

Girl Scouts of Gulfcoast Florida, Inc.

Financial Statements and
Independent Auditor's Report
September 30, 2021
(With Summarized Financial
Information as of September 30, 2020)

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Kerkering, Barberio & Co.
Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Girl Scouts of Gulfcoast Florida, Inc.
Sarasota, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Girl Scouts of Gulfcoast Florida, Inc. (the Council), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements 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 the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts of Gulfcoast Florida, Inc. as of September 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Girl Scouts of Gulfcoast Florida, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Sarasota, Florida
January 26, 2022

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Financial Position

September 30, 2021

(With Summarized Financial Information as of September 30, 2020)

| | Without Donor Restrictions | | Total Without Donor Restrictions |
|--|----------------------------|---------------------|--|
| | Undesignated | Board Designated | |
| Assets | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 1,411,789 | \$ 31,048 | \$ 1,442,837 |
| Accounts receivable | 156,121 | - | 156,121 |
| | 1,567,910 | 31,048 | 1,598,958 |
| Other Current Assets: | | | |
| Merchandise for sale | - | - | - |
| Prepaid expenses and deferred charges | 110,293 | - | 110,293 |
| | 110,293 | - | 110,293 |
| Total current assets | 1,678,203 | 31,048 | 1,709,251 |
| Land, buildings and equipment, net | 6,685,671 | - | 6,685,671 |
| Non-Current Assets: | | | |
| Long-term investments | - | 5,054,219 | 5,054,219 |
| Funds held at community foundations | - | 103,041 | 103,041 |
| | - | 5,157,260 | 5,157,260 |
| Total Assets | \$ 8,363,874 | \$ 5,188,308 | \$ 13,552,182 |
| Liabilities and Net Assets | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 73,340 | \$ - | \$ 73,340 |
| Accrued liabilities | 107,482 | - | 107,482 |
| Capital lease obligation, current portion | 7,543 | - | 7,543 |
| | 188,365 | - | 188,365 |
| Other Current Liabilities: | | | |
| Deferred revenue | 147,719 | - | 147,719 |
| Due (from) to other funds | 1,547,091 | (1,669,711) | (122,620) |
| Custodian funds | 160,767 | - | 160,767 |
| | 1,855,577 | (1,669,711) | 185,866 |
| Total current liabilities | 2,043,942 | (1,669,711) | 374,231 |
| Long-Term Debt: | | | |
| Capital lease obligation, net of current portion | 10,383 | - | 10,383 |
| Total liabilities | 2,054,325 | (1,669,711) | 384,614 |
| Net Assets: | | | |
| Without donor restrictions | 6,309,549 | 6,858,019 | 13,167,568 |
| Total net assets without donor restrictions | 6,309,549 | 6,858,019 | 13,167,568 |
| With donor restrictions: | | | |
| Purpose and time restricted | - | - | - |
| Perpetual in nature | - | - | - |
| Total net assets with donor restrictions | - | - | - |
| Total net assets | 6,309,549 | 6,858,019 | 13,167,568 |
| Total Liabilities and Net Assets | \$ 8,363,874 | \$ 5,188,308 | \$ 13,552,182 |

