

Girl Scouts of Gulfcoast Florida, Inc.

Financial Statements and
Independent Auditor's Report
September 30, 2019
(With Summarized Financial
Information as of September 30, 2018)

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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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts of Gulfcoast Florida, Inc. as of September 30, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Kerbering Barkins & Co." The signature is written in a cursive, flowing style.

Sarasota, Florida
January 17, 2020

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Financial Position

September 30, 2019

(With Summarized Financial Information as of September 30, 2018)

	Without Donor Restrictions		
	Undesignated	Board Designated	Total Without Donor Restrictions
Assets			
Current Assets:			
Cash and cash equivalents	\$ 348,382	\$ 63,639	\$ 412,021
Accounts receivable	20,079	-	20,079
	368,461	63,639	432,100
Other Current Assets:			
Merchandise for sale	99,411	-	99,411
Prepaid expenses and deferred charges	110,450	-	110,450
Assets held for sale	170,738	-	170,738
	380,599	-	380,599
Total current assets	749,060	63,639	812,699
Land, buildings and equipment, net	7,161,359	-	7,161,359
Non-Current Assets:			
Long-term investments	-	3,963,831	3,963,831
Funds held at community foundations	-	81,169	81,169
	-	4,045,000	4,045,000
Total Assets	\$ 7,910,419	\$ 4,108,639	\$ 12,019,058
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 58,407	\$ -	\$ 58,407
Accrued liabilities	157,275	-	157,275
Capital lease obligation, current portion	6,357	-	6,357
	222,039	-	222,039
Other Current Liabilities:			
Deferred revenue	207,440	-	207,440
Due (from) to other funds	331,346	(424,961)	(93,615)
Custodian funds	77,994	-	77,994
	616,780	(424,961)	191,819
Total current liabilities	838,819	(424,961)	413,858
Long Term Debt:			
Capital lease obligation, net of current portion	24,852	-	24,852
Total liabilities	863,671	(424,961)	438,710
Net Assets:			
Without donor restrictions	7,046,748	4,533,600	11,580,348
Total net assets without donor restrictions	7,046,748	4,533,600	11,580,348
With donor restrictions:			
Purpose and time restricted	-	-	-
Perpetual in nature	-	-	-
Total net assets with donor restrictions	-	-	-
Total net assets	7,046,748	4,533,600	11,580,348
Total Liabilities and Net Assets	\$ 7,910,419	\$ 4,108,639	\$ 12,019,058

<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
\$ -	\$ 412,021	\$ 1,603,465
-	20,079	7,146
<u>-</u>	<u>432,100</u>	<u>1,610,611</u>
-	99,411	121,500
-	110,450	93,109
-	170,738	170,738
<u>-</u>	<u>380,599</u>	<u>385,347</u>
<u>-</u>	<u>812,699</u>	<u>1,995,958</u>
<u>119,518</u>	<u>7,280,877</u>	<u>7,572,335</u>
718,220	4,682,051	3,632,417
-	81,169	79,984
<u>718,220</u>	<u>4,763,220</u>	<u>3,712,401</u>
\$ <u><u>837,738</u></u>	\$ <u><u>12,856,796</u></u>	\$ <u><u>13,280,694</u></u>
\$ -	\$ 58,407	\$ 74,938
-	157,275	160,654
-	6,357	1,686
<u>-</u>	<u>222,039</u>	<u>237,278</u>
-	207,440	241,899
93,615	-	-
-	77,994	12,616
<u>93,615</u>	<u>285,434</u>	<u>254,515</u>
<u>93,615</u>	<u>507,473</u>	<u>491,793</u>
-	24,852	-
<u>93,615</u>	<u>532,325</u>	<u>491,793</u>
-	11,580,348	12,022,891
<u>-</u>	<u>11,580,348</u>	<u>12,022,891</u>
662,085	662,085	685,472
82,038	82,038	80,538
<u>744,123</u>	<u>744,123</u>	<u>766,010</u>
<u>744,123</u>	<u>12,324,471</u>	<u>12,788,901</u>
\$ <u><u>837,738</u></u>	\$ <u><u>12,856,796</u></u>	\$ <u><u>13,280,694</u></u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Activities

