

**Girl Scouts, San Diego-Imperial Council, Inc.**

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

**September 30, 2021 and 2020**

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**Girl Scouts, San Diego-Imperial Council, Inc.**

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Independent Auditor's Report

To the Board of Directors  
Girl Scouts, San Diego-Imperial Council, Inc.

We have audited the accompanying financial statements of Girl Scouts, San Diego-Imperial Council, Inc., which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 Girl Scouts, San Diego-Imperial Council, Inc. as of September 30, 2021 and 2020, 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.



San Diego, California  
January 21, 2022

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statements of Financial Position  
September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 7,630,612	\$ 8,252,258
Accounts receivable, net	40,572	37,031
Unconditional promises to give, net	27,720	1,264,128
Inventory, net	398,115	412,981
Prepaid expenses and deposits	429,254	316,457
	<u>8,526,273</u>	<u>10,282,855</u>
Total current assets		
Investment assets		
Investments	15,199,714	13,792,264
Beneficial interest in perpetual trust	167,977	164,146
	<u>15,367,691</u>	<u>13,956,410</u>
Total investment assets		
Property and equipment		
Land, buildings and equipment	22,855,963	21,957,463
Less accumulated depreciation	<u>(12,345,207)</u>	<u>(11,599,146)</u>
	<u>10,510,756</u>	<u>10,358,317</u>
Total property and equipment, net		
Total assets	<u>\$ 34,404,720</u>	<u>\$ 34,597,582</u>

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statements of Financial Position  
September 30, 2021 and 2020**

Liabilities and Net Assets

	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable	\$ 401,859	\$ 463,588
Accrued expenses	628,435	702,037
	<u>1,030,294</u>	<u>1,165,625</u>
Long-term liabilities		
Deferred rent	19,206	18,475
Note payable - PPP loan	-	1,250,000
	<u>19,206</u>	<u>1,268,475</u>
Total long-term liabilities	<u>19,206</u>	<u>1,268,475</u>
Total liabilities	<u>1,049,500</u>	<u>2,434,100</u>
Commitments and contingencies		
Net assets		
Without donor restrictions	<u>32,268,016</u>	<u>31,331,073</u>
With donor restrictions		
Perpetual in nature	337,478	318,646
Time or purpose restrictions	749,726	513,763
Subtotal net assets with donor restrictions	<u>1,087,204</u>	<u>832,409</u>
Total net assets	<u>33,355,220</u>	<u>32,163,482</u>
Total liabilities and net assets	<u>\$ 34,404,720</u>	<u>\$ 34,597,582</u>

See Notes to Financial Statements.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Activities  
Year Ended September 30, 2021**

	Without donor restrictions	With donor restrictions	Total
Program, contribution and other revenue			
Contributions and bequests	\$ 844,546	\$ 483,125	\$ 1,327,671
In-kind contributions	30,000	-	30,000
Camp and program service fees	648,979	-	648,979
Government grant revenue	59,998	-	59,998
Net assets released from restriction	266,737	(266,737)	-
Total program, contribution and other revenue	<u>1,850,260</u>	<u>216,388</u>	<u>2,066,648</u>
Product program revenue (net of cost of goods sold)			
Cookie sales	10,223,610	-	10,223,610
Less cost of goods sold	4,711,837	-	4,711,837
Net cookie sales	<u>5,511,773</u>	<u>-</u>	<u>5,511,773</u>
Merchandise sales	437,009	-	437,009
Less cost of goods sold	229,457	-	229,457
Net merchandise sales	<u>207,552</u>	<u>-</u>	<u>207,552</u>
Fall product sales	1,222,622	-	1,222,622
Less cost of goods sold	775,830	-	775,830
Net Fall product sales	<u>446,792</u>	<u>-</u>	<u>446,792</u>
Total product program revenue (net of cost of goods sold)	<u>6,166,117</u>	<u>-</u>	<u>6,166,117</u>
Total program, contribution, other revenue and product program revenue (net)	<u>8,016,377</u>	<u>216,388</u>	<u>8,232,765</u>
Operating expense			
Program services expense			
Personnel and related	5,766,163	-	5,766,163
Non-personnel related	3,244,376	-	3,244,376
Total program services expense	<u>9,010,539</u>	<u>-</u>	<u>9,010,539</u>
Supporting services expense			
Management and general	792,879	-	792,879
Fundraising and development	745,772	-	745,772
Total supporting services expense	<u>1,538,651</u>	<u>-</u>	<u>1,538,651</u>
Total operating expenses	<u>10,549,190</u>	<u>-</u>	<u>10,549,190</u>
Operating (loss) income	<u>(2,532,813)</u>	<u>216,388</u>	<u>(2,316,425)</u>

