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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2023 AND 2022**

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GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

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## INDEPENDENT AUDITOR'S REPORT

May 15, 2024

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis 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.

### Emphasis of a Matter

As discussed in Note 2 to the financial statements, the Council has adopted the requirements Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 842, "Leases." The purpose of this statement is to increase the usefulness of financial statements by requiring recognition of certain leases as right-to-use assets and related liabilities.

### 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.

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

- 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.

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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 966,269	\$ 817,998
Accounts receivable, net	53,380	11,427
Grants receivable	170,577	131,775
Pledges receivable, net	800	800
Interest receivable	8,495	8,815
Inventories	5,402	-
Prepaid expenses	81,992	107,969
Total Current Assets	<u>1,286,915</u>	<u>1,078,784</u>
Noncurrent Assets:		
Right-to-use asset, net	107,471	170,534
Property and equipment (net of accumulated depreciation of \$6,119,874 and \$5,717,902, respectively)	9,095,634	9,492,385
Investments	3,625,762	4,045,271
Total Noncurrent Assets	<u>12,828,867</u>	<u>13,708,190</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 14,115,782</u></b>	<b><u>\$ 14,786,974</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable	\$ 132,769	\$ 52,117
Accrued expenses and other liabilities	112,333	121,611
Accrued salaries and wages	41,754	37,660
Deferred revenue	48,925	45,715
Current portion of lease liability	46,971	123,600
Total Current Liabilities	<u>382,752</u>	<u>380,703</u>
Long-term Liabilities:		
Long-term portion of lease liability	-	40,841
Long term portion of notes payable	1,596,556	1,600,000
Total Long-term Liabilities	<u>1,596,556</u>	<u>1,640,841</u>
<b>Total Liabilities</b>	<b><u>1,979,308</u></b>	<b><u>2,021,544</u></b>
Net Assets:		
Without donor restrictions	11,293,546	11,949,341
With donor restrictions	842,928	816,089
Total Net Assets	<u>12,136,474</u>	<u>12,765,430</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 14,115,782</u></b>	<b><u>\$ 14,786,974</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, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, LOSSES, AND OTHER SUPPORT						
Product program revenue, net	\$ 2,372,227	\$ -	\$ 2,372,227	\$ 2,305,146	\$ -	\$ 2,305,146
Retail shop sales and services, net	22,669	-	22,669	-	-	-
Camping and program fees, net	119,059	-	119,059	153,301	-	153,301
Contributions:						
Individual donations	59,591	-	59,591	82,401	-	82,401
Pledges and grants	40,698	147,700	188,398	26,059	192,500	218,559
Special events	116	-	116	50	-	50
United Way	104,944	-	104,944	162,428	-	162,428
Investment income (loss)	423,601	65,428	489,029	(440,707)	(180,279)	(620,986)
Other income	271,950	-	271,950	705,520	-	705,520
Paycheck Protection Program loan forgiveness	-	-	-	501,275	-	501,275
Net assets released from restrictions	186,289	(186,289)	-	182,507	(182,507)	-
TOTAL REVENUE, GAINS, LOSSES, AND OTHER SUPPORT	<u>3,601,144</u>	<u>26,839</u>	<u>3,627,983</u>	<u>3,677,980</u>	<u>(170,286)</u>	<u>3,507,694</u>
EXPENSES						
Program Services:						
Membership development	700,976	-	700,976	1,126,143	-	1,126,143
Special programs	2,595,824	-	2,595,824	2,600,859	-	2,600,859
Camping services	291,137	-	291,137	342,880	-	342,880
Total Program Services	<u>3,587,937</u>	<u>-</u>	<u>3,587,937</u>	<u>4,069,882</u>	<u>-</u>	<u>4,069,882</u>
Supporting Services:						
Management and general	247,285	-	247,285	267,979	-	267,979
Public relations	299,516	-	299,516	92,317	-	92,317
Fund raising	122,201	-	122,201	106,015	-	106,015
Total Supporting Services	<u>669,002</u>	<u>-</u>	<u>669,002</u>	<u>466,311</u>	<u>-</u>	<u>466,311</u>
TOTAL EXPENSES	<u>4,256,939</u>	<u>-</u>	<u>4,256,939</u>	<u>4,536,193</u>	<u>-</u>	<u>4,536,193</u>
Increase (Decrease) in Net Assets	(655,795)	26,839	(628,956)	(858,213)	(170,286)	(1,028,499)
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 11,293,546</u>	<u>\$ 842,928</u>	<u>\$ 12,136,474</u>	<u>\$ 11,949,341</u>	<u>\$ 816,089</u>	<u>\$ 12,765,430</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, 2023**

