

***Girl Scouts of Central and
Western Massachusetts, Inc.***

*Financial Statements for the Years Ended
September 30, 2022 and 2021 and
Independent Auditors' Report*

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 22



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Girl Scouts of Central and Western Massachusetts, Inc.

Opinion

We have audited the accompanying financial statements of Girl Scouts of Central and Western Massachusetts, 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 Central and Western Massachusetts, 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 for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girl Scouts of Central and Western Massachusetts, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Central and Western Massachusetts, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Central and Western Massachusetts, 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 Central and Western Massachusetts, 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.



January 18, 2023

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash	\$ 1,463,616	\$ 2,291,603
Accounts receivable	271,206	473,677
Pledges receivable, current	11,776	91,154
Inventory	25,669	23,833
Prepaid expenses and other current assets	<u>54,585</u>	<u>52,141</u>
Total current assets	<u>1,826,852</u>	<u>2,932,408</u>
PLEDGES RECEIVABLE, non current, net	11,424	17,039
LAND, BUILDINGS AND EQUIPMENT, net	5,119,370	5,190,030
CASH SURRENDER VALUE OF LIFE INSURANCE	59,279	56,919
OTHER ASSETS	419,599	555,513
LONG-TERM INVESTMENTS	<u>3,182,426</u>	<u>3,709,923</u>
TOTAL ASSETS	<u>\$ 10,618,950</u>	<u>\$ 12,461,832</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 90,055	\$ 80,543
Accrued expenses	87,834	85,367
Deferred revenue	56,539	61,217
Current portion of long-term debt	<u>-</u>	<u>50,893</u>
Total current liabilities	<u>234,428</u>	<u>278,020</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	-	437,913
PAYCHECK PROTECTION PROGRAM (PPP) LOAN (Note 10)	<u>-</u>	<u>534,570</u>
Total liabilities	<u>234,428</u>	<u>1,250,503</u>
NET ASSETS:		
Without donor restrictions	7,562,939	7,773,544
With donor restrictions	<u>2,821,583</u>	<u>3,437,785</u>
Total net assets	<u>10,384,522</u>	<u>11,211,329</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,618,950</u>	<u>\$ 12,461,832</u>

See notes to financial statements.

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES:			
REVENUES AND OTHER SUPPORT:			
Annual giving campaign	\$ 52,534	\$ -	\$ 52,534
Legacies and bequests	23,113	-	23,113
United Way allocations	12,638	-	12,638
Special events (net of direct costs of \$7,656)	25,362	-	25,362
Contributions and other receipts	116,008	142,891	258,899
Program fees and camping events	479,803	-	479,803
Product sales (net of direct costs of \$1,864,045)	2,409,000	-	2,409,000
Girl Scout store (net of direct costs of \$60,753)	87,770	-	87,770
Dividend and interest income (net of investment fees of \$15,776)	40,870	10,934	51,804
Miscellaneous income	2,993	-	2,993
Net assets released from restriction	135,100	(135,100)	-
Total revenues and other support	<u>3,385,191</u>	<u>18,725</u>	<u>3,403,916</u>
EXPENSES:			
Program services	3,257,079	-	3,257,079
Management and general	443,555	-	443,555
Fundraising	274,747	-	274,747
Total expenses	<u>3,975,381</u>	<u>-</u>	<u>3,975,381</u>
Change in net assets from operations	<u>(590,190)</u>	<u>18,725</u>	<u>(571,465)</u>
NONOPERATING ACTIVITIES:			
Realized and unrealized loss on investments, net	(158,074)	(499,013)	(657,087)
Change in other assets	-	(135,914)	(135,914)
Government grant - forgiveness of PPP loan (Note 10)	537,659	-	537,659
Total nonoperating activities	<u>379,585</u>	<u>(634,927)</u>	<u>(255,342)</u>
Change in net assets	<u>(210,605)</u>	<u>(616,202)</u>	<u>(826,807)</u>
NET ASSETS - BEGINNING	<u>7,773,544</u>	<u>3,437,785</u>	<u>11,211,329</u>
NET ASSETS - ENDING	<u>\$ 7,562,939</u>	<u>\$ 2,821,583</u>	<u>\$ 10,384,522</u>

See notes to financial statements.