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Activities  
Year Ended September 30, 2021**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Other income (expense)			
Employee pension expense	(283,720)	-	(283,720)
Investment return, net	2,364,623	34,575	2,399,198
PPP loan forgiveness	1,250,000	-	1,250,000
Change in value of beneficial interest in perpetual trust	-	3,832	3,832
Other income	138,853	-	138,853
	<u>3,469,756</u>	<u>38,407</u>	<u>3,508,163</u>
Total other income			
Change in net assets	936,943	254,795	1,191,738
Net assets, beginning	<u>31,331,073</u>	<u>832,409</u>	<u>32,163,482</u>
Net assets, end	<u>\$ 32,268,016</u>	<u>\$ 1,087,204</u>	<u>\$ 33,355,220</u>

See Notes to Financial Statements.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Activities  
Year Ended September 30, 2020**

	Without donor restrictions	With donor restrictions	Total
Program, contribution and other revenue			
Contributions and bequests	\$ 1,889,058	\$ 101,393	\$ 1,990,451
Camp and program service fees	231,679	-	231,679
Government grant revenue	94,362	-	94,362
Net assets released from restriction	161,136	(161,136)	-
Total program, contribution and other revenue	<u>2,376,235</u>	<u>(59,743)</u>	<u>2,316,492</u>
Product program revenue (net of cost of goods sold)			
Cookie sales	15,027,108	-	15,027,108
Less cost of goods sold	6,543,517	-	6,543,517
Net cookie sales	<u>8,483,591</u>	<u>-</u>	<u>8,483,591</u>
Merchandise sales	588,267	-	588,267
Less cost of goods sold	275,768	-	275,768
Net merchandise sales	<u>312,499</u>	<u>-</u>	<u>312,499</u>
Fall product sales	1,201,908	-	1,201,908
Less cost of goods sold	735,302	-	735,302
Net Fall product sales	<u>466,606</u>	<u>-</u>	<u>466,606</u>
Total product program revenue (net of cost of goods sold)	<u>9,262,696</u>	<u>-</u>	<u>9,262,696</u>
Total program, contribution, other revenue (expense) and product program revenue (net)	<u>11,638,931</u>	<u>(59,743)</u>	<u>11,579,188</u>
Operating expense			
Program services expense			
Personnel and related	6,594,563	-	6,594,563
Non-personnel related	2,839,114	-	2,839,114
Total program services expense	<u>9,433,677</u>	<u>-</u>	<u>9,433,677</u>
Supporting services expense			
Management and general	1,134,923	-	1,134,923
Fundraising and development	710,836	-	710,836
Total supporting services expense	<u>1,845,759</u>	<u>-</u>	<u>1,845,759</u>
Total operating expenses	<u>11,279,436</u>	<u>-</u>	<u>11,279,436</u>
Operating income	<u>359,495</u>	<u>(59,743)</u>	<u>299,752</u>



**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Activities  
Year Ended September 30, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Other income (expense)			
Employee pension expense	(333,453)	-	(333,453)
Investment return, net	663,550	12,926	676,476
Change in value of beneficial interest in perpetual trust	-	(3,727)	(3,727)
Other income	<u>73,520</u>	<u>-</u>	<u>73,520</u>
Total other income	<u>403,617</u>	<u>9,199</u>	<u>412,816</u>
Change in net assets	763,112	(50,544)	712,568
Net assets, beginning	<u>30,567,961</u>	<u>882,953</u>	<u>31,450,914</u>
Net assets, end	<u>\$ 31,331,073</u>	<u>\$ 832,409</u>	<u>\$ 32,163,482</u>