	Program Services			Supporting Services			
	Membership Development	Special Programs	Camping Services	Management and General	Public Relations	Fund Raising	Total
Salaries	\$ 307,693	\$ 1,118,272	\$ 102,361	\$ 69,682	\$ 156,595	\$ 98,135	\$ 1,852,738
Employee health and retirement benefits	73,763	229,886	22,008	28,367	28,237	2,843	385,104
Payroll taxes and related costs	24,710	77,126	7,532	5,520	11,271	6,777	132,936
<b>Total Salaries and Related Expenses</b>	<b>406,166</b>	<b>1,425,284</b>	<b>131,901</b>	<b>103,569</b>	<b>196,103</b>	<b>107,755</b>	<b>2,370,778</b>
Conferences	1,481	6,715	1,265	912	642	-	11,015
Equipment rental and maintenance	5,023	23,462	2,594	3,088	2,178	-	36,345
Fees	2,572	9,500	1,044	1,581	1,116	700	16,513
Financial assistance	23,907	23,560	-	-	-	-	47,467
Insurance	20,756	76,652	8,424	12,759	9,001	-	127,592
Interest expense	18,183	67,150	7,380	11,178	7,885	-	111,776
Miscellaneous expense	23,139	41,264	5,385	6,176	4,424	493	80,881
Occupancy	41,057	155,571	19,537	25,169	17,756	-	259,090
Postage	1,618	9,850	2,955	872	616	960	16,871
Printing and publications	596	5,239	3,089	280	522	9,675	19,401
Professional fees	35,168	138,991	28,995	21,619	15,853	-	240,626
Supplies	26,750	235,869	36,855	2,039	1,439	2,182	305,134
Telephone	13,474	50,679	5,469	8,283	6,326	-	84,231
Travel	7,911	41,902	5,237	4,777	3,921	436	64,184
<b>Total Expenses Before Depreciation/Amortization</b>	<b>627,801</b>	<b>2,311,688</b>	<b>260,130</b>	<b>202,302</b>	<b>267,782</b>	<b>122,201</b>	<b>3,791,904</b>
Depreciation/amortization	73,175	284,136	31,007	44,983	31,734	-	465,035
<b>Total Expenses</b>	<b>\$ 700,976</b>	<b>\$ 2,595,824</b>	<b>\$ 291,137</b>	<b>\$ 247,285</b>	<b>\$ 299,516</b>	<b>\$ 122,201</b>	<b>\$ 4,256,939</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, 2022**

	Program Services			Supporting Services			
	Membership Development	Special Programs	Camping Services	Management and General	Public 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/Amortization</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/amortization	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.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (628,956)	\$ (1,028,499)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation/Amortization	465,035	464,510
Bad debt expense	-	48,678
Unrealized (gain) loss on investments	(275,061)	801,265
Realized (gain) loss on investments	(138,709)	103,639
Paycheck Protection Program loan forgiveness	-	(501,275)
(Increase) decrease in assets:		
Pledges receivable	-	51,322
Grants receivable	(38,802)	(29,532)
Accounts receivable	(41,953)	4,582
Inventory	(5,402)	4,103
Prepaid expenses	25,977	(80,254)
Increase (decrease) in liabilities:		
Accounts payable	80,652	(180,954)
Accrued expenses and other liabilities	(9,278)	7,705
Accrued salaries and wages	4,094	3,981
Deferred revenue	3,210	31,189
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(559,193)</u>	<u>(299,540)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of land, building, and equipment	(5,221)	(125,622)
Proceeds from sale of fixed assets		
Proceeds from sale of investments	1,524,498	797,836
Purchase of investments	<u>(690,899)</u>	<u>(989,845)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>828,378</u>	<u>(317,631)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease obligation payments	(117,470)	(94,792)
Payments on notes payable	<u>(3,444)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(120,914)</u>	<u>(94,792)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	148,271	(711,963)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>817,998</u>	<u>1,529,961</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 966,269</u>	<u>\$ 817,998</u>
CASH PAID FOR INTEREST	<u>\$ 111,776</u>	<u>\$ 55,982</u>
CASH PAID FOR TAXES	<u>\$ -</u>	<u>\$ -</u>
NONCASH FINANCING ACTIVITY:		
Forgiveness of Paycheck Protection Program loan	<u>\$ -</u>	<u>\$ 501,275</u>
Incurrence of lease	<u>\$ -</u>	<u>\$ 111,838</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. No allowance has been recorded for the years ended September 30, 2023 and 2022.