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES:			
REVENUES AND OTHER SUPPORT:			
Annual giving campaign	\$ 53,861	\$ -	\$ 53,861
Legacies and bequests	20,973	-	20,973
United Way allocations	12,325	-	12,325
Special events (net of direct costs of \$3,544)	8,125	-	8,125
Contributions and other receipts	21,698	310,397	332,095
Program fees and camping events	413,721	-	413,721
Product sales (net of direct costs of \$1,545,465)	2,036,675	-	2,036,675
Girl Scout store (net of direct costs of \$35,643)	65,894	-	65,894
Dividend and interest income (net of investment fees of \$16,261)	39,581	7,313	46,894
Miscellaneous income	21,465	-	21,465
Net assets released from restriction	<u>147,730</u>	<u>(147,730)</u>	<u>-</u>
Total revenues and other support	<u>2,842,048</u>	<u>169,980</u>	<u>3,012,028</u>
EXPENSES:			
Program services	3,008,780	-	3,008,780
Management and general	470,334	-	470,334
Fundraising	<u>265,144</u>	<u>-</u>	<u>265,144</u>
Total expenses	<u>3,744,258</u>	<u>-</u>	<u>3,744,258</u>
Change in net assets from operating activities	<u>(902,210)</u>	<u>169,980</u>	<u>(732,230)</u>
NONOPERATING ACTIVITIES:			
Realized and unrealized gain on investments, net	437,661	88,930	526,591
Gain on sale of properties	524,629	-	524,629
Change in other assets	-	82,382	82,382
Government grant - forgiveness of PPP loan (Note 10)	523,128	-	523,128
Government grant - employee retention tax credit (Note 11)	<u>960,731</u>	<u>-</u>	<u>960,731</u>
Total nonoperating activities	<u>2,446,149</u>	<u>171,312</u>	<u>2,617,461</u>
Change in net assets	1,543,939	341,292	1,885,231
NET ASSETS - BEGINNING	<u>6,229,605</u>	<u>3,096,493</u>	<u>9,326,098</u>
NET ASSETS - ENDING	<u>\$ 7,773,544</u>	<u>\$ 3,437,785</u>	<u>\$ 11,211,329</u>

See notes to financial statements.

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Program Services			Supporting Services			Total Expenses
	Comprehensive Youth Development	Camping Services	Total Program Services	Management and General	Fund-raising	Total Supporting Services	
Salaries and wages	\$ 1,193,046	\$ 476,055	\$ 1,669,101	\$ 258,372	\$ 158,136	\$ 416,508	\$ 2,085,609
Employee benefits	323,044	128,902	451,946	69,961	42,817	112,778	564,724
Payroll taxes and workers' compensation insurance	107,614	42,941	150,555	23,306	14,264	37,570	188,125
Total salaries and related expenses	1,623,704	647,898	2,271,602	351,639	215,217	566,856	2,838,458
Professional fees	134,688	73,077	207,765	19,493	6,480	25,973	233,738
Camp and office supplies	52,797	50,276	103,073	9,181	7,652	16,833	119,906
Telephone and internet services	14,813	4,985	19,798	2,575	2,147	4,722	24,520
Postage and shipping	5,223	2,418	7,641	910	757	1,667	9,308
Occupancy costs	26,228	208,475	234,703	4,561	3,801	8,362	243,065
Equipment rental and maintenance	57,173	9,691	66,864	9,943	8,286	18,229	85,093
Printing and publications	5,622	733	6,355	978	815	1,793	8,148
Travel and transportation	17,402	35,508	52,910	3,027	2,522	5,549	58,459
Conferences, conventions and meetings	8,820	1,217	10,037	1,533	1,278	2,811	12,848
Specific assistance to individuals	3,486	1,960	5,446	-	-	-	5,446
Membership dues	491	3,763	4,254	654	545	1,199	5,453
Miscellaneous	63,942	27,852	91,794	5,302	10,499	15,801	107,595
Interest expense	-	-	-	9,950	-	9,950	9,950
Total expenses before depreciation and amortization	2,014,389	1,067,853	3,082,242	419,746	259,999	679,745	3,761,987
Depreciation and amortization	114,264	60,573	174,837	23,809	14,748	38,557	213,394
Total expenses	\$ 2,128,653	\$ 1,128,426	\$ 3,257,079	\$ 443,555	\$ 274,747	\$ 718,302	\$ 3,975,381

See notes to financial statements.