See Notes to Financial Statements.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Functional Expenses  
Year Ended September 30, 2021**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Operating expenses				
Personnel and related				
Salaries and contract labor	\$ 4,816,057	\$ 431,123	\$ 505,020	\$ 5,752,200
Employee benefits and payroll taxes	<u>950,106</u>	<u>71,686</u>	<u>72,670</u>	<u>1,094,462</u>
Total personnel and related	<u>5,766,163</u>	<u>502,809</u>	<u>577,690</u>	<u>6,846,662</u>
Non-personnel				
Professional fees	339,074	137,578	9,389	486,041
Supplies	124,906	698	2,129	127,733
Communications and data services	139,535	3,810	532	143,877
Postage and shipping	48,786	838	4,158	53,782
Occupancy	640,121	19,634	26,690	686,445
Forestry maintenance	18,469	-	-	18,469
Insurance	357,247	54,811	9	412,067
Equipment purchases - minor	92,319	1,926	2,701	96,946
Equipment rent and maintenance	316,754	37,560	35,836	390,150
Printing and distribution	59,914	1,352	17,482	78,748
Transportation	108,561	1,409	11,998	121,968
Conferences and meetings	76,470	1,236	11,422	89,128
Public relations and marketing	14,284	271	596	15,151
Organization dues	14,516	719	2,475	17,710
Miscellaneous	48,068	17,618	7,779	73,465
Awards and appreciation	34,883	20	11,588	46,491
Program training events	3,062	-	-	3,062
Girl and adult assistance	95,233	-	-	95,233
Cookie sales cost of goods sold	4,711,837	-	-	4,711,837
Merchandise sales cost of goods sold	229,457	-	-	229,457
Fall product cost of goods sold	<u>775,830</u>	<u>-</u>	<u>-</u>	<u>775,830</u>
Total non-personnel	<u>8,249,326</u>	<u>279,480</u>	<u>144,784</u>	<u>8,673,590</u>
Total expenses by function before depreciation	14,015,489	782,289	722,474	15,520,252
Plus depreciation	712,174	10,590	23,298	746,062
Less expenses included with revenues on the statement of activities				
Cookie sales cost of goods sold	(4,711,837)	-	-	(4,711,837)
Merchandise sales cost of goods sold	(229,457)	-	-	(229,457)
Fall product cost of goods sold	<u>(775,830)</u>	<u>-</u>	<u>-</u>	<u>(775,830)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 9,010,539</u>	<u>\$ 792,879</u>	<u>\$ 745,772</u>	<u>\$ 10,549,190</u>

See Notes to Financial Statements.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Functional Expenses  
Year Ended September 30, 2020**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Operating expenses				
Personnel and related				
Salaries and contract labor	\$ 5,514,389	\$ 504,294	\$ 486,220	\$ 6,504,903
Employee benefits and payroll taxes	<u>1,080,174</u>	<u>101,337</u>	<u>92,983</u>	<u>1,274,494</u>
Total personnel and related	<u>6,594,563</u>	<u>605,631</u>	<u>579,203</u>	<u>7,779,397</u>
Non-personnel				
Professional fees	127,624	245,426	15,174	388,224
Supplies	131,283	949	1,735	133,967
Communications and data services	125,593	3,835	712	130,140
Postage and shipping	39,643	721	6,966	47,330
Occupancy	633,875	15,405	9,786	659,066
Forestry maintenance	141,659	-	-	141,659
Insurance	112	181,288	-	181,400
Equipment purchases - minor	133,268	2,667	1,073	137,008
Equipment rent and maintenance	316,067	36,904	37,197	390,168
Printing and distribution	93,014	1,234	23,925	118,173
Transportation	101,029	2,473	3,797	107,299
Conferences and meetings	25,231	8,025	9,698	42,954
Public relations and marketing	43,527	662	823	45,012
Organization dues	10,800	685	1,484	12,969
Miscellaneous	53,180	16,411	15,867	85,458
Awards and appreciation	33,767	209	3,396	37,372
Program training events	16,040	-	-	16,040
Girl and adult assistance	105,773	-	-	105,773
Cookie sales cost of goods sold	6,543,517	-	-	6,543,517
Merchandise sales cost of goods sold	275,768	-	-	275,768
Fall product cost of goods sold	<u>735,302</u>	<u>-</u>	<u>-</u>	<u>735,302</u>
Total non-personnel	<u>9,686,072</u>	<u>516,894</u>	<u>131,633</u>	<u>10,334,599</u>
Total expenses by function before depreciation	16,280,635	1,122,525	710,836	18,113,996
Plus depreciation	707,629	12,398	-	720,027
Less expenses included with revenues on the statement of activities				
Cookie sales cost of goods sold	(6,543,517)	-	-	(6,543,517)
Merchandise sales cost of goods sold	(275,768)	-	-	(275,768)
Fall product cost of goods sold	<u>(735,302)</u>	<u>-</u>	<u>-</u>	<u>(735,302)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 9,433,677</u>	<u>\$ 1,134,923</u>	<u>\$ 710,836</u>	<u>\$ 11,279,436</u>

