

Girl Scouts of Western Ohio

**Independent Auditor’s Report
and Financial Statements**

September 30, 2022 and 2021



Girl Scouts of Western Ohio

September 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Girl Scouts of Western Ohio
Cincinnati, Ohio

Opinion

We have audited the financial statements of Girl Scouts of Western Ohio, which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Girl Scouts of Western Ohio as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Girl Scouts of Western Ohio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Western Ohio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FORVIS,LLP

Cincinnati, Ohio
January 20, 2023

Girl Scouts of Western Ohio
Statements of Financial Position
September 30, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 1,719,979	\$ 4,421,150
Accounts receivable, net of allowance: 2022 - \$340,481; 2021 - \$329,012	126,320	93,165
Contributions receivable	339,263	531,313
Employee Retention Credit receivable	884,496	884,496
Inventories	251,358	252,191
Prepaid expenses and other	157,174	158,231
Investments	17,972,326	20,927,793
Property and equipment, at cost		
Land and improvements	5,595,668	5,549,632
Building and improvements	25,861,306	24,407,746
Equipment and vehicles	4,012,800	3,731,437
	35,469,774	33,688,815
Less accumulated depreciation	22,205,084	21,095,815
Net property and equipment	13,264,690	12,593,000
Beneficial interest in perpetual trusts	713,871	893,505
Beneficial interest in remainder trust	124,130	178,877
Total assets	\$ 35,553,607	\$ 40,933,721
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,110,878	\$ 693,778
Deferred income	14,960	28,346
Paycheck Protection Program loan	1,315,800	1,315,800
Total liabilities	2,441,638	2,037,924
 Net Assets		
Without donor restrictions	29,444,249	34,516,688
With donor restrictions	3,667,720	4,379,109
Total net assets	33,111,969	38,895,797
Total liabilities and net assets	\$ 35,553,607	\$ 40,933,721

Girl Scouts of Western Ohio
Statement of Activities
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Cookie and merchandise sales, net	\$ 9,504,569	\$ -	\$ 9,504,569
Program fees and dues	687,908	-	687,908
United Way allocations	98,297	-	98,297
Legacies, bequests and contributions	403,126	402,705	805,831
Capital campaign contributions	25,939	700,616	726,555
Investment return	(2,710,289)	(428,891)	(3,139,180)
Other	181,146	-	181,146
Net assets released from restrictions	1,385,819	(1,385,819)	-
Total revenues, gains and other support	<u>9,576,515</u>	<u>(711,389)</u>	<u>8,865,126</u>
Expenses			
Program services	11,904,801	-	11,904,801
Management and general	1,698,890	-	1,698,890
Fundraising	1,045,263	-	1,045,263
Total expenses	<u>14,648,954</u>	<u>-</u>	<u>14,648,954</u>
Change in Net Assets	(5,072,439)	(711,389)	(5,783,828)
Net Assets, Beginning of Year	<u>34,516,688</u>	<u>4,379,109</u>	<u>38,895,797</u>
Net Assets, End of Year	<u>\$ 29,444,249</u>	<u>\$ 3,667,720</u>	<u>\$ 33,111,969</u>

Girl Scouts of Western Ohio
Statement of Activities
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Cookie and merchandise sales, net	\$ 8,184,921	\$ -	\$ 8,184,921
Program fees and dues	676,570	-	676,570
United Way allocations	242,701	188,450	431,151
Legacies, bequests and contributions	544,775	352,349	897,124
Capital campaign contributions	-	340,155	340,155
Investment return	3,040,025	390,166	3,430,191
Forgiveness of Paycheck Protection Program loan	1,315,800	-	1,315,800
Employee Retention Credit revenue	884,496	-	884,496
Other	26,980	-	26,980
Net assets released from restrictions	1,507,497	(1,507,497)	-
Total revenues, gains and other support	<u>16,423,765</u>	<u>(236,377)</u>	<u>16,187,388</u>
Expenses			
Program services	11,731,939	-	11,731,939
Management and general	994,907	-	994,907
Fundraising	998,662	-	998,662
Total expenses	<u>13,725,508</u>	<u>-</u>	<u>13,725,508</u>
Change in Net Assets	2,698,257	(236,377)	2,461,880
Net Assets, Beginning of Year	<u>31,818,431</u>	<u>4,615,486</u>	<u>36,433,917</u>
Net Assets, End of Year	<u>\$ 34,516,688</u>	<u>\$ 4,379,109</u>	<u>\$ 38,895,797</u>