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Program Services			Supporting Services		
	Comprehensive Youth Development	Camping Services	Total Program Services	Management and General	Fund-raising	Total Supporting Services
Salaries and wages	\$ 1,142,405	\$ 413,367	\$ 1,555,772	\$ 237,209	\$ 145,514	\$ 382,723
Employee benefits	326,158	118,017	444,175	67,724	41,544	109,268
Payroll taxes and workers' compensation insurance	86,388	31,259	117,647	17,938	11,004	28,942
Total salaries and related expenses	1,554,951	562,643	2,117,594	322,871	198,062	520,933
Professional fees	93,132	79,424	172,556	30,809	13,274	44,083
Camp and office supplies	8,851	45,810	54,661	15,452	12,877	28,329
Telephone and internet services	13,454	4,808	18,262	2,339	1,950	4,289
Postage and shipping	3,544	2,199	5,743	616	514	1,130
Occupancy costs	23,916	208,655	232,571	4,160	3,466	7,626
Equipment rental and maintenance	50,551	8,828	59,379	8,792	7,326	16,118
Printing and publications	5,313	693	6,006	924	770	1,694
Travel and transportation	11,448	34,573	46,021	1,991	1,659	3,650
Conferences, conventions and meetings	6,628	931	7,559	1,152	961	2,113
Specific assistance to individuals	31,110	-	31,110	-	-	-
Membership dues	3,606	470	4,076	628	523	1,151
Miscellaneous	52,951	20,161	73,112	4,822	8,345	13,167
Interest expense	-	-	-	48,430	-	48,430
Total expenses before depreciation and amortization	1,859,455	969,195	2,828,650	442,986	249,727	692,713
Depreciation and amortization	119,731	60,399	180,130	27,348	15,417	42,765
Total expenses	\$ 1,979,186	\$ 1,029,594	\$ 3,008,780	\$ 470,334	\$ 265,144	\$ 735,478
						\$ 3,744,258

See notes to financial statements.

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (826,807)	\$ 1,885,231
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	213,394	222,895
Gain on sale of properties, net	-	(524,629)
Realized gain on investments	(144,014)	(441,606)
Unrealized loss (gain) on investments	801,101	(84,985)
Change in other assets	135,914	(82,382)
Extinguishment of debt - PPP loan (Note 10)	(537,659)	(523,128)
Extinguishment of debt - PPP loan interest (Note 10)	3,089	5,251
Contributions and pledges restricted into perpetuity	(17,123)	(169,120)
Changes in operating assets and liabilities:		
Accounts receivable	202,471	(431,211)
Inventory	(1,836)	7,391
Prepaid expenses and other current assets	(2,444)	17,666
Pledges receivable	84,993	78,450
Accounts payable	9,512	(8,166)
Accrued expenses	2,467	(19,125)
Deferred revenue	(4,678)	22,416
Net cash used in operating activities	<u>(81,620)</u>	<u>(45,052)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of land, buildings and equipment	(142,734)	(94,960)
Proceeds from sale of land, buildings and equipment	-	528,500
Investment purchases	(1,346,840)	(1,080,113)
Proceeds from sale of investments	1,217,250	1,312,975
Increase in cash surrender value of life insurance	(2,360)	(1,966)
Net cash (used in) provided by investing activities	<u>(274,684)</u>	<u>664,436</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Pledges restricted for investment in endowment, net of discount	5,808	11,953
Contribution restricted for investment in endowment	11,315	126,887
Stock donation restricted for investment in endowment	-	30,280
Payments on long-term debt	(488,806)	(554,061)
Proceeds from Paycheck Protection Program (PPP) loan (Note 10)	-	534,570
Net cash (used in) provided by financing activities	<u>(471,683)</u>	<u>149,629</u>
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(827,987)	769,013
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>2,291,603</u>	<u>1,522,590</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,463,616</u>	<u>\$ 2,291,603</u>
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 6,861</u>	<u>\$ 43,179</u>

See notes to financial statements.

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

1. NATURE OF ACTIVITIES

Girl Scouts of Central and Western Massachusetts, Inc. (the Council) was incorporated on January 1, 2008 through the merger of Girl Scouts of Montachusett Council, Inc., Girl Scouts of Pioneer Valley, Inc. and Girl Scouts of Western Massachusetts, Inc. The Council is chartered by Girl Scouts of the U.S.A. and provides programs and services to a diverse population of 5,537 girls, ages 5 to 17 (or from kindergarten through high school) in cities and towns throughout Central and Western Massachusetts. The Council's goal of enabling every girl within its jurisdiction to become a responsible family member, job holder and community citizen and to serve her community with the highest ideals of character, conduct, patriotism and service is strengthened by the enthusiasm and dedication of 3,319 trained adult volunteer members. The Council, through its volunteers and staff, provides educationally stimulating programs designed to address contemporary and sensitive issues facing a diverse population of young women by giving each girl the skills and guidance necessary for her to reach her own greatest potential.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The financial statements of the Council have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Council to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Council's ongoing programs and services to girls throughout Central and Western Massachusetts communities. Nonoperating activities are limited to investment return and other activities considered to be of a more unusual or nonrecurring nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, cash equivalents and restricted cash – For purposes of the statement of cash flows, the Council considers all highly liquid deposits to be cash and cash equivalents. The Council maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Council has not experienced, nor does it anticipate, any losses in such accounts. Total restricted cash consists of the following at September 30:

	2022	2021
Donor restricted for purpose or time	\$ 422,883	\$ 441,115
Donor restricted into perpetuity	<u>36,740</u>	<u>267,362</u>
	<u>\$ 459,623</u>	<u>\$ 708,477</u>

Pledges receivable, net – Pledges receivable consist of contributions unconditionally committed to the maintenance of Camp Bonnie Brae, annual fund and one multi-year program contribution. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledges are received. Discount amortization is included in restricted contributions. Management believes all pledges receivable will be collected. Pledges receivable are written-off as bad debt after significant measures have failed to result in the collection of such pledges.

Long-term investments – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Investment securities are exposed to various risks including, but not limited to, interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. The Council seeks to minimize market risk by diversifying its investment portfolio.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Inventory – Inventory is valued at lower of cost and net realizable value, using the first-in, first-out (FIFO) method. Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Inventory consists of consumer goods in the Council's stores.

Land, buildings and equipment, net – Land, buildings and equipment are recorded at cost. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments in excess of \$1,000 with a useful life over one year are capitalized as additions to land, buildings and equipment. Depreciation is provided over the estimated useful life (ranging from 3 to 40 years) of each class of depreciable asset and is computed using the straight-line method.

Deferred revenue – Deferred revenue consists of prepayment of program and events fees and is recognized as revenue when the services and events are provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition – The Council recognizes camp and program fees when the related services are performed. Product sales are recognized when products are sold. Grants and contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

In-kind contributions – The Council may receive donated goods and services in support of its programs. These goods and services are reflected in the accompanying statements of activities based upon the value assigned to these goods and services by the donating individuals. The Council did not receive any in-kind goods or services during 2022 or 2021.

Additionally, the Council receives services of volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the recognition criteria of generally accepted accounting principles for nonprofit organizations.

Functional expense allocation – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising. Such allocations are determined by management on the basis of estimates of time and effort.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income tax status – The Council is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Council has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Council has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent events – The Council has evaluated all subsequent events through January 18, 2023, the date the financial statements were available to be issued.

3. PLEDGES RECEIVABLE

The Council anticipates collection of outstanding pledges receivable as follows at September 30:

	2022	2021
Camp Bonnie Brae	\$ 23,168	\$ 33,740
Annual fund	1,000	1,000
Program	<u>-</u>	<u>75,000</u>
Pledges receivable before unamortized discount	24,168	109,740
Less: unamortized discount	<u>968</u>	<u>1,547</u>
Net pledges receivable	<u>\$ 23,200</u>	<u>\$ 108,193</u>
Amounts due in:		
Less than one year	\$ 11,776	\$ 91,154
One to five years	<u>12,392</u>	<u>18,586</u>
	<u>\$ 24,168</u>	<u>\$ 109,740</u>

Amounts presented above have been discounted to present value using a discount rate of 3.25% in 2022 and 2021. The discount will be recognized as with donor restrictions contribution income in future fiscal years as the pledges are received and using the same discount rate.

4. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following as of September 30:

	2022	2021
Land	\$ 636,858	\$ 636,858
Land improvements	357,912	357,912
Buildings and improvements	7,221,929	7,200,284
Equipment and vehicles	<u>1,715,746</u>	<u>1,594,657</u>
Total	9,932,445	9,789,711
Less accumulated depreciation and amortization	<u>(4,813,075)</u>	<u>(4,599,681)</u>
Land, buildings and equipment, net	<u>\$ 5,119,370</u>	<u>\$ 5,190,030</u>

During 2021, the Council sold one vehicle and a communications easement (cell tower) located in South Hadley, Massachusetts. Proceeds, net of direct expenses, from this sale amounted to \$528,500 of which \$524,629 is reported as gain on sale of properties in 2021.

5. CASH SURRENDER VALUE OF LIFE INSURANCE

The Council owns and is the beneficiary of one whole-life insurance policy. The policy is carried at its cash surrender value which approximates the fair value.