See Notes to Financial Statements.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statements of Cash Flows  
Years Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,191,738	\$ 712,568
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	746,062	720,027
Bad debt expense	2,276	49,042
Realized and unrealized gains on investments	(1,988,461)	(250,018)
PPP loan forgiveness	(1,250,000)	-
(Increase) decrease in beneficial interest in perpetual trust	(3,831)	3,727
Changes in operating assets and liabilities		
Accounts receivable	(5,817)	(26,762)
Unconditional promises to give	1,236,408	(1,168,910)
Inventory	14,866	(21,252)
Prepaid expenses and deposits	(112,797)	(130,537)
Split interest agreement	-	73,782
Accounts payable	(61,729)	223,060
Accrued expenses	(73,602)	(201,021)
Deferred rent	731	5,532
	<u>(304,156)</u>	<u>(10,762)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(898,501)	(547,314)
Purchase of investments	(403,989)	(338,732)
Sale of investments	985,000	(1)
	<u>(317,490)</u>	<u>(886,047)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from note payable - PPP loan	-	1,250,000
	<u>-</u>	<u>1,250,000</u>
Net cash provided by financing activities		
	<u>(621,646)</u>	<u>353,191</u>
Net (decrease) increase in cash and cash equivalents		
Cash and cash equivalents, beginning	<u>8,252,258</u>	<u>7,899,067</u>
Cash and cash equivalents, end	<u>\$ 7,630,612</u>	<u>\$ 8,252,258</u>

See Notes to Financial Statements.

## **Girl Scouts, San Diego-Imperial Council, Inc.**

### **Notes to Financial Statements September 30, 2021 and 2020**

#### **Note 1 - Summary of significant accounting policies**

##### **Nature of organization**

Girl Scouts, San Diego-Imperial Council, Inc. (the "Organization") is southern California's premier girl leadership development organization and the preeminent expert on girls. For over 100 years, the Organization has prepared girls to successfully face life challenges - from the wilderness to the boardroom - with courage, confidence and character.

Girl Scouts thoroughly researches girls' needs, using the results to develop effective programming, delivered in an all-girl environment. Research finds that Girl Scouts shine above their peers in leadership, academics, career aspirations and hope for the future. Through programs focused on the outdoors; science, technology, engineering and math ("STEM"); life skills and entrepreneurship - Girl Scouts develop a strong sense of self, have positive values, seek challenges and learn from setbacks, develop and maintain healthy relationships and exhibit problem-solving skills.

The Organization is a volunteer-based not-for-profit that welcomes all girls, ages 5 to 17, who accept the Girl Scout Promise and Law. The Organization was established in 1927 and incorporated in April 1928 as Girl Scout Council of San Diego County, a California non-profit corporation. In November 1965, the Organization was renamed Girl Scouts, San Diego-Imperial Council, Inc. to reflect the inclusion of Imperial County.

As of September 30, 2021, the Organization's management reports 14,637 girl members, 6,338 adult members/volunteers, 1,944 lifetime members and 1,449 troops/groups.

From the back yard to the backcountry, Girl Scouts has a long, storied, and successful history of getting girls outdoors. In fact, many Girl Scouts say "camping trips" are one of the best things about their Girl Scout experience. It's true: connecting with nature in a girl-led setting is a big benefit of belonging to Girl Scouts.

Studies show that girls today are not spending nearly enough time outdoors. Technology and structured activities leave less time for girls to get outside and enjoy nature. When girls spend quality time outdoors and increase their exposure to nature, they thrive physically, emotionally, and intellectually.

Four of the five facilities operated by the Organization offer weekly opportunities for girls to create their own outdoor adventures and develop a lifelong appreciation for nature and the out-of-doors at camp or with their troops, friends, or family.

And that's great news - because when Girl Scouts get outside, they:

- Discover that they can better solve problems and overcome challenges;
- Develop leadership skills, build social bonds, and are happier overall; and
- Become team players and care more about protecting our environment.

The Organization operates the following facilities/properties to support its members and volunteers, and provide mission-based programming:

- Balboa Program Center, San Diego (11 acres): headquarters, administrative offices, leadership training center, resource center, store, amphitheater, cabins, lawn for tent camping, climbing tower, archery zone, art center, nature/STEM center, and other activities and programs.

## Girl Scouts, San Diego-Imperial Council, Inc.

### Notes to Financial Statements September 30, 2021 and 2020

- Escondido Program Center, Escondido (2 acres): administrative offices, store, resource center, lodge, outdoor program space, and other activities and programs.
- North Coastal Program Center, Carlsbad: administrative offices, training center, store, resource center, and other activities and programs.
- Camp Winacka, near Julian (590 acres): resident camp facilities, lodge, cabins, pool, lake, fishing dock, nature center, art center, archery zone, helipad, telescope, garden, horseback riding facilities, and other activities and programs.
- Camp Whispering Oaks, near Julian (55 acres): resident camp facilities, lodge, cabins, art center, high ropes challenge course and zipline, archery zone, recreational field, and other activities and programs.

See Note 6 for specific leased properties.

The Organization operates under an unconditional charter issued by Girl Scouts of the United States of America ("GSUSA"). Girls and adults join GSUSA by paying annual dues of \$25 or a lifetime fee of \$400. Membership fees collected by the Organization are forwarded to GSUSA. Financial assistance is available for girl and adult members.