| <u>With Donor Restrictions</u> | <u>2021 Total</u> | <u>2020 Total</u> |
|------------------------------------|-----------------------------|-----------------------------|
| \$ 504,286 | \$ 1,947,123 | \$ 1,797,470 |
| - | 156,121 | 11,936 |
| <u>504,286</u> | <u>2,103,244</u> | <u>1,809,406</u> |
| - | - | 70,465 |
| - | 110,293 | 147,032 |
| - | 110,293 | 217,497 |
| <u>504,286</u> | <u>2,213,537</u> | <u>2,026,903</u> |
| <u>68,961</u> | <u>6,754,632</u> | <u>7,072,013</u> |
| 776,701 | 5,830,920 | 4,889,569 |
| - | 103,041 | 85,228 |
| <u>776,701</u> | <u>5,933,961</u> | <u>4,974,797</u> |
| \$ <u><u>1,349,948</u></u> | \$ <u><u>14,902,130</u></u> | \$ <u><u>14,073,713</u></u> |
| \$ - | \$ 73,340 | \$ 58,954 |
| - | 107,482 | 173,931 |
| - | 7,543 | 6,925 |
| <u>-</u> | <u>188,365</u> | <u>239,810</u> |
| - | 147,719 | 173,034 |
| 122,620 | - | - |
| - | 160,767 | 133,630 |
| <u>122,620</u> | <u>308,486</u> | <u>306,664</u> |
| <u>122,620</u> | <u>496,851</u> | <u>546,474</u> |
| - | 10,383 | 17,927 |
| <u>122,620</u> | <u>507,234</u> | <u>564,401</u> |
| - | 13,167,568 | 12,241,054 |
| <u>-</u> | <u>13,167,568</u> | <u>12,241,054</u> |
| 1,143,290 | 1,143,290 | 1,184,720 |
| 84,038 | 84,038 | 83,538 |
| <u>1,227,328</u> | <u>1,227,328</u> | <u>1,268,258</u> |
| <u>1,227,328</u> | <u>14,394,896</u> | <u>13,509,312</u> |
| \$ <u><u>1,349,948</u></u> | \$ <u><u>14,902,130</u></u> | \$ <u><u>14,073,713</u></u> |

See accompanying notes to financial statements.

Girl Scouts of Gulfoast Florida, Inc.

Statement of Activities

Year Ended September 30, 2021

(With Summarized Financial Information for the Year Ended September 30, 2020)

| | Without Donor Restrictions | | |
|--|----------------------------|---------------------|--|
| | Undesignated | Board Designated | Total Without Donor Restrictions |
| Public Support: | | | |
| Individual contributions | \$ 56,200 | \$ - | \$ 56,200 |
| Corporate contributions | 39,095 | - | 39,095 |
| Foundation contributions | 55,908 | - | 55,908 |
| United Way allocations | 32,694 | - | 32,694 |
| Payroll Protection Program government grant | 347,500 | - | 347,500 |
| Employee Retention Credit revenue | 527,053 | - | 527,053 |
| Government grant - other | - | - | - |
| Total public support | 1,058,450 | - | 1,058,450 |
| Revenue and Gains: | | | |
| Program related revenue: | | | |
| Cookie Sale (net of direct and allocated expenses of \$904,252) | 2,198,806 | - | 2,198,806 |
| QSP Sale (net of direct and allocated expenses of \$30,960) | 16,489 | - | 16,489 |
| Nut/Candy Sale (net of direct and allocated expenses of \$118,545) | 84,929 | - | 84,929 |
| Program service fees | 72,026 | - | 72,026 |
| Sales of merchandise (net of direct and allocated expenses of \$795) | 46,651 | - | 46,651 |
| Other revenue: | | | |
| Investment return, net of investment expenses | 9,395 | 891,135 | 900,530 |
| Gain (loss) on sale of assets | (70,465) | - | (70,465) |
| Rental | 4,641 | - | 4,641 |
| Miscellaneous revenue | 8,167 | - | 8,167 |
| Total revenue and gains | 2,370,639 | 891,135 | 3,261,774 |
| Total public support, revenue and gains | 3,429,089 | 891,135 | 4,320,224 |
| Expenses: | | | |
| Program services | 2,986,361 | - | 2,986,361 |
| Total program services | 2,986,361 | - | 2,986,361 |
| Supporting Services: | | | |
| Management and general | 383,829 | - | 383,829 |
| Fund raising | 142,336 | - | 142,336 |
| Total supporting services | 526,165 | - | 526,165 |
| Total expenses | 3,512,526 | - | 3,512,526 |
| Changes in net assets before transfers and releases | (83,437) | 891,135 | 807,698 |
| Interfund transfers | (364,786) | 403,914 | 39,128 |
| Net assets released from restrictions: | | | |
| Satisfaction of program restrictions | 79,688 | - | 79,688 |
| Total interfund transfers and releases from restrictions | (285,098) | 403,914 | 118,816 |
| Changes in net assets | (368,535) | 1,295,049 | 926,514 |
| Net assets at beginning of year | 6,678,084 | 5,562,970 | 12,241,054 |
| Net assets at end of year | \$ 6,309,549 | \$ 6,858,019 | \$ 13,167,568 |