Girl Scouts of Western Ohio
Statements of Functional Expenses
Years Ended September 30, 2022 and 2021

	2022			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries, benefits and related taxes	\$ 6,972,798	\$ 1,142,486	\$ 758,650	\$ 8,873,934
Occupancy	1,072,876	126,553	70,321	1,269,750
Supplies and printing	1,235,805	14,737	74,571	1,325,113
Travel	270,580	24,813	11,477	306,870
Telephone and postage	208,728	19,051	14,569	242,348
Professional services	422,171	196,390	33,816	652,377
Financial assistance to individuals	328,644	-	-	328,644
Conference fees	58,563	8,021	3,258	69,842
Insurance	265,355	30,956	15,478	311,789
Other	121,939	29,009	8,070	159,018
	<u>10,957,459</u>	<u>1,592,016</u>	<u>990,210</u>	<u>13,539,685</u>
Total expenses before depreciation				
Depreciation	<u>947,342</u>	<u>106,874</u>	<u>55,053</u>	<u>1,109,269</u>
Total expenses	<u>\$ 11,904,801</u>	<u>\$ 1,698,890</u>	<u>\$ 1,045,263</u>	<u>\$ 14,648,954</u>

	2021			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries, benefits and related taxes	\$ 6,968,133	\$ 536,381	\$ 698,505	\$ 8,203,019
Occupancy	1,078,977	117,369	63,030	1,259,376
Supplies and printing	1,164,053	11,036	26,248	1,201,337
Travel	131,154	6,683	5,675	143,512
Telephone and postage	211,029	17,506	15,591	244,126
Professional services	376,794	166,812	39,517	583,123
Financial assistance to individuals	427,831	-	-	427,831
Conference fees	36,300	7,739	1,885	45,924
Insurance	197,434	44,377	16,678	258,489
Other	204,024	9,196	52,398	265,618
	<u>10,795,729</u>	<u>917,099</u>	<u>919,527</u>	<u>12,632,355</u>
Total expenses before depreciation				
Depreciation	<u>936,210</u>	<u>77,808</u>	<u>79,135</u>	<u>1,093,153</u>
Total expenses	<u>\$ 11,731,939</u>	<u>\$ 994,907</u>	<u>\$ 998,662</u>	<u>\$ 13,725,508</u>

Girl Scouts of Western Ohio
Statements of Cash Flows
Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (5,783,828)	\$ 2,461,880
Items not requiring (providing) operating activities cash flows		
Depreciation	1,109,269	1,093,153
Gain on disposition of property and equipment	(23,186)	-
Bad debt expense	18,243	6,167
Realized/unrealized losses (gains) on investments	4,275,160	(3,043,234)
Forgiveness of Paycheck Protection Program loan	-	(1,315,800)
Changes in		
Accounts receivable	(51,398)	7,348
Contributions receivable	192,050	289,300
Inventories, prepaid expenses and other	1,890	8,392
Employee Retention Credit receivable	-	(884,496)
Accounts payable and accrued liabilities	417,100	(6,324)
Deferred income	(13,386)	1,534
Paycheck Protection Program loan	-	1,315,800
Net cash provided by (used in) operating activities	<u>141,914</u>	<u>(66,280)</u>
Investing Activities		
Proceeds from sale of property and equipment	30,000	-
Purchases of property and equipment	(1,787,773)	(1,191,364)
Proceeds from sale of investments	2,102,709	5,858,046
Purchases of investments	(3,188,021)	(394,383)
Net cash (used in) provided by investing activities	<u>(2,843,085)</u>	<u>4,272,299</u>
(Decrease) Increase in Cash	(2,701,171)	4,206,019
Cash, Beginning of Year	<u>4,421,150</u>	<u>215,131</u>
Cash, End of Year	<u>\$ 1,719,979</u>	<u>\$ 4,421,150</u>

Girl Scouts of Western Ohio

Notes to Financial Statements September 30, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Girl Scouts of Western Ohio (the Council), is chartered by the Girl Scouts of the United States of America (GSUSA) and is incorporated in the State of Ohio as a charitable organization. As a non-formal educational organization, the Council's mission is to help girls grow up to be caring, competent, confident women.