#### **Basis of accounting**

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### **Financial statement presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

Net assets without donor restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board-designated endowment. No such endowments existed for the years ended September 30, 2021 and 2020.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### **Income tax status**

The Organization is a California not-for-profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Tax Code 23701(d). However, certain operations of the Organization may qualify as unrelated business taxable income and, to the extent that these operations generate income, they will be subject to federal and state taxes. During the years ended September 30, 2021 and 2020, respectively, there was no unrelated business income for the Organization.

## **Girl Scouts, San Diego-Imperial Council, Inc.**

### **Notes to Financial Statements September 30, 2021 and 2020**

The Organization's federal and state information returns prior to fiscal year 2018 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization recognizes interest and penalties associated with tax matters as part of management and general expenses and includes accrued interest and penalties in accrued expenses in the statement of financial position. There were no interest or penalties for the years ended September 30, 2021 and 2020.

#### **Revenue recognition**

Camp fees are recognized as revenue in the period in which campers utilize the program services. Fees received in advance are deferred until the service is provided. Revenue from the sale of program-related and fundraising items is recognized upon delivery of the items.

Product revenue consists of cookie sales, merchandise sales and fall product sales. Cookie sales and fall product sales are recognized at the time the products are transferred to the individual troops. There is no right of return by the troops once the products are transferred. Merchandise sales are recognized when they are sold to the customer.

Contributions and support, including unconditional promises to give, are considered to be available without restriction unless specifically restricted by the donor and are recognized as revenues in the period in which the Organization receives the unconditional promise to give. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grants that are not accounted for as contributions are recorded as receivables in the period the commitment is made by the grantor and are deemed to be earned and reported as revenue and support when the Organization has expended funds which meet the grant's specific restrictions. Unexpended amounts are classified as deferred revenue in the accompanying financial statements.

#### **Accounts receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of the customer to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

#### **Cash and cash equivalents**

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### **In-kind contributions**

Various individuals and organizations donate significant materials, services and facilities to the Organization. Contributed materials, services and facilities with a fair value of \$30,000 and \$0, at the date of donation for years ended September 30, 2021 and 2020, respectively, have been

## **Girl Scouts, San Diego-Imperial Council, Inc.**

### **Notes to Financial Statements September 30, 2021 and 2020**

included in the accompanying financial statements as with or without donor-restricted support, and expended or capitalized as appropriate.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

#### **Functional allocation of expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, professional services, office expenses, information technology, insurance and other, which are allocated based on an analysis of direct labor dollars associated with program and non-program related functions.

#### **Cost of activities that include fundraising**

The Organization accounts for the cost of an activity that includes fundraising costs as fundraising, including the costs of credit card processing fees. Provided the criteria is met, costs of a joint activity that are identifiable with a particular function are charged to that function and joint costs are allocated between fundraising and the appropriate program or management and general function. During 2021 and 2020, all costs of activities that included fundraising were reported as fundraising costs.

#### **Investments**

The Organization records investment purchases at cost or, if donated, at fair value on the date of donation. Investment return, net is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expense.

#### **Inventory**

Inventory consists primarily of items held for resale, including uniforms, supplies, books, camping accessories, Girl Scout badges and patches and various other items. Inventories are carried at the lower of cost or net realizable value.

#### **Fair value of financial instruments**

The Council's financial instruments consist of cash and cash equivalents, short-term receivables, investments in securities and short-term and long-term payables. The carrying value for all such instruments, considering the terms, approximates fair value at September 30, 2021.

#### **Custodial funds**

Custodial funds consist of amounts collected from individuals to pay annual dues to GSUSA, leadership training, scholarships and start-up funds for new troops.

#### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Depreciation of building improvements is calculated using the straight-line method over the shorter of the estimated useful lives of the assets or lease terms, as applicable.



## Girl Scouts, San Diego-Imperial Council, Inc.

### Notes to Financial Statements September 30, 2021 and 2020

Estimated lives for financial reporting purposes are as follows:

Building and building improvements	5 - 50 years
Furniture and equipment	3 - 20 years
Vehicles	5 years

Construction in progress is included in property and equipment at cost until completion, at which time it is capitalized to its appropriate category and depreciated thereafter. Direct labor costs associated with construction in progress is capitalized as it is incurred.

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the year ended.

#### **Deferred rent**

Rent expense is recognized on a straight-line basis over the term of the leases. At September 30, 2021 and 2020, \$19,206 and \$18,475, respectively, is reflected as deferred rent on the statement of financial position, which represents the excess of rent expense computed on a straight-line basis over the minimum lease payments.

#### **Gifts of long-lived assets**

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions of acquired long-lived assets when placed in service.