| <u>With Donor Restrictions</u> | <u>2021 Total</u> | <u>2020 Total</u> |
|------------------------------------|-----------------------|-----------------------|
| \$ 500 | \$ 56,700 | \$ 106,722 |
| - | 39,095 | 48,450 |
| 2,199 | 58,107 | 209,996 |
| - | 32,694 | 36,225 |
| - | 347,500 | 347,500 |
| - | 527,053 | - |
| - | - | 5,000 |
| <u>2,699</u> | <u>1,061,149</u> | <u>753,893</u> |
| - | 2,198,806 | 3,089,605 |
| - | 16,489 | 23,307 |
| - | 84,929 | 139,278 |
| - | 72,026 | 37,215 |
| - | 46,651 | 49,977 |
| 75,187 | 975,717 | 229,353 |
| - | (70,465) | 762,255 |
| - | 4,641 | 19,121 |
| - | 8,167 | 37,038 |
| <u>75,187</u> | <u>3,336,961</u> | <u>4,387,149</u> |
| <u>77,886</u> | <u>4,398,110</u> | <u>5,141,042</u> |
| - | 2,986,361 | 3,351,147 |
| <u>-</u> | <u>2,986,361</u> | <u>3,351,147</u> |
| - | 383,829 | 416,458 |
| - | 142,336 | 188,596 |
| - | 526,165 | 605,054 |
| - | 3,512,526 | 3,956,201 |
| <u>77,886</u> | <u>885,584</u> | <u>1,184,841</u> |
| (39,128) | - | - |
| (79,688) | - | - |
| (118,816) | - | - |
| (40,930) | 885,584 | 1,184,841 |
| 1,268,258 | 13,509,312 | 12,324,471 |
| <u>\$ 1,227,328</u> | <u>\$ 14,394,896</u> | <u>\$ 13,509,312</u> |

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Functional Expenses

Year Ended September 30, 2021

(With Summarized Financial Information for the Year Ended September 30, 2020)

| | | Supporting Services | | | |
|--|-----------------------------|-----------------------------------|-------------------------|-----------------------|-----------------------|
| | Program Services | Management and General | Fund Raising | Total 2021 | Total 2020 |
| Salaries and related expenses: | | | | | |
| Salaries | \$ 1,247,412 | \$ 168,535 | 64,008 | \$ 1,479,955 | \$ 1,794,249 |
| Employee health & retirement benefits | 329,225 | 44,481 | 16,893 | 390,599 | 479,128 |
| Payroll taxes | 95,887 | 12,955 | 4,920 | 113,762 | 140,310 |
| Total salaries and related expenses | 1,672,524 | 225,971 | 85,821 | 1,984,316 | 2,413,687 |
| Other expenses: | | | | | |
| Professional fees | 78,627 | 41,507 | 31,281 | 151,415 | 133,790 |
| Supplies | 327,405 | 3,081 | 820 | 331,306 | 287,676 |
| Telephone | 34,255 | 3,954 | 1,156 | 39,365 | 42,445 |
| Postage and shipping | 15,269 | 74 | 534 | 15,877 | 19,263 |
| Occupancy | 241,785 | 11,030 | 6,128 | 258,943 | 267,004 |
| Rental, repair & maintenance | 40,384 | 5,472 | 672 | 46,528 | 65,727 |
| Printing and publications | 39,777 | 4,425 | - | 44,202 | 34,093 |
| Travel | 10,463 | 38 | 23 | 10,524 | 41,670 |
| Conference, conventions, meetings, GSUSA training courses | 3,582 | 2,130 | 401 | 6,113 | 7,745 |
| Specific assistance to individuals | 62,523 | - | - | 62,523 | 112,956 |
| Membership dues | 427 | 3,536 | 223 | 4,186 | 4,355 |
| Media promotions | 37,618 | 1,692 | - | 39,310 | 29,274 |
| Awards and grants | 8,500 | - | - | 8,500 | 12,000 |
| Insurance | 51,919 | 51,323 | 1,841 | 105,083 | 80,278 |
| Interest | - | 1,865 | - | 1,865 | 2,432 |
| Miscellaneous | 26,816 | 5,841 | 1,275 | 33,932 | 31,319 |
| Total other expenses | 979,350 | 135,968 | 44,354 | 1,159,672 | 1,172,027 |
| Total expenses before depreciation | 2,651,874 | 361,939 | 130,175 | 3,143,988 | 3,585,714 |
| Depreciation | 334,487 | 21,890 | 12,161 | 368,538 | 370,487 |
| Total Expenses | \$ 2,986,361 | \$ 383,829 | \$ 142,336 | \$ 3,512,526 | \$ 3,956,201 |