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/Amortization

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/amortization 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
Right-to-use asset	Life of lease

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, 2023 and 2022, the Council did not recognize any donated materials.

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, 2023 and 2022, the Council did not recognize any contributed services.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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, 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
Product program income - cookies	\$ 3,834,947	\$ 3,591,654
Less: related cost of sales	<u>1,626,750</u>	<u>1,453,844</u>
Net program revenue - cookies	<u>2,208,197</u>	<u>2,137,810</u>
Product program income - other	304,163	313,166
Less: related cost of sales	<u>140,133</u>	<u>145,830</u>
Net program revenue - other	<u>164,030</u>	<u>167,336</u>
Total Product Program Income - Net	<u>\$ 2,372,227</u>	<u>\$ 2,305,146</u>

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.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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 years ended September 30, 2023 and 2022 totaled \$10,361 and \$6,092, 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.

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



GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

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

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

Implementation of FASB ASC Topic 842

During the year ended September 30, 2023, the Council adopted the requirements of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 842, "Leases." The purpose of this statement is to increase the usefulness of financial statements by requiring recognition of certain leases as an asset and liabilities for those leases.

The Council has elected the package of practical expedients permitted in ASC Topic 842. Additionally, the Council has made the following additional elections with regards to the implementation of this new standard:

- The accounting policy election to exclude short-term leases from the scope of ASC Topic 842. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not contain an option to purchase the underlying asset that the lessee is reasonably certain to exercise. The Council has elected to apply a simplified method of accounting for short-term leases where lease payments are recognized as expense on a straight-line basis over the lease term.
- Implementation retrospectively at the beginning of the period of adoption (October 1, 2021).

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, 2023 and 2022 was \$966,269 and \$817,998, 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 \$471,300 and \$80,268 as of September 30, 2023 and 2022, respectively, were uninsured as they exceeded FDIC insurance limits.

Additionally, cash balances of \$225,498 and \$350,963 are held in investment accounts as of September 30, 2023 and 2022, respectively, which are not insured under the FDIC insurance.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 92,960	\$ 4,766	\$ 97,726
Realized gain (loss)	270,740	4,321	275,061
Unrealized gain (loss)	74,622	64,087	138,709
Investment fees	(14,721)	(7,746)	(22,467)
Total	<u>\$ 423,601</u>	<u>\$ 65,428</u>	<u>\$ 489,029</u>

  

	2022		
	Without Donor Restrictions	With Donor 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>

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, 2023:

	2023			
	Fair Value at Report Date Using:			
	Fair Value	Level 1	Level 2	Level 3
U.S. treasuries	\$ 779,062	\$ 779,062	\$ -	\$ -
Corporate bonds	161,792	161,792	-	-
Equities	1,392,560	1,392,560	-	-
ETFs and REITs	452,1912	452,192	-	-
Pooled investments in community foundations	840,156	-	-	840,156
Total Assets Valued at Fair Value	<u>\$ 3,625,762</u>	<u>\$ 2,785,606</u>	<u>\$ -</u>	<u>\$ 840,156</u>

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 FAIR VALUE MEASUREMENT (cont'd)

	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>

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.

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

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ENDOWMENT ASSETS (cont'd)

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 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:

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 ENDOWMENT ASSETS (cont'd)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds:			
Donor-restricted	\$ -	\$ 794,223	\$ 794,223
Board-designated	2,831,539	-	2,831,539
Total Endowment Assets	<u>\$ 2,831,539</u>	<u>\$ 794,223</u>	<u>\$ 3,625,762</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds:			
Donor-restricted	\$ -	\$ 728,795	\$ 728,795
Board-designated	3,316,476	-	3,316,476
Total Endowment Assets	<u>\$ 3,316,476</u>	<u>\$ 728,795</u>	<u>\$ 4,045,271</u>