#### **Impairment of long-lived assets**

The Organization reviews its long-lived assets for impairment whenever events or circumstances indicate the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. There were no impairment losses related to long-lived assets during the years ended September 30, 2021 and 2020.

#### **Endowment and spending policy**

The Organization has adopted investment policies for endowment assets that attempt to provide a reasonably predictable stream of funding for 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 Organization must hold in perpetuity and Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term rate of return objectives, the Organization 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 Organization invests its assets in a diversified

## **Girl Scouts, San Diego-Imperial Council, Inc.**

### **Notes to Financial Statements September 30, 2021 and 2020**

portfolio of stocks, fixed income securities and mutual funds to balance liquidity, current income and preserving the purchasing power of the assets over time.

The Organization's policy of appropriating for distribution each year is such that it allows for spending or accumulating so much of the appreciation as is prudent, considering preservation of the endowment, purposes of the Organization and endowment fund, general economic conditions, possible effects of inflation or deflation, expected total return from income and appreciation, other resources of the Organization and the investment policy. This policy will enable the Organization to consider the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the proposed spending policy to allow its endowment to grow over time. This is consistent with the Organization'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.

#### **Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Concentrations of credit risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, receivables and investments. The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. The Organization has not experienced any losses in such accounts. Such balances may at times exceed the federally insured limits. However, the Organization periodically evaluates the creditworthiness of these institutions to minimize risk.

Unconditional promises to give and accounts receivable are reported at their realizable value, net of an allowance for doubtful accounts. Allowances for accounts and pledges receivable are determined by management based on assessment of their collectability. The allowance is based on the prior years' experience and management's analysis of specific promises made. The Organization believes it is not exposed to any significant credit risk on pledges and accounts receivable.

#### **Commitments and contingencies**

The Organization is subject to lawsuits, investigations and claims arising out of the normal conduct of its activities. The Organization believes it has adequate insurance coverage and reserves to provide for claims and related damages that may arise from these matters.

#### **Sales taxes**

The State of California imposes a sales tax on certain of the Organization's sales to nonexempt customers. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenue and cost of sales.

#### **Adoption of new accounting pronouncements**

The Council adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers ("Topic 606")*. ASU 2014-09 provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or

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### Notes to Financial Statements September 30, 2021 and 2020

services to customers which reflects the consideration to which the Council expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues.

The Council's revenue for reporting periods ended after September 30, 2020 is presented under the new guidance, while financial results for prior periods will continue to be reported in accordance with the prior guidance and the Council's historical accounting policy. The Council has not experienced significant changes to the pattern of revenue recognition for its contracts, the identification of contracts and performance obligations or the measurement of variable consideration. The Council adopted the requirements of the new guidance as of October 1, 2020, utilizing the modified retrospective method of transition. The adoption of the new standard did not have a material impact on the Council's financial position, activities, net assets or cash flows as of the adoption date.

#### COVID-19

The spread of the coronavirus ("COVID-19") globally has caused business disruption domestically in the United States, which is where the Organization predominately operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, while the matter has had negative impact on the Organization's financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

#### Note 2 - Liquidity and availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,630,612	\$ 8,252,258
Accounts receivable, net	40,572	37,031
Investments not encumbered by donor or board restrictions	14,859,738	13,504,895
Unconditional promises to give	<u>27,720</u>	<u>1,264,128</u>
	<u>\$ 22,558,642</u>	<u>\$ 23,058,312</u>

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts for general use. Distributions and appropriations that are made from the split-interest agreements that will be available over the next year are included in the table above. Donor-restricted endowment funds are not available for general expenditure.

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds when interest rates are favorable to compensating balances that are credited against bank charges.

In addition to a budgeting philosophy for budgeting for positive operating income, the Organization has an operating reserve policy to build and maintain an adequate level of unrestricted net assets to support the Organization's day-to-day operations in the event of unforeseen shortfalls.

## **Girl Scouts, San Diego-Imperial Council, Inc.**

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The emergence of the COVID-19 may impact the Council's liquidity. Management continues to regularly monitor liquidity and has reduced expenditures as a result of reduced revenue streams.

GSUSA guidelines is for councils to have a minimum operating reserve equal to six (6) months of average operating costs sufficient to maintain ongoing operations and programs. The calculation will typically exclude non-recurring expenses. The method of calculating the months of reserves is based on GSUSA guidelines. The GSUSA operating reserve calculation takes into account funds maintained in both the Organization's operational demand accounts, savings accounts and specific investment accounts to hold operating reserves not required for monthly cash management, on an annual basis. The operating reserve exceeded 12 months from September 30, 2021.