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Cash Flows

Year Ended September 30, 2021

(With Summarized Financial Information for the Year Ended September 30, 2020)

| | 2021 | 2020 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Gifts and grants: | | |
| Without donor restrictions | \$ 101,103 | \$ 342,131 |
| With donor restrictions | 2,699 | 39,372 |
| United Way allocations | 32,694 | 36,225 |
| Payroll Protection Program government grant | 347,500 | 347,500 |
| Employee Retention Credit revenue | 375,719 | - |
| Program related revenue: | | |
| Cookie sale | 3,084,338 | 4,356,958 |
| QSP sale | 47,426 | 58,551 |
| Nut/candy sale | 203,474 | 294,777 |
| Program service fees | 72,026 | 37,427 |
| Sales of merchandise, net | 44,174 | 52,805 |
| Interest and dividends | 93,463 | 97,479 |
| Rental | 4,641 | 19,121 |
| Miscellaneous revenue | 17,793 | 27,412 |
| Cash paid for operating expenses | (4,080,511) | (4,896,783) |
| Specific assistance to individuals and troops | (62,522) | (112,956) |
| Net cash flows provided by operating activities | 284,017 | 700,019 |
| Cash flows from investing activities: | | |
| Purchase of land, building and equipment | (51,158) | (293,759) |
| Proceeds from sale of land, building and equipment | - | 1,065,129 |
| Proceeds from sale of investments | 1,427,784 | 2,608,916 |
| Purchase of investments | (1,504,065) | (2,688,499) |
| Net cash flows provided by (used in) investing activities | (127,439) | 691,787 |
| Cash flows from financing activities: | | |
| Payments on lease obligation | (6,925) | (6,357) |
| Net cash flows used in financing activities | (6,925) | (6,357) |
| Net change in cash and cash equivalents | 149,653 | 1,385,449 |
| Cash and cash equivalents - beginning of year | 1,797,470 | 412,021 |
| Cash and cash equivalents - end of year | \$ 1,947,123 | \$ 1,797,470 |
| Supplemental cash flows information: | | |
| Cash paid for interest | \$ 1,865 | \$ 2,432 |

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements

September 30, 2021

I. Organization

Girl Scouts of Gulfcoast Florida, Inc. (the Council) is a non-profit organization incorporated and operating in Florida since May, 1962. The Council serves Manatee, Hardee, Highlands, Sarasota, DeSoto, Charlotte, Glades, Lee, Hendry and Collier counties.

Girl Scouts of Gulfcoast Florida, Inc. is chartered by the Girl Scouts of the United States of America (GSUSA) whose mission is to build girls of courage, confidence, and character who make the world a better place.

Various troops and service units, which operate within the geographical area served, maintain individual bank accounts, which are not included in the accompanying financial statements.

2. Summary of Significant Accounting Policies

Financial Statements

The financial statements and notes are representations of the Council's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Use of Estimates and Assumptions

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

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America. Net assets, public support, revenue and gains are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulation. These net assets include all undesignated, board designated resources available for support of Council operations, and expendable resources in the Land, Building and Equipment Fund designated for the Council's land, buildings and equipment.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When the purpose of the restriction is accomplished, these net assets are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from donor restrictions. However, if a restriction is fulfilled in the same time-period in which the contribution is received, the Council records the support as without donor restriction.

Other net assets are perpetual in nature. These net assets are subject to donor-imposed stipulations whereby the use of principal is prohibited and must be maintained permanently by the Council. The income generated by these net assets may be without donor restriction or designated for Girl Scout programs.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

2. Summary of Significant Accounting Policies (Continued)

Merchandise for Sale

Inventory is stated at the lower of cost (first-in, first-out) or market (net realizable value).

Income Taxes

The Council is exempt from Federal and State income taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. However, the Council is subject to income tax on unrelated business income. For the year ended September 30, 2021, the Council incurred no income tax expense.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Council has reviewed and evaluated the relevant technical merits of its tax position in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Council.