Services are provided in 32 counties in western Ohio and southeast Indiana. The Council's primary method of delivery of the Girl Scout program is the troop. There were approximately 28,000 and 32,000 girls in the Council during 2022 and 2021, respectively.

Use of Estimates

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

Cash

At September 30, 2022, the Council's cash accounts exceeded federally insured limits by approximately \$1,497,000. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from troops and individuals for product sales to which the Council has an unconditional right to receive. The Council provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. All product sale proceeds are due at the time products are delivered. Troops have a settlement date for all proceeds to be deposited into the council product sale account. Letters outlining the collection process are sent to all individuals with unpaid balances. Delinquent balances are referred to collections no later than 90 days subsequent to the settlement date. Balances are written off when the collection agency has exhausted all attempts at collection.

Inventories

Inventories consist primarily of merchandise for sale and are stated at the lower of cost or net realizable value, with cost determined on an average-cost basis.

Girl Scouts of Western Ohio

Notes to Financial Statements September 30, 2022 and 2021

Investments and Investment Return

Investments in equity and debt securities having a readily determinable fair value are carried at fair value. Other investments are valued at the lower of cost (or fair value at the time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Council maintains a pooled investment account. Realized and unrealized gains and losses from securities in the pooled investment account are allocated annually to the endowments based on the relationship or the fair value of the interest of each endowment to the total fair value of the pooled investments account, as adjusted for additions to or deduction from that account.

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation. Depreciation is charged to expense on a straight-line basis over the estimated useful life of each asset. Purchases of property and equipment in excess of \$1,000 are capitalized.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land and improvements	5 - 35 years
Building and improvements	5 - 35 years
Equipment and vehicles	3 - 5 years

Long-Lived Asset Impairment

The Council evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended September 30, 2022 and 2021.

Girl Scouts of Western Ohio

Notes to Financial Statements September 30, 2022 and 2021

Paycheck Protection Program Loans

In May 2020, the Council received a Paycheck Protection Program (PPP) loan of \$1,315,800, established by the CARES Act and elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which includes meeting FTE and salary reduction requirements and incurring eligible expenditures. These conditions were deemed satisfied upon receipt of notification of forgiveness from the Small Business Administration for the full balance of principal and interest in June 2021. Revenue was recognized in the statement of activities at that time.

In January 2021, the Council received a PPP Second Draw loan of \$1,315,800, established by the CARES Act and elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which includes meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. As such, the full amount of the loan has been recorded as a liability on the statements of financial position as of September 30, 2022 and 2021 and has been included within operating activities on the 2021 statement of cash flows. The Second Draw loan was subsequently forgiven in November 2022 by the Small Business Administration for the full balance of principal and interest and was recognized in the statement of activities as revenue at that time..

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve and asset replacement fund.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Employee Retention Credit (ERC)

The Council has elected to take a credit against the employer portion of the Social Security taxes withheld on qualified wages. The amount of the credit is limited to a specified percentage of qualified wages an eligible employer pays to employees after March 12, 2020 and before September 30, 2021 as established by the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) and amended by the *Consolidated Appropriations Act*. The Council has elected to account for the ERC program under ASC 958-605, *Not-for-Profit Entities, Government Grants and Assistance*. The ERC credit of \$884,496 was recorded as a receivable in the statements of financial position at September 30, 2022 and 2021 and as revenue in the statement of activities for the year ended September 30, 2021.

Girl Scouts of Western Ohio

Notes to Financial Statements September 30, 2022 and 2021

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Council's claim to the employee retention credit, and it is not possible to determine the impact this would have on the Council.

Contributions

Contributions are provided to the Council either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Council overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restriction and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restriction and then released from restriction. At September 30, 2022, the Council has received \$500,000 in promised grant funding that is conditional on the successful completion of the related project and, therefore, is not recognized in the financial statements until such time that all conditions are met.