Year Ended September 30, 2019

(With Summarized Financial Information for the Year Ended September 30, 2018)

	Without Donor Restrictions		Total Without Donor Restrictions
	Undesignated	Board Designated	
Public Support:			
Individual contributions	\$ 296,745	\$ -	\$ 296,745
Corporate contributions	31,738	-	31,738
Foundation contributions	69,796	-	69,796
United Way allocations	51,441	-	51,441
Special events	66,015	-	66,015
Total public support	515,735	-	515,735
Revenue and Gains:			
Program related revenue:			
Cookie Sale (net of direct and allocated expenses of \$1,305,822)	2,583,148	-	2,583,148
QSP Sale (net of direct and allocated expenses of \$34,725)	22,743	-	22,743
Nut/Candy Sale (net of direct and allocated expenses of \$149,237)	125,487	-	125,487
Program service fees	116,447	-	116,447
Sales of merchandise (net of direct and allocated expenses of \$173,293)	90,826	-	90,826
Other revenue:			
Investment return, net of investment expenses	-	94,193	94,193
Loss on sale of assets	(1,848)	-	(1,848)
Rental	55,678	-	55,678
Miscellaneous revenue	5,992	-	5,992
Total revenue and gains	2,998,473	94,193	3,092,666
Total public support, revenue and gains	3,514,208	94,193	3,608,401
Expenses:			
Program services	3,451,614	-	3,451,614
Total program services	3,451,614	-	3,451,614
Supporting Services:			
Management and general	407,913	-	407,913
Fund raising	257,572	-	257,572
Total supporting services	665,485	-	665,485
Total expenses	4,117,099	-	4,117,099
Changes in net assets before transfers and releases	(602,891)	94,193	(508,698)
Interfund transfers	156,111	(156,318)	(207)
Net assets released from restrictions:			
Satisfaction of program restrictions	66,362	-	66,362
Total interfund transfers and releases from restrictions	222,473	(156,318)	66,155
Changes in net assets	(380,418)	(62,125)	(442,543)
Net assets at beginning of year	7,427,166	4,595,725	12,022,891
Net assets at end of year	\$ 7,046,748	\$ 4,533,600	\$ 11,580,348

With Donor Restrictions	2019 Total	2018 Total
\$ 1,500	\$ 298,245	\$ 44,988
-	31,738	10,280
5,211	75,007	144,185
-	51,441	59,743
-	66,015	61,130
<u>6,711</u>	<u>522,446</u>	<u>320,326</u>
-	2,583,148	2,665,694
-	22,743	24,562
-	125,487	95,472
-	116,447	152,830
-	90,826	118,330
37,557	131,750	173,352
-	(1,848)	-
-	55,678	36,743
-	5,992	177
<u>37,557</u>	<u>3,130,223</u>	<u>3,267,160</u>
<u>44,268</u>	<u>3,652,669</u>	<u>3,587,486</u>
-	3,451,614	3,431,117
-	<u>3,451,614</u>	<u>3,431,117</u>
-	407,913	431,003
-	257,572	334,079
-	665,485	765,082
-	4,117,099	4,196,199
<u>44,268</u>	<u>(464,430)</u>	<u>(608,713)</u>
207	-	-
(66,362)	-	-
<u>(66,155)</u>	-	-
(21,887)	(464,430)	(608,713)
766,010	12,788,901	13,397,614
<u>\$ 744,123</u>	<u>\$ 12,324,471</u>	<u>\$ 12,788,901</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Functional Expenses

Year Ended September 30, 2019

(With Summarized Financial Information for the Year Ended September 30, 2018)