The Council files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Council is subject include fiscal years ended September 30, 2018 through September 30, 2021.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to support the programs of the Council. The estimated value of these donated services has not been recorded in the accompanying financial statements because it does not meet the criteria for recognition as donated revenue under generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits held at financial institutions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these fluctuations. Net investment return (loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Land, Buildings and Equipment

The Council follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$5,000. Land, buildings and equipment are recorded at cost, except for donated assets, which are stated at their fair market value at date of donation. Depreciation of buildings and equipment is provided using the straight-line method over estimated useful lives, which range from three to thirty five years. The cost of maintenance and repairs is expensed as incurred; major improvements and replacements are capitalized.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. For the year ended September 30, 2021, advertising expense totaled \$39,310. These costs are shown as media promotions in the Statement of Functional Expenses.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Council have been summarized on a functional basis in the Statement of Activities. Accordingly, costs have been allocated among the programs and supporting services benefited as follows: wages and related expenses are allocated based on job duties with staff not directly allocated to a single cost center by performing an annual time study; administrative costs are allocated based on the cost centers of full-time staff; information technology is allocated based on the number of computers per cost center; occupancy is allocated based on the square footage utilization of space by cost center; other costs are allocated directly.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2020 from which the summarized information was derived.

Accounting Pronouncements Adopted

In fiscal year 2021, the Council adopted Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820)*. The new guidance removes and/or modifies the disclosure requirements on fair value measurements, specifically the three levels of hierarchy (Levels 1, 2 and 3) that prioritizes the inputs to valuation techniques used to measure fair value and the timing of transfers between levels. There was no material change to the presentation of the financial statements by adopting ASU No. 2018-13.

3. Liquidity and Availability

Financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 1,947,123 |
| Investments | 5,830,920 |
| Accounts receivable | 156,121 |
| Total financial assets available within one year | <u>7,934,164</u> |
| Less: Amounts unavailable for general expenditures within one year due to: | |
| Restricted by donors with purpose and time restrictions | (1,143,290) |
| Restricted by donors in perpetuity | (84,038) |
| Total amounts unavailable for general expenditures within one year | <u>(1,227,328)</u> |
| Less: Amounts unavailable to management without Board approval: | |
| Board designated for reserves and other purposes* | <u>(6,858,019)</u> |
| Total financial assets available to management for general expenditure within one year* | <u>\$ (151,183)</u> |

*The board-designated funds of \$6,858,019 are designated for purposes described in Note 12. Although the Council does not intend to spend from board-designated funds, these amounts could be made available if necessary.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

3. Liquidity and Availability (Continued)

The Council manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Monthly reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

4. Concentration of Credit and Economic Risk

Financial instruments, which potentially subject the Council to concentrations of credit risk, consist principally of cash and cash equivalents, and investments. The Council places its cash and cash equivalents with high credit quality financial institutions. During the year, the Council may have deposits with financial institutions which exceed the FDIC insured limit.

The Council invests in a variety of investment vehicles, as described in Note 7. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is reasonably possible that these factors will result in changes to the value of the Council's investments, which could materially affect amounts reported in the financial statements.

5. Prepaid Expenses and Deferred Charges

Prepaid expenses and deferred charges are comprised of the following at September 30, 2021:

| | | |
|---|----|----------------|
| Prepaid insurance | \$ | 67,506 |
| Prepaid postage | | 5,445 |
| Other prepaid expenses | | 37,342 |
| Total prepaid expenses and deferred charges | \$ | <u>110,293</u> |

6. Land, Buildings and Equipment

Land, buildings and equipment consist of the following as of September 30, 2021:

| | | |
|-------------------------------------|----|--------------------|
| Land | \$ | 2,776,562 |
| Land improvements | | 1,046,751 |
| Buildings and improvements | | 9,189,816 |
| Equipment and vehicles | | 882,742 |
| Total | | <u>13,895,871</u> |
| Accumulated depreciation | | <u>(7,141,239)</u> |
| Land, buildings, and equipment, net | \$ | <u>6,754,632</u> |

Depreciation expense for the year ended September 30, 2021 totaled \$368,538.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