6. OTHER ASSETS

Other assets consist of the Council's beneficial interest in two trusts. The Council is a 5% designated beneficiary in the Christine L. Beck Trust and a 14% designated beneficiary in the Grace Noyes Trust. As stated in the trust documents the principal investments are to be held in perpetuity by the trusts and the income is distributed annually to each named beneficiary. In accordance with U.S. generally accepted accounting principles for non-profit organizations, the Council has recorded the fair value of its designated percentage of the trusts as with donor restrictions net assets in the statement of financial position. The Council does not have access to the principal of the reported assets; however, income generated from these assets is distributed to the Council annually and in perpetuity.

The annual income distribution included in the statement of activities without donor restrictions was \$23,113 and \$20,973 for the years ended September 30, 2022 and 2021, respectively. The fair value of the beneficial interest as of September 30, 2022 and 2021 was \$419,599 and \$555,513, respectively. The realized and unrealized change in reported fair value of (\$135,914) in 2022 and \$82,382 in 2021 has been reflected in the statement of activities as a change in other assets with donor restrictions net assets - permanently restricted.

7. LONG-TERM INVESTMENTS

Long-term investments consisted of the following at September 30:

	2022		2021	
	Cost	Market	Cost	Market
Money market funds	\$ 35,540	\$ 35,540	\$ 117,274	\$ 117,274
U.S. government securities	424,690	375,946	424,716	440,078
Corporate and foreign bonds	405,930	336,062	405,930	400,620
Equity securities	789,429	1,085,970	1,045,384	1,606,376
Mutual funds	1,421,643	1,348,908	810,324	1,145,575
	<u>\$ 3,077,232</u>	<u>\$ 3,182,426</u>	<u>\$ 2,803,628</u>	<u>\$ 3,709,923</u>

The following is a summary of unrealized and realized (loss) gain for the years ended September 30:

	2022	2021
Unrealized (loss) gain	\$ (801,101)	\$ 84,985
Net realized gain (based upon original cost)	<u>144,014</u>	<u>441,606</u>
Total net (loss) gain for year	<u>\$ (657,087)</u>	<u>\$ 526,591</u>

The long-term investments portfolio is a pooled income fund consisting of with restrictions - permanently restricted endowment funds and without restrictions - board designated investment funds.

The Board of Directors of the Council has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted in Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as with donor restrictions - permanently restricted net assets (a) the original value of the gifts donated to the with donor restrictions - permanent endowment, (b) the original value of subsequent gifts donated to the with donor restrictions - permanent endowment, and (c) accumulations to the with donor restrictions - permanent endowment

7. LONG-TERM INVESTMENTS (CONTINUED)

made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with donor stipulations, the Council has classified as with donor restrictions - permanently restricted net assets the unrealized gains attributable to the with donor restrictions - permanently restricted investments in 2022 and 2021.

The portion of the donor-restricted endowment fund that is not classified in with donor restrictions - permanently restricted net assets is classified as with donor restrictions - temporarily restricted net assets 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, management considers the Council's long and short-term needs, the duration and preservation of the fund, the purposes of the Council and the donor-restricted endowment fund, expected total return on its investments, the possible effect of inflation and deflation, general economic conditions, other resources of the Council and the investment policies of the Council.

The Council spending requirement is determined by the Board of Directors each year. Distributions may include a combination of income and board-designated principal, if needed, to support these spending requirements.

Long-term investments composition as of September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
	<u>Restrictions</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,847,643	\$ 1,847,643
Board-designated long-term investments	1,334,783	-	-	1,334,783
Total Funds	<u>\$ 1,334,783</u>	<u>\$ -</u>	<u>\$ 1,847,643</u>	<u>\$ 3,182,426</u>

Change in long-term investments for the year ended September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
	<u>Restrictions</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
Investments, beginning of year	\$ 1,643,321	\$ -	\$ 2,066,602	\$ 3,709,923
Additions	-	-	261,589	261,589
Transfers	(18,433)	-	18,433	-
Investment return:				
Investment income, net of fees	30,717	10,902	32	41,651
Net depreciation (realized and unrealized)	(158,074)	-	(499,013)	(657,087)
Total investment return	<u>(127,357)</u>	<u>10,902</u>	<u>(498,981)</u>	<u>(615,436)</u>
Appropriation of investment assets for expenditure	(162,748)	(10,902)	-	(173,650)
Investments, end of year	<u>\$ 1,334,783</u>	<u>\$ -</u>	<u>\$ 1,847,643</u>	<u>\$ 3,182,426</u>