Changes in endowment net assets for the years ended September 30, 2023 and 2022 were as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment assets, beginning of year	\$ 3,316,476	\$ 728,795	\$ 4,045,271
Earnings on investments	423,601	65,428	489,029
Other charges	(22,467)	-	(22,467)
Disbursements and expenses	(886,071)	-	(886,071)
Endowment assets, end of year	<u>\$ 2,831,539</u>	<u>\$ 794,223</u>	<u>\$ 3,625,762</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment 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>

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 NET ASSETS

Net assets with donor restrictions consisted of the following as of September 30, 2023:

Specific program support	\$ 48,705
Endowment funds	<u>794,223</u>
Total Net Assets With Donor Restrictions	<u>\$ 842,928</u>

Net assets with donor restrictions were released for the following purposes during the year ended September 30, 2023:

Specific program support	\$ 186,289
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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
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NOTE 8 LAND, BUILDINGS, AND EQUIPMENT

At September 30, 2023 and 2022, land, buildings, and equipment consisted of the following:

	<u>2023</u>	<u>2022</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>1,417,762</u>	<u>1,412,541</u>
	15,215,508	15,210,287
Less: accumulated depreciation	<u>(6,119,874)</u>	<u>(5,717,902)</u>
Land, buildings, and equipment, net of accumulated depreciation	<u>\$ 9,095,634</u>	<u>\$ 9,492,385</u>

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LAND, BUILDINGS, AND EQUIPMENT (cont'd)

	2023	2022
(cont'd)		
Right-to-use asset	\$ 372,918	\$ 372,918
Less: accumulated amortization	<u>(265,447)</u>	<u>(202,384)</u>
	<u>\$ 107,471</u>	<u>\$ 170,534</u>

Depreciation/amortization expense for the fiscal years ended September 30, 2023 and 2022 was \$465,035 and \$464,510, respectively.

NOTE 9 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

The following reflects the Council's financial assets as of September 30, 2023 and 2022, 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 available include amounts set aside for contingency and maintenance reserves that could be drawn upon if the governing board approves that action.

	2023	2022
Financial assets, at year-end	\$ 4,825,283	\$ 5,016,086
Less those unavailable for general expenditures within one year due to:		
Donor-imposed purpose restrictions	842,928	816,089
Board-designated	<u>2,831,539</u>	<u>3,316,476</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,150,816</u>	<u>\$ 883,521</u>

The Council has cash on hand to meet three months of normal operating expenses (excluding depreciation and amortization) which is approximately \$1,041,000 at September 30, 2023. 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

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (cont'd)

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, 2023. 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 2022 and 2023 were \$32.2 million and \$27.5 million, respectively. Aggregate contributions to be made in fiscal 2024 are expected to be \$26 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, 2023 and 2022 was \$31,010 and \$18,708, respectively.

NOTE 12 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, 2023 and 2022, accrued PTO was estimated to be \$75,751 and \$79,115, respectively, and is included in accrued expenses and other liabilities on the statement of financial position.

NOTE 13 LEASE OBLIGATIONS

At September 30, 2023, the Council had various lease agreements in effect for various equipment. The Council calculated the present value of the lease agreement at the risk-



GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 LEASE OBLIGATIONS (cont'd)

free rate as of the incurrence of each lease. The weighted remaining life of the leases as of September 30, 2023 was 6.6 months, and the weighted discount rate as of September 30, 2023 was 3.54%.

Year Ending September 30,

2024	<u>\$ 46,971</u>
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NOTE 14 NOTES PAYABLE

Notes payable consisted of the following as of September 30:

	<u>2023</u>	<u>2022</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.	<u>\$ 1,596,556</u>	<u>\$ 1,600,000</u>
Total Notes Payable	<u>\$ 1,596,556</u>	<u>\$ 1,600,000</u>

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

September 30,

2024	\$ -
2025	-
2026	<u>1,596,556</u>
Total	<u>\$1,596,556</u>

NOTE 15 COMMITMENTS AND CONTINGENCIES

The Council may become 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.

GIRL SCOUTS OF THE CHESAPEAKE BAY COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 16     SUBSEQUENT EVENTS

In December 2023, the Council sold their building on Old Baltimore Pike for approximately \$2,000,000.

In January 2024, the Council paid, in full, their loan balance of \$1,596,556.

The Council has evaluated all subsequent events through May 15, 2024, the date the financial statements were available to be issued.