7. Long -Term Investments

The components of investments at September 30, 2021 are summarized as follows:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Accumulated Unrealized Gain</u> |
|--------------------|---------------------|---------------------|------------------------------------|
| Fixed income | \$ 2,068,219 | \$ 2,092,442 | \$ 24,223 |
| Corporate equities | 2,578,194 | 3,233,815 | 655,621 |
| Mutual funds | 382,003 | 504,663 | 122,660 |
| Total | <u>\$ 5,028,416</u> | <u>\$ 5,830,920</u> | <u>\$ 802,504</u> |

Investment activity for the year ended September 30, 2021 is comprised of the following:

| | |
|---|-------------------|
| Interest and dividends | \$ 124,416 |
| Realized gains on investments | 444,399 |
| Unrealized gains on investments | 437,880 |
| Investment fees | <u>(30,978)</u> |
| Total investment return, net of investment expenses | <u>\$ 975,717</u> |

8. Payroll Protection Program Forgivable Loan

On March 22, 2021, the Council qualified for and received a loan pursuant to the Paycheck Protection Program Second Draw (PPP Loan), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$347,500. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Council's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Council. To the extent that all or part of the PPP Loan is not forgiven, the Council will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and, commencing in May 2022, principal and interest payments will be required.

The Council has recorded the PPP Loan under the government grant model in accordance with ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. Under this model, the timing of recognition for a contribution received depends on whether the contribution is conditional or not. If conditional, the contribution is not recognized until the conditions are substantially met or explicitly waived. Specifically, a nongovernmental entity would initially record the cash inflow from the PPP loan as a refundable advance. The nongovernmental entity would then reduce the refundable advance and recognize the contribution once the conditions of release have been substantially met or explicitly waived. Recognition may be done in stages as conditions are met. Conditions of the PPP Loan include spending on qualified expenses, maintaining an employee headcount, and limitations on compensation reduction.

As of September 30, 2021, the Council has determined that conditions have been met for the PPP Loan, in its entirety. Accordingly, for the year ended September 30, 2021, the Council has recognized revenue of \$347,500 in the Statement of Activities. The Council applied for forgiveness in December 2021 and expects the PPP loan to be forgiven.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

8. Payroll Protection Program Forgivable Loan (Continued)

During the year ended September 30, 2020, the Council qualified for and received a loan pursuant to the first draw Paycheck Protection Program in the amount of \$347,500. As of September 30, 2020, the Council determined that conditions were met for the first draw PPP Loan, in its entirety. Accordingly, for the year ended September 30, 2020, the Council recognized revenue of \$347,500 in the Statement of Activities. The Council applied for and received notice of formal forgiveness of the first draw PPP Loan in its entirety during the year ended September 30, 2021.

9. Employee Retention Tax Credit

Under the provisions of the extension of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) passed by the United States Congress and signed by the President, the Council is eligible for a refundable employee retention credit subject to certain criteria. The Council has recorded the employee retention credit in accordance with *ASC 958-605 Not-for-Profit Entities Revenue Recognition*, where the employee retention credit is accounted for as a conditional contribution. In order to claim the credit, the Council is required to meet certain conditions. When those conditions are met, the refund is recorded in accounts receivable in the accompanying Statement of Financial Position, as well as Employee Retention Credit revenue in the accompanying Statement of Activities. For the year ended September 30, 2021, the Council recognized employee retention credits totaling \$527,053. Of this amount, \$151,334 was receivable as of September 30, 2021.

10. Pension Plan

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

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2021. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In 2021, the funded status of the plan increased and the \$30,000,000 minimum will no longer apply. In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR 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 \$30,000,000 to \$26,000,000 starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal year 2021 were \$32,900,000. Aggregate contributions to be made in fiscal 2022 are expected to be \$32,200,000.

The Council made contributions into the NGSCR of \$129,698 during fiscal year ended September 30, 2021. These contributions represented 0.39% of total contributions into the NGSCR.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

11. Retirement Plan

The Council offers a tax-deferred savings plan, which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 401(k). Employees may provide tax-deferred contributions to eligible individual retirement accounts up to the Internal Revenue Code limit. The plan covers all employees meeting eligibility criteria. All eligible employees are eligible to receive an employer contribution equal to 3% of base salary. Retirement plan costs for employees for the year ended September 30, 2021 totaled \$32,583.