Girl Scouts of Western Ohio

Notes to Financial Statements September 30, 2022 and 2021

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. A substantial number of volunteers have donated significant amounts of their time to the Council's programs and supporting services. However, such services are not reflected in the accompanying financial statements.

Deferred Income

Deferred income consists primarily of deposits and sponsorships for future events which will be recognized as revenue over periods to which the sponsorships relate.

Income Taxes

The Council is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Council is subject to federal income tax on any unrelated business taxable income. The Council files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the direct identification and other methods.

Cookie and Merchandise Sales Revenue

Cookie and merchandise sales revenue is recognized as the Council provides such products to troops and individuals. Revenue is reported at the amount that reflects the consideration to which the Council expects to be entitled in exchange for providing such goods. The Council determines the transaction price based on standard charges for goods provided.

Program Fees and Dues Revenue

Program fees and dues revenue is recognized as the Council satisfies performance obligations under its contracts with troops when such programs are held. Revenue is reported at the amount that reflects the consideration to which the Council expects to be entitled in exchange for providing camps and events. The Council determines the transaction price based on standard charges for such services provided.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. These reclassifications had no effect on the change in net assets.

Girl Scouts of Western Ohio

Notes to Financial Statements September 30, 2022 and 2021

Note 2: Contributions Receivable

Contributions receivable, all of which were with donor restrictions, and which include United Way allocations, consisted of the following:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 185,333	\$ 365,680
Due within one to five years	<u>163,212</u>	<u>174,129</u>
	348,545	539,809
Less		
Unamortized discount	<u>(9,282)</u>	<u>(8,496)</u>
	<u>\$ 339,263</u>	<u>\$ 531,313</u>

Note 3: Investments and Other Fair Value Measurements and Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Girl Scouts of Western Ohio
Notes to Financial Statements
September 30, 2022 and 2021

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2022 and 2021:

	2022			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 883,799	\$ 883,799	\$ -	\$ -
Equity mutual funds	3,557,127	3,557,127	-	-
Equity securities				
Energy	385,529	385,529	-	-
Materials	377,126	377,126	-	-
Industrials	887,259	887,259	-	-
Consumer discretionary	746,913	746,913	-	-
Consumer staples	668,454	668,454	-	-
Healthcare	1,198,829	1,198,829	-	-
Information technology	1,930,613	1,930,613	-	-
Financial	652,093	652,093	-	-
Telecommunication services	490,199	490,199	-	-
Utilities	182,634	182,634	-	-
Real estate	92,321	92,321	-	-
Preferred stock	87,436	87,436	-	-
Fixed income mutual fund	166,951	166,951	-	-
U.S. Treasury and agency securities	991,276	991,276	-	-
Mortgage backed securities	165,880	-	165,880	-
Corporate debt securities	4,483,457	-	4,483,457	-
Municipal bonds	24,430	-	24,430	-
Total investments	<u>17,972,326</u>	<u>13,298,559</u>	<u>4,673,767</u>	<u>-</u>
Beneficial interest in perpetual trusts	713,871	-	-	713,871
Beneficial interest in remainder trust	124,130	-	-	124,130

Girl Scouts of Western Ohio
Notes to Financial Statements
September 30, 2022 and 2021

	2021				
	Fair Value Measurements Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 468,552	\$ 468,552	\$ -	\$ -	
Equity mutual funds	4,459,769	4,459,769	-	-	
Equity securities					
Energy	304,930	304,930	-	-	
Materials	368,773	368,773	-	-	
Industrials	1,061,262	1,061,262	-	-	
Consumer discretionary	938,003	938,003	-	-	
Consumer staples	781,874	781,874	-	-	
Healthcare	1,390,571	1,390,571	-	-	
Information technology	2,355,696	2,355,696	-	-	
Financial	859,785	859,785	-	-	
Telecommunication services	886,301	886,301	-	-	
Utilities	205,095	205,095	-	-	
Real estate	114,126	114,126	-	-	
Preferred stock	97,614	97,614	-	-	
Fixed income mutual fund	178,329	178,329	-	-	
U.S. Treasury and agency securities	1,088,682	1,088,682	-	-	
Foreign government bonds	199,898	-	199,898	-	
Corporate debt securities	5,099,442	-	5,099,442	-	
Municipal bonds	69,091	-	69,091	-	
Total investments	<u>20,927,793</u>	<u>15,559,362</u>	<u>5,368,431</u>	<u>-</u>	
Beneficial interest in perpetual trusts	893,505	-	-	893,505	
Beneficial interest in remainder trust	178,877	-	-	178,877	