7. LONG-TERM INVESTMENTS (CONTINUED)

Long-term investments composition as of September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
	<u>Restrictions</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 2,066,602	\$ 2,066,602
Board-designated long-term investments	1,643,321	-	-	1,643,321
Total Funds	<u>\$ 1,643,321</u>	<u>\$ -</u>	<u>\$ 2,066,602</u>	<u>\$ 3,709,923</u>

Change in long-term investments for the year ended September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
	<u>Restrictions</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
Investments, beginning of year	\$ 1,468,802	\$ -	\$ 1,947,392	\$ 3,416,194
Stock donation	-	-	30,280	30,280
Investment return:				
Investment income, net of fees	30,230	7,825	-	38,055
Net appreciation (realized and unrealized)	437,661	-	88,930	526,591
Total investment return	467,891	7,825	88,930	564,646
Appropriation of investment assets for expenditure	(293,372)	(7,825)	-	(301,197)
Investments, end of year	<u>\$ 1,643,321</u>	<u>\$ -</u>	<u>\$ 2,066,602</u>	<u>\$ 3,709,923</u>

8. BANK LINE OF CREDIT

The Council entered into a \$1,000,000 revolving line of credit agreement on January 30, 2015 with the Council's primary bank. Borrowings are due on demand, interest charged is at the Wall Street Journal Prime Rate (6.25% as of September 30, 2022) and the agreement is collateralized by all cash, securities and instruments held by the Council's primary bank. There was no outstanding balance on the line of credit facility at September 30, 2022 and 2021.

9. LONG-TERM DEBT

Long-term debt consisted of the following at September 30:

	2022	2021
On September 26, 2019 the Council entered into a 10-year term loan with a financial institution for \$1,065,909. The proceeds from the note was used to construct the Council’s corporate headquarters in Worcester, Massachusetts. Interest was fixed based on the then FHLBB Amortizing Advances Rate for a 10-year term and amortized over a 25-year period plus 2.25% (4.59%). Monthly payments of \$6,020, consisting of principal and interest were required through September 26, 2029 at which time the remaining outstanding balance would become due. The loan was secured by a construction mortgage, assignment and security interest in all goods and personal property located at 115 Century Drive, Worcester. The loan was paid off in February 2022.	\$ -	\$ 488,806
Less current maturities	-	50,893
Long-term debt net of current maturities	\$ -	\$ 437,913

10. PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On April 20, 2020, the Council entered into a 2-year Paycheck Protection Program (PPP) loan in the amount of \$517,877 with a financial institution. The note bears interest at 1% and was scheduled to mature on April 20, 2022.

On April 6, 2021, the Council entered into a 5-year Paycheck Protection Program (PPP) loan in the amount of \$534,570 with a financial institution. The loan bears interest at a fixed rate of 1% and was scheduled to mature on April 6, 2026.

The loans are secured by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act). The loans are subject to the forgiveness provisions of the CARES Act and SBA interim final rule dated April 2, 2020.

The Council was granted forgiveness of the 2-year PPP loan on April 27, 2021 for which \$517,877 was forgiveness of the PPP loan and \$5,251 was forgiveness of the accrued interest.

The Council was granted forgiveness of the 5-year PPP loan on November 3, 2021 for which \$534,570 was forgiveness of the PPP loan and \$3,089 was forgiveness of the accrued interest.

11. EMPLOYEE RETENTION TAX CREDIT (ERTC)

During 2021, the Council received \$960,731 in Employee Retention Tax Credit (ERTC). The ERTC was an incentive originally created within the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and amended through the Consolidated Appropriations Act and the Infrastructure and Investment Jobs Act, and was intended to encourage employers to keep employees on the payroll as they navigate the unprecedented effects of the COVID-19 pandemic. Of the \$960,731, \$218,696 was credited against the Council's payroll taxes liabilities, \$341,732 was received in cash. The uncollected ERTC at September 30, 2022 and 2021 was \$188,179 and \$400,303, respectively, and is included as a component of accounts receivable. The Council collected the remaining \$188,179 in November 2022 (fiscal year 2023).

