forgiven.

During the year ended September 30, 2022, the Organization received notification that its loan under the United States Small Business Administration's Paycheck Protection Program dated May 2021 had been approved for full forgiveness. The \$501,275 forgiveness is reported as Paycheck Protection Program loan forgiveness on the statement of activities.

NOTE 13 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, 2022 and 2021, accrued PTO was estimated to be \$79,115, and \$90,001, respectively, and is included in accrued expenses and other liabilities on the statement of financial position.

NOTE 14 OPERATING LEASES

At September 30, 2022, 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:



GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14 OPERATING LEASES (cont'd)

Year Ending September 30,

|       |               |
|-------|---------------|
| 2023  | <u>\$ 185</u> |
| Total | <u>\$ 185</u> |

Rental payments under operating leases for the year ended September 30, 2022 and 2021 were \$7,149 and \$7,099, respectively, and were included in occupancy expenses on the statement of functional expenses.

NOTE 15 NOTES PAYABLE

Notes payable consisted of the following as of September 30:

|   | <u>2022</u>         | <u>2021</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            |
| 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               |
| 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.   | <u>1,600,000</u>    | <u>1,600,000</u>    |
| Total Notes Payable   | <u>\$ 1,600,000</u> | <u>\$ 1,613,757</u> |

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

| <u>September 30,</u> |                    |
|----------------------|--------------------|
| 2023                 | \$ -               |
| 2024                 | -                  |
| 2025                 | -                  |
| 2026                 | <u>1,600,000</u>   |
| Total                | <u>\$1,600,000</u> |

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 16 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.

The Council also leases a buoy system under a capital lease arrangement with a supplier to provide the Council with buoy equipment to use in its operations. The lease calls for monthly payments of \$4,800 through May 2024. 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,

|                                  |                   |
|----------------------------------|-------------------|
| 2023                             | \$ 123,600        |
| 2024                             | 49,400            |
| Total                            | <u>173,000</u>    |
| Less imputed interest            | <u>8,559</u>      |
| Present value of future payments | <u>\$ 164,441</u> |

Interest expense recognized on the capital lease obligations totaled \$4,165 and \$5,079 for the years ended September 30, 2022 and 2021, respectively.

NOTE 17 COMMITMENTS 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 18 UNCERTAINTY – COVID-19 PANDEMIC

As a result of the spread of the COVID-19 coronavirus which was ongoing at September 30, 2022, economic and operational uncertainties have arisen which may impact the Council in fiscal year 2023. There exist uncertainties surrounding the Council's operations in the

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 18 UNCERTAINTY – COVID-19 PANDEMIC (cont'd)

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 19 SUBSEQUENT EVENTS

The Council has evaluated all subsequent events through February 21, 2023, the date the financial statements were available to be issued.