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

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Beneficial Interest in Perpetual Trusts

Fair value is estimated as the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Beneficial Interest in Remainder Trust

The fair value is estimated using a discounted cash flow model. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	Fair Value at September 30, 2022	Valuation Technique	Unobservable Inputs	Assumption
Beneficial interest in perpetual trusts	\$ 713,871	Present value of perpetual future distributions	Present value rates	Various rates ranging from 0.25% to 5%
Beneficial interest in remainder trust	\$ 124,130	Discounted cash flow	Discount rates: Term of the trust	4.00% 5 years

	Fair Value at September 30, 2021	Valuation Technique	Unobservable Inputs	Assumption
Beneficial interest in perpetual trusts	\$ 893,505	Present value of perpetual future distributions	Present value rates	Various rates ranging from 0.25% to 5%
Beneficial interest in remainder trust	\$ 178,877	Discounted cash flow	Discount rates: Term of the trust	0.40% 6 years

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Notes to Financial Statements September 30, 2022 and 2021

Note 4: Beneficial Interests in Perpetual and Remainder Trusts

The Council is a beneficiary under various perpetual trusts administered by outside parties. Under the terms of these trusts, the Council has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$713,871 and \$893,505, which represents the fair value of the trust assets at September 30, 2022 and 2021, respectively. The income from these trusts for 2022 and 2021 was \$40,872 and \$38,972, respectively.

The Council is a beneficiary of a charitable remainder trust administered by an outside party. Under the terms of the trust, the Council has the irrevocable right to receive annual distributions from the trust and a portion of the net assets of the trust at the end of the trust's term. The beneficial interest in this trust is recorded at the present value of the expected future cash flows discounted at a rate of 4.00% and 0.40% at September 30, 2022 and 2021, respectively. The estimated value of the expected future cash flows is \$124,130 and \$178,877 at September 30, 2022 and 2021, respectively.

Note 5: Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions at September 30 have been designated for the following purposes:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ (2,278,119)	\$ 2,978,171
Board designated:		
Operating reserve	13,481,053	13,431,239
Asset replacement	4,636,240	4,617,803
Comprehensive Campaign	340,385	896,475
Property and equipment	<u>13,264,690</u>	<u>12,593,000</u>
Net assets without donor restrictions	<u>\$ 29,444,249</u>	<u>\$ 34,516,688</u>

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Notes to Financial Statements September 30, 2022 and 2021

Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30 have been restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to the passage of time		
Contributions receivable that are not restricted by donors but are unavailable for expenditure until due	\$ -	\$ 188,450
Beneficial interest in remainder trust	124,130	178,877
Beneficial interest in perpetual trusts	713,871	893,505
Subject to expenditure for specified purpose	300,971	390,445
Endowments		
Subject to spending policy and appropriation		
Available for general use	2,300,247	2,443,189
Scholarships	228,501	284,643
	<u>2,528,748</u>	<u>2,727,832</u>
Net assets with donor restrictions	<u>\$ 3,667,720</u>	<u>\$ 4,379,109</u>

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.

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions	\$ 188,450	\$ 158,363
Satisfaction of purpose restrictions	<u>1,197,369</u>	<u>1,349,134</u>
	<u>\$ 1,385,819</u>	<u>\$ 1,507,497</u>

Note 6: Revenue From Contracts With Troops and Individuals

Cookie and Merchandise Sales Revenue

Cookie and merchandise sales revenue is reported at the amount that reflects the consideration to which the Council expects to be entitled in exchange for providing cookies, nuts and Girl Scout merchandise to troops and the general public. Revenue is recognized at the point in time these performance obligations are satisfied which is upon delivery of the product to troops or individuals. At that point in time, the Council does not believe it is required to provide additional goods or services related to that sale.