12. NET ASSETS

Net assets with donor restrictions were as follows at September 30:

	2022	2021
Restricted for purpose or time:		
Campership fund	\$ 32,585	\$ 34,519
Capital expenditures	18,904	22,958
Other restricted grants	<u>443,912</u>	<u>458,638</u>
	<u>495,401</u>	<u>516,115</u>
Restricted into perpetuity:		
Long-term investments	1,847,643	2,066,602
Cash, cash equivalents and restricted cash	27,726	80,625
Christine L. Beck Trust	160,665	212,599
Grace Noyes Trust	258,934	342,914
Camp Bonnie Brae endowment - cash	9,014	186,737
Camp Bonnie Brae endowment - pledges net of discount	<u>22,200</u>	<u>32,193</u>
	<u>2,326,182</u>	<u>2,921,670</u>
Total net assets with donor restrictions	<u>\$ 2,821,583</u>	<u>\$ 3,437,785</u>

Net assets released from net assets with donor restrictions are as follows:

	2022	2021
Campership fund	\$ 16,297	\$ 30,966
Land, buildings and equipment	8,629	5,124
Other restricted grants	<u>110,174</u>	<u>111,640</u>
Total net assets released from restrictions	<u>\$ 135,100</u>	<u>\$ 147,730</u>

The Board has designated without donor restrictions net assets as follows as of September 30:

	2022	2021
Cash, cash equivalents and restricted cash	\$ 123,360	\$ 265,570
Long-term investments	1,334,783	1,643,321
Insurance policy	<u>59,279</u>	<u>56,919</u>
Total board designated net assets	<u>\$ 1,517,422</u>	<u>\$ 1,965,810</u>

12. NET ASSETS (CONTINUED)

During 2022 and 2021, the Board of Directors transferred \$135,000 and \$270,000, respectively, to fund the National Girl Scout Council Retirement Plan contributions (see Note 14) and \$137,262 and \$85,989, respectively, to fund capital expenditures from board designated without donor restrictions net assets to undesignated without donor restrictions net assets.

13. FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access.
- Level 2: Inputs other than prices quoted in Level 1, such as prices quoted for similar financial assets and liabilities in active markets, prices for identical assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022 and 2021.

Money market and equity securities: valued at the closing price reported on the active market on which the individual securities are traded.

U.S. government securities: valued at the closing price reported on the active market on which the individual securities are traded.

Corporate and foreign bonds: valued at the most recent closing price reported in U.S. and foreign financial markets where market trading is less frequent than daily.

Mutual funds: valued at the daily closing price as reported by the fund. Mutual funds held by the Council are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Council are deemed to be actively traded.

Beneficial interest in trusts: consists of beneficial interests in the Christine L. Beck and the Grace Noyes Trusts. The fair value of the trusts (and their underlying assets) is based on independent reports obtained from third parties.

13. FAIR VALUE MEASUREMENTS (CONTINUED)

The following items are measured at fair value on a recurring basis at September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 35,540	\$ -	\$ -	\$ 35,540
U.S. government securities	375,946	-	-	375,946
Corporate and foreign bonds	-	336,062	-	336,062
Equity securities:				
Materials	50,720	-	-	50,720
Consumer goods	187,961	-	-	187,961
Financial	150,746	-	-	150,746
Healthcare	176,763	-	-	176,763
Industrial goods	80,778	-	-	80,778
Communications services	92,699	-	-	92,699
Technology	253,860	-	-	253,860
Utilities	15,760	-	-	15,760
Real estate	18,583	-	-	18,583
Energy	58,100	-	-	58,100
Total equity securities	<u>1,085,970</u>	<u>-</u>	<u>-</u>	<u>1,085,970</u>
Mutual funds:				
Equity funds	505,693	-	-	505,693
Fixed funds	500,840	-	-	500,840
Growth and income funds	88,572	-	-	88,572
Balance index funds	253,803	-	-	253,803
Total mutual funds	<u>1,348,908</u>	<u>-</u>	<u>-</u>	<u>1,348,908</u>
Beneficial interest in trusts	-	-	419,599	419,599
	<u>\$ 2,846,364</u>	<u>\$ 336,062</u>	<u>\$ 419,599</u>	<u>\$ 3,602,025</u>