#### **Note 3 - Fair value measurements**

The Organization values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

**Girl Scouts, San Diego-Imperial Council, Inc.**

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Financial assets carried at fair value at September 30, 2021 are classified in the table below in one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 27,494	\$ -	\$ -	\$ 27,494
Exchange traded and mutual funds				
US equity	3,281,659	-	-	3,281,659
Non-US equity	3,233,885	-	-	3,233,885
Blended and allocation	1,807,410	-	-	1,807,410
Real estate	1,454,383	-	-	1,454,383
Fixed income	5,379,883	-	-	5,379,883
Beneficial interest in perpetual trust	-	-	167,977	167,977
<b>Total investments</b>	<b>15,184,714</b>	<b>-</b>	<b>167,977</b>	<b>15,352,691</b>
Money market funds included in cash and cash equivalents	1,484,849	-	-	1,484,849
<b>Total</b>	<b>\$ 16,669,563</b>	<b>\$ -</b>	<b>\$ 167,977</b>	<b>\$ 16,837,540</b>

Financial assets carried at fair value at September 30, 2020 are classified in the table below in one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 11,210	\$ -	\$ -	\$ 11,210
Exchange traded and mutual funds				
US equity	2,954,934	-	-	2,954,934
Non-US equity	2,937,487	-	-	2,937,487
Blended and allocation	1,619,135	-	-	1,619,135
Real estate	1,344,008	-	-	1,344,008
Fixed income	4,925,490	-	-	4,925,490
Beneficial interest in perpetual trust	-	-	164,146	164,146
<b>Total investments</b>	<b>13,792,264</b>	<b>-</b>	<b>164,146</b>	<b>13,956,410</b>
Money market funds included in cash and cash equivalents	484,767	-	-	484,767
<b>Total</b>	<b>\$ 14,277,031</b>	<b>\$ -</b>	<b>\$ 164,146</b>	<b>\$ 14,441,177</b>

Securities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 3 assets are valued using the income approach and assumptions about discounted cash flow and other present value techniques. There have been no changes to the Organization's valuation methodologies in the current period.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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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 years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance, beginning	\$ 164,146	\$ 167,873
Change in value of beneficial interest in perpetual trust	<u>3,831</u>	<u>(3,727)</u>
Balance, end	<u><u>\$ 167,977</u></u>	<u><u>\$ 164,146</u></u>

The following table represents the Organization's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs for the year ended September 30, 2021:

<u>Instrument</u>	<u>Fair value</u>	<u>Principal valuation technique</u>	<u>Unobservable inputs</u>	<u>Significant input values</u>	<u>Weighted average</u>
Beneficial interest in perpetual trust	\$ 167,977	Present value of expected cash flows	Investment yield Discount rate	1.780% 2.080%	N/A

The following table represents the Organization's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs for the year ended September 30, 2020:

<u>Instrument</u>	<u>Fair value</u>	<u>Principal valuation technique</u>	<u>Unobservable inputs</u>	<u>Significant input values</u>	<u>Weighted average</u>
Beneficial interest in perpetual trust	\$ 164,146	Present value of expected cash flows	Investment yield Discount rate	2.700% 1.460%	N/A

**Note 4 - Accounts receivable and unconditional promises to give**

The Organization's accounts receivable and unconditional promises to give (pledges) as of September 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 72,018	\$ 92,912
Allowance for uncollectible accounts	<u>(31,446)</u>	<u>(55,881)</u>
Total accounts receivable, net	<u><u>\$ 40,572</u></u>	<u><u>\$ 37,031</u></u>
Unconditional promises to give	\$ 27,720	\$ 1,278,328
Allowance for uncollectible accounts	<u>-</u>	<u>(14,200)</u>
Total unconditional promises to give, net	<u><u>\$ 27,720</u></u>	<u><u>\$ 1,264,128</u></u>

Accounts and pledges receivable are not collateralized and are expected to be collected in one year.

## Girl Scouts, San Diego-Imperial Council, Inc.

### Notes to Financial Statements September 30, 2021 and 2020

#### Note 5 - Property and equipment

The carrying values of land, buildings and equipment at September 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Construction in progress	\$ 313,749	\$ 445,934
Building and improvements	18,550,699	18,128,730
Land and improvements	2,107,425	1,775,960
Office equipment	709,310	148,380
Camp equipment	792,759	1,076,438
Vehicles	<u>382,021</u>	<u>382,021</u>
Subtotal	22,855,963	21,957,463
Less accumulated depreciation	<u>(12,345,207)</u>	<u>(11,599,146)</u>
Total property and equipment, net	<u>\$ 10,510,756</u>	<u>\$ 10,358,317</u>

Depreciation expense totaled \$746,062 and \$720,027 for the years ended September 30, 2021 and 2020, respectively.