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Sales of cookies and other merchandise, and the related direct costs, which include cost of purchases, troop and individual incentive awards are comprised of the following in 2022 and 2021 and represent the amount of revenue recognized at a point in time:

	2022			
	Gross Sales	Direct Costs	Allocations	Net Sales
Cookie sales	\$ 14,147,629	\$ 3,177,094	\$ 2,325,142	\$ 8,645,393
Fall sales	1,329,502	560,860	166,142	602,500
Council store	524,653	267,977	-	256,676
	<u>\$ 16,001,784</u>	<u>\$ 4,005,931</u>	<u>\$ 2,491,284</u>	<u>\$ 9,504,569</u>

	2021			
	Gross Sales	Direct Costs	Allocations	Net Sales
Cookie sales	\$ 11,873,733	\$ 2,558,410	\$ 1,971,293	\$ 7,344,030
Fall sales	1,325,995	537,502	135,517	652,976
Council store	391,444	203,529	-	187,915
	<u>\$ 13,591,172</u>	<u>\$ 3,299,441</u>	<u>\$ 2,106,810</u>	<u>\$ 8,184,921</u>

Program Fees and Dues Revenue

Revenues from camps and other program events held by the Council is reported at the amount that reflect the consideration the Council expects to be entitled in exchange for providing such services for troops. Revenue is recognized as performance obligations are satisfied which is ratably over the duration of the event. In 2022 and 2021, \$687,908 and \$676,570, respectively, of program fee revenue was recognized over time. Payment of the fee is expected at the time of registration and any amounts received in advance are deferred.

Transaction Price and Recognition

The Council has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the mix of troops and locations to which it provides products and services.

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Contract Balances

The following table provides information about the Council's accounts receivable and deferred revenue from contracts with troops as of September 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Accounts receivable, beginning of year	\$ 93,165	\$ 106,680
Accounts receivable, end of year	126,320	93,165
Deferred income, beginning of year	\$ 27,346	\$ 17,212
Deferred income, end of year	26,117	27,346

Note 7: Operating Leases

The Council has various operating lease agreements for office space and equipment expiring in various years through 2030. Future minimum lease payments at September 30, 2022 were:

2023	\$ 283,222
2024	241,399
2025	230,713
2026	240,067
2027	243,185
Thereafter	<u>547,165</u>
	<u>\$ 1,785,751</u>

Rental expense for all operating leases amounted to approximately \$276,000 and \$281,000 in 2022 and 2021, respectively.

Note 8: Retirement Plans

The Council participates in two non-contributory multiemployer defined pension plans. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

1. Assets contributed to the multiemployer plan by one employer/council may be used to provide benefits to employees of other participating employers/councils.
2. If a participating employer/council stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers/councils.
3. If the Council chooses to stop participating in its multiemployer plans, the Council may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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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 (EIN/Plan Number 13-1624016/PN 002). 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. The Council's pension expense and contributions to this plan for 2022 and 2021 was \$555,176 and \$556,183, respectively.

Net Plan assets grew during the year and are greater than the actuarial present value of accumulated Plan benefits as of January 1, 2022. On April 18, 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 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2022 and 2021 were \$32.2 million and \$32.9 million, respectively. Aggregate contributions to be made in fiscal year 2023 are expected to be \$27.55 million.

The Council also participates in The Defined Benefit Pension Plan of United Way of Greater Toledo and Affiliated Agencies (EIN/Plan Number 34-4427947/PN 333) and covers certain employees of one of its legacy councils. This plan was approximately 96.27% funded as of December 31, 2021, which is the most recent information available. Pension expense and contributions to this plan were \$17,309 and \$46,776 for 2022 and 2021, respectively. The Council's contribution is less than 5% of total plan contributions in 2022 and 2021.

The Council also has a 401(k) Thrift Plan covering substantially all employees. This plan calls for elective participant deferral limits of 1-100% of total eligible participant compensation. Plan management makes a safe harbor matching contribution of 100% of the participant's elective deferral that do not exceed 5% of the participant's compensation. Total expense related to the 401(k) Thrift Plan was \$217,432 and \$240,301 for fiscal years 2022 and 2021, respectively.

Note 9: Troop Funds Held In Trust

Bank accounts for each troop are established under the Council's employer identification number. All troop funds are maintained for the beneficial interest of the girls within the respective troop.