13. FAIR VALUE MEASUREMENTS (CONTINUED)

The following items are measured at fair value on a recurring basis at September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 117,274	\$ -	\$ -	\$ 117,274
U.S. government securities	440,078	-	-	440,078
Corporate and foreign bonds	-	400,620	-	400,620
Equity securities:				
Materials	90,085	-	-	90,085
Consumer goods	314,442	-	-	314,442
Financial	216,518	-	-	216,518
Healthcare	209,343	-	-	209,343
Industrial goods	158,705	-	-	158,705
Communications services	194,000	-	-	194,000
Technology	389,403	-	-	389,403
Utilities	19,002	-	-	19,002
Real estate	14,878	-	-	14,878
Total equity securities	<u>1,606,376</u>	<u>-</u>	<u>-</u>	<u>1,606,376</u>
Mutual funds:				
Equity funds	402,326	-	-	402,326
Fixed funds	330,429	-	-	330,429
Growth and income funds	104,000	-	-	104,000
Balance index funds	308,820	-	-	308,820
Total mutual funds	<u>1,145,575</u>	<u>-</u>	<u>-</u>	<u>1,145,575</u>
Beneficial interest in trusts	-	-	555,513	555,513
	<u>\$ 3,309,303</u>	<u>\$ 400,620</u>	<u>\$ 555,513</u>	<u>\$ 4,265,436</u>

14. PENSION EXPENSE

The Council participates in the National Girl Scout Council Retirement Plan (the Plan; EIN/Pension Plan Number 13-1624016/002), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of the Girl Scouts of 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 Scouts councils who were eligible to participate in the Plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 were based on years of service and salary levels.

The risks of participating in such plans are different from the risks of single-employer plans, in the following respects:

- a) Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b) If a participating employer ceases to contribute to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

14. PENSION EXPENSE (CONTINUED)

- c) If one council ceases to have an obligation to contribute to the multiemployer plan in which it had been a contributing employer, it may be required to pay to the plan an amount based on the underfunded status of the plan and on the history of the council's participation in the plan prior to the cessation of its obligation to contribute. The amount that an employer that has ceased to have an obligation to contribute to a multiemployer plan is required to pay to the plan is referred to as a withdrawal liability.

At the date the Council's financial statements were issued, Form 5500 was not available for the Plan year ending December 31, 2022; however, the Plan's Actuarial Valuation Report for the 2022 Plan year was issued in November 2022. Therefore, the information reported is based on the Form 5500 for the plan year ending December 31, 2021. The Council's contribution of \$311,092 in the multiemployer plan for the annual year ended December 31, 2021 did not represent more than five percent of the Plan's total plan contributions of \$30,978,942 for the annual year ended December 31, 2021.

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 Plan the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. The Plan has elected to adopt this relief and not be subject to 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 2021 were \$32.2 million and \$32.7 million, respectively. Aggregate contributions to be made in fiscal 2023 are expected to be \$27.6 million.

The Council's pension expense and contributions to this plan for the year ended September 30, 2022 and 2021 were \$310,370 and \$311,092, respectively.

As of September 30, 2022, the Council has no intention to withdraw from the Plan.

The Council established a retirement plan under the provisions of Section 401(k) of the Internal Revenue Code covering all eligible employees. Employees who have attained the age of 21 and have met the minimum service requirement of one year of service are eligible to receive the discretionary 50% employer match contribution on deferrals up to 3% of their salary. The amount of expense for the 401(k) plan charged to operations for the years ended September 30, 2022 and 2021 was \$18,533 and \$16,799, respectively.

15. COMMITMENTS

Effective June 2021, the Council entered into a lease and maintenance agreement for office equipment requiring 60 monthly payments of \$1,308 ending June 2026.

Total lease expense paid for the years ended September 30, 2022 and 2021 was \$19,691 and \$11,941, respectively. Future lease commitments are as follows:

Year ending September 30,		
	2023	\$ 15,696
	2024	15,696
	2025	15,696
	2026	11,772
		<u>\$ 58,860</u>

16. CONTINGENCIES

The Council may become involved in litigation or other claims in the ordinary course of business. Management is not aware of any claims that will have a material adverse effect on the financial condition of the Council.

17. AVAILABILITY AND LIQUIDITY

The following represents the Council's financial assets at September 30, 2022:

Financial assets at year-end:

Cash, cash equivalents and restricted cash	\$ 1,463,616
Accounts receivable	271,206
Pledges receivable, current	11,776
Inventory	25,669
Investments	<u>3,182,426</u>
Total financial assets	<u>4,954,693</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	2,821,583
Less net assets with purpose restrictions to be met in less than one year	<u>495,401</u>
	<u>2,326,182</u>

Financial assets available to meet general expenditures over the next twelve months

\$ 2,628,511

The Council has a goal to maintain financial assets to meet 180 days of normal operating expenses (approximately \$1,879,000).

The Council has available a \$1,000,000 line-of-credit with its primary financial institution. The annual return (interest, dividends and appreciation) from the investments will also be available (based on the investment spending policy in Note 7) to support the Council's programs and operating expenses.

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