12. Board Designated Net Assets

The Board has designated the unexpended Board Designated Net Assets to be used for the following purposes as of September 30, 2021:

| | | |
|--|----|------------------|
| Scholarships | \$ | 77,874 |
| Operating reserve | | 6,652,705 |
| Reserve for maintenance | | 7,500 |
| Directors and officer's insurance deductible | | 6,900 |
| Liability insurance deductible | | 10,000 |
| Funds held at community foundations | | 103,040 |
| | \$ | <u>6,858,019</u> |

13. Net Assets with Donor Restrictions

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

| | | |
|---|----|------------------|
| Subject to expenditure for specified purpose: | | |
| Collier County program | \$ | 95,513 |
| Charlotte County program | | 43,405 |
| Venice Girl Scout House | | 762,208 |
| Grants | | 242,164 |
| Total purpose restrictions | | <u>1,143,290</u> |
| Perpetual in nature: | | |
| Endowment funds | | 84,038 |
| Total perpetual in nature | | <u>84,038</u> |
| Total net assets with donor restrictions | \$ | <u>1,227,328</u> |

The county program assets will be used exclusively for the benefit of persons in those counties.

In 1997 the Council was beneficiary of an estate of a donor. These assets are to be held in trust for a period of 35 years or until 2032 at which time restrictions will be released. The executive director of the Council will act as trustee. As a result, net assets with donor restrictions include the following assets related to the trust which are also restricted to the passage of time:

| | | |
|------------------------------------|----|----------------|
| Cash and cash equivalents | \$ | 504,286 |
| Land, buildings and equipment, net | | 68,961 |
| Long-term investments | | 188,961 |
| Total | \$ | <u>762,208</u> |

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

14. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

The following donor restrictions were met during the year ended September 30, 2021:

| | | |
|---|----|---------------|
| Land improvements and building depreciation | \$ | 7,763 |
| Camper grants and other | | 71,925 |
| Total releases | \$ | <u>79,688</u> |

15. Capital Lease Obligations

The Council leases copiers with monthly payments of \$732 expiring in fiscal year 2024. The following represents minimum lease payments under capital lease obligations, which existed at September 30, 2021:

| | | |
|-----------------------------------|----|----------------|
| 2022 | \$ | 8,790 |
| 2023 | | 8,790 |
| 2024 | | 2,196 |
| Total minimum lease payments | | <u>19,776</u> |
| Less interest | | <u>(1,850)</u> |
| Total capital lease obligations | | <u>17,926</u> |
| Current capital lease obligations | | 7,543 |
| Long-term lease obligations | | <u>10,383</u> |
| Total lease obligations | \$ | <u>17,926</u> |

The Council is also bound by certain lease arrangements with county governments for the use of land, which require only token annual lease payments. These leases are treated as operating leases for financial statement purposes. The fair market value of the leasehold agreement is not determinable and therefore has not been recorded in these financial statements.

16. Related Party Transactions

From time to time, members of the Board of Directors make contributions to the Council.

GSUSA provides membership and programming information to the Council in addition to training services. Membership fees of \$25 per member are collected and forwarded to GSUSA. The Council forwarded and paid the following fees to GSUSA during the year ended September 30, 2021:

| | | |
|--|----|----------------|
| Membership fees | \$ | 53,065 |
| Merchandise for sale purchased | | 24,906 |
| Administrative service fees – web hosting, migration and accounting software | | 36,484 |
| Total related party transactions | \$ | <u>114,455</u> |

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

17. Manatee County Right of First Refusal Land Contract

In the event that the Council, or its successors, determines to offer for sale the property of Camp Honi Hanta, they must notify in writing Manatee County of the price and all material terms of the sale including any limitations on the future use of the property. The County will have thirty days from receipt of notice to notify the Council if they desire to purchase the property on the same terms and conditions set forth in the written proposal for sale. If the County fails to notify the Council or elects not to purchase the property, then the Council may offer the property for sale to any interested party on the same terms as offered to the County. This right of first refusal is valid for a period of fifty years from 2007.