Management has estimated troop funds total approximately \$3,383,000 and \$4,706,000 at September 30, 2022 and 2021, respectively. These funds are not available for use by the Council and have not been included in the financial statements.

Girl Scouts of Western Ohio

Notes to Financial Statements September 30, 2022 and 2021

Note 10: Endowment

The Council's governing body is subject to the State of Ohio's Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the Council classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

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

1. Duration and preservation of the fund
2. Purposes of the Council and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Council
7. Investment policies of the Council

The Council's endowment consists of three individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. As of September 30, 2022 and 2021, all endowment funds consisted of donor-restricted funds.

Changes in donor-restricted endowment net assets for the years ended September 30, 2022 and 2021 were:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 2,727,832	\$ 2,492,849
Net (depreciation) appreciation	<u>(199,084)</u>	<u>234,983</u>
Endowment net assets, end of year	<u>\$ 2,528,748</u>	<u>\$ 2,727,832</u>

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Notes to Financial Statements September 30, 2022 and 2021

Investment and Spending Policies

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Council must hold in perpetuity. Under the Council's policies, endowment assets are invested in a manner that is intended to produce results that exceed the rate of inflation while assuming a low level of investment risk.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). 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.

For one endowment fund held and managed by the Council, 50% of the realized gains and losses and 100% of the unrealized gains and losses are retained as assets with donor restrictions. For the other endowment funds, all gains and losses are recorded as assets with donor restrictions until appropriated for expenditure. These policies are consistent with the Council's objective to maintain the purchasing power of endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return. Unless otherwise authorized by the board of directors, appropriations shall not exceed 5% of the rolling three-year average market value as of September 30.

Underwater Endowments

The governing body of the Council has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Council considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Council has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At September 30, 2022 and 2021, the Council had no deficiencies in its endowment funds.

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Note 11: Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, comprise the following:

	2022	2021
Cash	\$ 1,719,979	\$ 4,421,150
Accounts receivable	126,320	93,165
Employee Retention Credit receivable	884,496	884,496
Contributions receivable due within one year	185,333	365,680
Investments, highly liquid	12,307,283	14,470,680
	15,223,411	20,235,171
Less net assets with donor restrictions	(3,667,720)	(4,379,109)
Less net assets with board designations (excluding operating reserve)	(4,976,625)	(5,514,278)
	(8,644,345)	(9,893,387)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 6,579,066	\$ 10,341,784

The Council regularly monitors the availability of resources required to meet its operating needs, while striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12-month period, the Council operates with a balanced budget and anticipates revenues sufficient to cover general expenditures over that period. The Board has designated portions of the net assets without donor restrictions for various purposes to provide for future needs, however, these funds remain available and may be spent at the discretion of the Board. Approximately 31% and 69% of the investment portfolio of the Council consists of highly liquid investments at September 30, 2022 and 2021.

Note 12: Contingencies

Economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Council. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Girl Scouts of Western Ohio

Notes to Financial Statements September 30, 2022 and 2021

Note 13: Significant Estimates

General Litigation

The Council is subject to certain claims and legal proceedings covering certain matters that arise in the ordinary course of its business activities. These matters are subject to various uncertainties. However, management believes that any liability that may ultimately result from the resolutions of these matters will not have a material adverse effect on its financial position, results of operations or cash flows.

Self-Insurance

In 2020, the Council elected to self-insure certain costs related to employee health and pharmacy plans. Costs resulting from noninsured losses are charged to expense when incurred. The Council has purchased insurance that limits its exposure for individual claims and limits its aggregate exposure to \$100,000 per participant.

Provisions for losses expected under these programs are recorded based upon the Council's estimates of the aggregate liability for claims incurred and totaled approximately \$149,000 and \$81,000 for the years ended September 30, 2022 and 2021, respectively. The amount of actual losses incurred could differ materially from the estimates reflected in the financial statements.

Note 14: Subsequent Events

Subsequent events have been evaluated through January 20, 2023, which is the date the financial statements were available to be issued.

Note 15: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for the Council for the fiscal year beginning October 1, 2022. The Council is evaluating the effect the standard will have on the financial statements.