		Supporting Services			
	Program Services	Management and General	Fund Raising	Total 2019	Total 2018
Salaries and related expenses:					
Salaries	\$ 1,437,552	\$ 171,767	\$ 128,785	\$ 1,738,104	\$ 1,661,715
Employee health & retirement benefits	413,090	50,072	37,554	500,716	465,914
Payroll taxes	110,068	13,027	9,837	132,932	133,231
Total salaries and related expenses	1,960,710	234,866	176,176	2,371,752	2,260,860
Other expenses:					
Professional fees	81,154	54,467	7,623	143,244	132,463
Supplies	319,346	11,651	27,295	358,292	424,396
Telephone	41,018	3,326	1,171	45,515	52,558
Postage and shipping	7,755	1,143	4,675	13,573	17,655
Occupancy	279,081	10,680	6,853	296,614	327,223
Rental, repair & maintenance	51,185	6,466	2,117	59,768	67,573
Printing and publications	22,133	1,905	6,206	30,244	62,059
Travel	45,812	8,705	2,806	57,323	91,149
Conference, conventions, meetings, GSUSA training courses	5,978	11,493	2,287	19,758	19,809
Specific assistance to individuals	160,014	-	-	160,014	155,654
Membership dues	403	2,770	910	4,083	6,084
Media promotions	29,429	1,185	2,771	33,385	41,524
Awards and grants	13,500	-	-	13,500	19,500
Insurance	36,547	39,826	1,848	78,221	80,066
Interest	-	2,179	-	2,179	202
Miscellaneous	25,252	11,562	1,128	37,942	37,549
Total other expenses	1,118,607	167,358	67,690	1,353,655	1,535,464
Total expenses before depreciation	3,079,317	402,224	243,866	3,725,407	3,796,324
Depreciation	372,297	5,689	13,706	391,692	399,875
Total Expenses	\$ 3,451,614	\$ 407,913	\$ 257,572	\$ 4,117,099	\$ 4,196,199

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Cash Flows

Year Ended September 30, 2019

(With Summarized Financial Information for the Year Ended September 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Gifts and grants:		
Without donor restrictions	\$ 394,590	\$ 196,018
With donor restrictions	1,500	1,000
United Way allocations	51,441	64,743
Program related revenue:		
Cookie sale	3,862,761	3,985,987
QSP sale	57,468	32,379
Nut/candy sale	274,724	164,190
Program service fees	116,659	153,018
Special events	66,015	61,130
Sales of merchandise, net	90,187	113,831
Interest and dividends	97,373	59,548
Rental	55,678	36,743
Miscellaneous revenue	5,392	177
Cash paid for operating expenses	(5,016,256)	(5,124,525)
Specific assistance to individuals and troops	(160,014)	(155,654)
Net cash flows used in operating activities	<u>(102,482)</u>	<u>(411,415)</u>
 Cash flows from investing activities:		
Purchase of land, building and equipment	(66,449)	(20,405)
Proceeds from sale of investments	629,624	330,271
Purchase of investments	(1,646,028)	(592,596)
Net cash flows used in investing activities	<u>(1,082,853)</u>	<u>(282,730)</u>
 Cash flows from financing activities:		
Payments on lease obligation	(6,109)	(6,602)
Net cash flows used in financing activities	<u>(6,109)</u>	<u>(6,602)</u>
 Net change in cash and cash equivalents	(1,191,444)	(700,747)
Cash and cash equivalents - beginning of year	1,603,465	2,304,212
Cash and cash equivalents - end of year	<u>\$ 412,021</u>	<u>\$ 1,603,465</u>
 Supplemental cash flows information:		
Cash paid for interest	<u>\$ 2,179</u>	<u>\$ 202</u>
 Supplemental disclosure of non-cash investing and financing activities:		
Purchase of equipment through a capital lease	<u>\$ 35,633</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements

September 30, 2019

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

September 30, 2019

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, 2019, 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, 2016 through September 30, 2019.

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 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, 2019, advertising expense totaled \$33,385. 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, 2019

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, 2018 from which the summarized information was derived.