18. Girl Scouts of Florida Association

The Girl Scouts of Florida Association is a coalition of the six Florida councils who have united with a collective voice to leverage resources and investments around a set of actions to elevate the relevance of Girl Scouts for girls and families. The mission of the Girl Scouts of Florida Association is to strengthen and grow the Girl Scout movement in Florida. During the year ended September 30, 2019, the Council became the fiscal custodian of this group. Dues were waived for the 2021 financial year. The total balance held in custody at September 30, 2021 was \$115,425 and is included in custodian funds in the Statement of Financial Position.

19. Fair Value of Financial Assets and Liabilities

The Council adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following tables present information about the Council's assets that are measured at fair value on a recurring basis as of September 30, 2021 and indicate that fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets, such as publicly traded equity securities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Council's assumptions based on the best information available in the circumstance.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

19. Fair Value of Financial Assets and Liabilities (Continued)

The following sets the fair value hierarchy by level for the Council's assets measured at fair value as of September 30, 2021:

| Description | Total | Level 1 | Level 2 | Level 3 |
|-------------------------------------|---------------------|---------------------|-------------|------------------|
| Assets: | | | | |
| Fixed income | \$ 2,092,442 | \$ 2,092,442 | \$ - | \$ - |
| Corporate equities | 3,233,815 | 3,233,815 | - | - |
| Mutual funds | 504,663 | 504,663 | - | - |
| Funds held at community foundations | 103,041 | 52,726 | - | 50,315 |
| Total assets at fair value | <u>\$ 5,933,961</u> | <u>\$ 5,883,646</u> | <u>\$ -</u> | <u>\$ 50,315</u> |

Funds held at community foundations represent a pro rata share of a managed pool of investments.

20. Endowments

The Council's endowment consisted of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the endowment has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 net assets with donor restrictions-perpetual in nature (a) the original value of gifts donated to the perpetual endowment, and (b) the original value of subsequent gifts to the perpetual endowment.

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

1. The duration and preservation of the fund;
2. The purposes of the Council and 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. Other resources of the Council; and
7. The investment policies of the Council.

Funds with Deficiencies

At times, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. There were no such deficiencies as of September 30, 2021.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

20. Endowments (Continued)

Endowment Net Asset Composition

As of September 30, 2021, endowment net assets consisted of the following:

| | Without Donor Restrictions | With Donor Restrictions |
|---|---|------------------------------------|
| Accumulated investment gains appropriated for expenditure | \$ 97,318 | \$ - |
| Donor-restricted endowment funds: | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | - | 84,038 |
| Accumulated investment gains with purpose restrictions | - | 10,633 |
| Total funds | <u>\$ 97,318</u> | <u>\$ 94,671</u> |

Return Objectives and Risk Parameters

The Council has adopted investment policies and spending policies 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. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for donor-specified periods, as well as board designated funds.

Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets that exceeds the Consumer Price Index by at least 4% and exceeds the 3-Month Treasury Bill Index by a minimum of 4% annually, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council has a policy of appropriating for distribution up to 5% annually. In establishing this policy, the Council considered the long-term expected return on its endowment. Accordingly, over the long term, the Council expects the current spending policy to allow its endowment to remain at the current corpus amount. This is consistent with the Council's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2021

20. Endowments (Continued)

Change in Endowment Net Assets

Changes in endowment net assets for the year ended September 30, 2021 are as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|--------------|
| Endowment net assets, October 1, 2020 | \$ 58,191 | \$ 94,171 | \$ 152,362 |
| Endowment investment return: | | | |
| Interest and dividends | - | 1,308 | 1,308 |
| Realized gains | - | 162 | 162 |
| Unrealized gains | - | 38,410 | 38,410 |
| Total endowment investment return | - | 39,880 | 39,880 |
| Contributions | - | 500 | 500 |
| Investment fees | - | (753) | (753) |
| Interfund transfers | 39,127 | (39,127) | - |
| Total endowment activity | 39,127 | (39,380) | (253) |
| Endowment net assets, September 30, 2021 | \$ 97,318 | \$ 94,671 | \$ 191,989 |

As of September 30, 2021, \$3,500, in endowment contributions has not transferred to the Council's endowment investment account.

21. Subsequent Events

We have evaluated all events subsequent to the statement of financial position date of September 30, 2021, through the date these financial statements were available for issuance, January 26, 2022, and have determined that there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.