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958), which was adopted by the Council for the year ended September 30, 2019. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets with donor restrictions" and "net assets without donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and direct internal investment expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

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	\$ 412,021
Investments	4,682,051
Accounts receivable	20,079
Total financial assets available within one year	<u>5,114,151</u>
Less: Amounts unavailable for general expenditures within one year due to:	
Restricted by donors with purpose and time restrictions	(662,085)
Restricted by donors in perpetuity	(82,038)
Total amounts unavailable for general expenditures within one year	<u>(744,123)</u>
Less: Amounts unavailable to management without Board approval:	
Board designated for reserves and other purposes	<u>(4,533,600)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ (163,572)</u>

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2019

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.

The board-designated funds of \$4,533,600 are designated for purposes described in Note 11. Although the Council does not intend to spend from board-designated funds, these amounts could be made available if necessary.

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 8. 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, 2019:

Prepaid insurance	\$	42,606
Prepaid postage		10,195
Other prepaid expenses		57,649
Total prepaid expenses and deferred charges	\$	<u>110,450</u>

6. Assets Held for Sale

As of September 30, 2019, the Council has property in Fort Myers, Florida that is considered held for sale. The property was used for the operation of the Council but is currently not occupied as the Council is actively working to sell the property. As of September 30, 2019, assets held for sale had a net book value of \$170,738.

7. Land, Buildings and Equipment

Land, buildings and equipment consist of the following as of September 30, 2019:

Land	\$	2,801,562
Land improvements		952,583
Buildings and improvements		9,378,002
Equipment and vehicles		846,361
Construction in progress		9,372
Total		<u>13,987,880</u>
Accumulated depreciation		<u>(6,707,003)</u>
Net land, buildings, and equipment	\$	<u>7,280,877</u>

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2019

7. Land, Buildings and Equipment (Continued)

Depreciation expense for the year ended September 30, 2019 totaled \$391,692.

8. Long -Term Investments

The components of investments at September 30, 2019 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain (Loss)</u>
Fixed income	\$ 1,554,953	\$ 1,600,524	\$ 45,571
Corporate equities	1,317,803	1,486,292	168,489
Mutual funds	320,152	398,576	78,424
Dynamic asset allocation overlay	1,132,517	1,196,659	64,142
Total	<u>\$ 4,325,425</u>	<u>\$ 4,682,051</u>	<u>\$ 356,626</u>

Investment activity for the year ended September 30, 2019 is comprised of the following:

Interest and dividends	\$ 120,654
Realized gain on investments	65,497
Unrealized loss on investments	(31,766)
Investment fees	(22,635)
Total investment return, net of investment expenses	<u>\$ 131,750</u>

9. Pension Plan

The Council participates in the National Girl Scout Council Retirement Plan ("NGSCR") (the "Plan"), 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, 2018. 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 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 PPA funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal year 2019 were \$32,200,000. The aggregate annual contributions decreased from 2018 to 2019 due to the spin-off of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions to be made in fiscal year 2020 are expected to be \$32,200,000.

The Council made contributions into the NGSCR of \$149,220 during fiscal year ended September 30, 2019. These contributions represented 0.47% of total contributions into the NGSCR.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2019

10. 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, 2019 totaled \$42,285.

11. 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, 2019:

Scholarships	\$	61,675
Operating reserve		4,366,356
Reserve for maintenance		7,500
Directors and officers insurance deductible		6,900
Liability insurance deductible		10,000
Funds held at community foundations		81,169
	\$	<u>4,533,600</u>

12. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of September 30, 2019:

Subject to expenditure for specified purpose:		
Collier County program	\$	139,826
Charlotte County program		43,503
Venice Girl Scout House		255,072
Grants		223,684
Total purpose restrictions		<u>662,085</u>
Perpetual in nature:		
Endowment funds		82,038
Total perpetual in nature		<u>82,038</u>
Total net assets with donor restrictions	\$	<u>744,123</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:

Land and building	\$	119,518
Long-term investments		135,554
Total	\$	<u>255,072</u>

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2019

13. 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, 2019:

Land improvements and building depreciation	\$	11,277
Camper grants and other		55,085
Total releases	\$	<u>66,362</u>

14. 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, 2019:

2020	\$	8,790
2021		8,790
2022		8,790
2023		8,790
2024		2,196
Total minimum lease payments		<u>37,356</u>
Less interest		<u>(6,147)</u>
Total capital lease obligations		<u>31,209</u>
Current capital lease obligations		6,357
Long term lease obligations		<u>24,852</u>
Total lease obligations	\$	<u>31,209</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.

15. 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, 2019:

Membership fees	\$	56,295
Merchandise for sale purchased		134,675
Administrative service fees – web hosting, migration, and accounting software		40,594
Total related party transactions	\$	<u>231,554</u>

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2019

16. 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.

17. 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 collected from each council based on a rate of \$0.75 per girl member for a total of 63,824 girls, or \$47,686. The total balance held in custody at September 30, 2019 was \$66,272 and is included in custodian funds in the Statement of Financial Position.

18. 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, 2019, 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 publically 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, 2019

18. 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, 2019:

Description	Total	Level 1	Level 2	Level 3
Assets:				
Fixed income	\$ 1,600,524	\$ 1,600,524	\$ -	\$ -
Corporate equities	1,486,292	1,486,292	-	-
Mutual funds	398,576	398,576	-	-
Dynamic asset allocation overlay	1,196,659	-	-	1,196,659
Funds held at community foundations	81,169	39,844	-	41,325
Total assets at fair value	<u>\$ 4,763,220</u>	<u>\$ 3,525,236</u>	<u>\$ -</u>	<u>\$ 1,237,984</u>

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

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended September 30, 2019:

	Dynamic Asset Allocation Overlay (a)	Funds Held at Community Foundations
Balance - September 30, 2018	\$ 879,307	\$ 42,312
Purchases	341,974	-
Sales	(1,526)	-
Changes in value	(23,096)	(987)
Balance - September 30, 2019	<u>\$ 1,196,659</u>	<u>\$ 41,325</u>

- (a) The investment objective of the fund is to moderate the volatility of equity-oriented and fixed-income-oriented asset allocations over the long term. The fund may invest in a diversified portfolio of securities and other financial instruments, including derivative instruments that provide investment exposure to a variety of asset classes, which may include: equity securities and fixed-income instruments within the U.S. and international, real estate securities, high yield securities, currencies, and commodities.

19. 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.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2019

19. Endowments (Continued)

Interpretation of Relevant Law (Continued)

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, 2019.

Endowment Net Asset Composition

As of September 30, 2019, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions
Accumulated investment gains appropriated for expenditure	\$ 51,718	\$ -
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	82,038
Accumulated investment gains with purpose restrictions	-	10,634
Total funds	<u>\$ 51,718</u>	<u>\$ 92,672</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.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2019

19. Endowments (Continued)

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.

Change in Endowment Net Assets

Changes in endowment net assets for the year ended September 30, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, October 1, 2018	\$ 51,925	\$ 91,173	\$ 143,098
Endowment investment return:			
Interest and dividends	-	4,705	4,705
Realized gains	-	524	524
Unrealized gains	-	(4,345)	(4,345)
Total endowment investment return	-	884	884
Contributions		1,500	1,500
Investment Fees	-	(1,092)	(1,092)
Interfund transfers	(207)	207	-
Total endowment activity	(207)	615	408
Endowment net assets, September 30, 2019	\$ <u>51,718</u>	\$ <u>92,672</u>	\$ <u>144,390</u>

As of September 30, 2019, \$1,500, in endowment contributions had not transferred for investment to the Council's endowment investment account.

20. Subsequent Events

We have evaluated all events subsequent to the statement of financial position date of September 30, 2019, through the date these financial statements were available for issuance, January 17, 2020, and have determined that, except as set forth below, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

On November 6, 2019, the Council sold a property in Venice, Florida for \$700,000. The net book value of the property at September 30, 2019 was \$119,518.

On January 15, 2020, the Council sold a property in Fort Myers, Florida for \$405,000. The net book value of the property at September 30, 2019 was \$170,738, and is described in Note 6 above.

On September 27, 2019 the Council notified the City of Sebring of their intention to terminate the lease of a property in Sebring, Florida effective October 31, 2019. This lease is included as one of the lease arrangements with county governments discussed in Note 14.