#### Note 6 - Lease commitments

##### Operating leases

The Organization leases various equipment and land under noncancelable leases that qualify as operating leases. The leases expire at various times through December 2037.

The Organization has operating leases for the land and equipment as follows:

**Balboa Program Center:** The Organization leases the land for its main service and program center from the City of San Diego under an agreement expiring on March 31, 2027 (the "Balboa Lease"). The Balboa Lease provides for annual rent in the amount of \$1 per year plus an annual administrative fee. For the years ended September 30, 2021 and 2020, the annual administrative fee was \$3,918 and \$3,795, respectively. Under the 2001 renewed lease agreement, the Organization agreed to expend at least \$1,900,000 during the first seven years of the lease for capital improvements to the leased premises, exclusive of the normal maintenance expenditures. The Organization expended in excess of this capital requirement. In addition, the lease requires a new general development plan to be submitted every 10 years. The current plan was submitted in 2012. The plan outlines a focus on improving and maintaining the existing structures. The Organization replaced a cabin facility in 2016, with a cost of approximately \$1,896,000.

**Escondido Program Center:** The Organization leases the land for its Escondido program center from the City of Escondido under a 1987 agreement that expires in 2037 (the "Escondido Lease"). The Organization also has the option of renewing the lease for an additional 50 years. No payments are due under the terms of the Escondido Lease. However, under the Escondido Lease, the Organization agreed to construct a headquarters building of approximately 4,000 square feet and related improvements, a park maintenance facility, a parking lot and a trash enclosure. The Organization completed the construction of the building and related improvements in 1988.

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Consistent with prior years, the values of the Balboa and Escondido Leases have not been reflected in the accompanying financial statements because objective valuation information is not available due to the unique characteristics and public park locations of the program centers.

**Carlsbad:** In November 2012, the Organization entered into an operating lease for approximately 6,097 square feet in Carlsbad Commercial Center to be used as a resource center, administrative offices, meeting space, a council store and related facilities. The lease commenced in November 2012, for seven years through October 2020, with escalating rent payments each year. Deferred rent totaled \$19,206 and \$18,475 at September 30, 2021 and 2020, respectively. The Organization paid \$152,351 and \$149,902 in rent for this facility for the years ended September 30, 2021 and 2020, respectively.

**Equipment:** In March 2015, the Organization amended and extended its leases for office and copier equipment for a five-year term through March 2020. The Organization entered into two new leases in the prior year. The Organization entered into a lease for phone systems for a three-year term through 2021. The Organization entered into a lease for a postage system for a five and one quarter term through 2023. Total lease expense for the years ended September 30, 2021 and 2020 was \$96,574 and \$96,447, respectively.

Future minimum operating lease and administrative fee payments for the four years subsequent to September 30, 2021 and thereafter are as follows:

2022	\$	168,078
2023		159,290
2024		155,051
2025		14,575
2026		4,484
Thereafter		<u>4,622</u>
	\$	<u>506,100</u>

#### Note 7 - Line of credit

The Organization has a \$750,000 line of credit agreement with a financial institution that is scheduled to expire in March 2022 and is secured by the Organization's personal property. The interest rate is variable, not to fall below 4.0%. The Organization did not take any advances on this line of credit during the years ended September 30, 2021 and 2020, and the balance is \$0 for the years ended September 30, 2021 and 2020.

#### Note 8 - Notes payable - PPP loan

During the year ended September 30, 2020, the Organization received loan proceeds in the amount of \$1,250,000 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.



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During the year ended September 30, 2021, the Organization submitted a 100% PPP loan forgiveness application to the Organization's lender and the application was forwarded by the Organization's lender to the SBA for approval. On September 16, 2021, the Organization received notice from the Organization's lender that payment was received from the SBA in the amount of \$1,250,000, which represented the forgiveness amount applied to the balance due on the Organization's PPP loan. Since conditions for forgiveness have been met the Organization recorded the forgiveness as income on the statements of activity for the year ended September 30, 2021.

#### **Note 9 - Related party transactions**

The Organization is chartered by GSUSA. During the years ended September 30, 2021 and 2020, the Organization remitted to GSUSA membership fees of \$50,760 and \$129,870, respectively. The Organization purchases inventory from GSUSA, of which total purchases amounted to \$271,365 and \$334,209 for the years ended September 30, 2021 and 2020, respectively. At September 30, 2021 and 2020, amounts due to GSUSA and included in accounts payable were \$0 and \$6,459, respectively.

#### **Note 10 - Concentration**

The Organization has one major supplier, its cookie baker, who represents approximately 28% and 33% of total purchases for the years ended September 30, 2021 and 2020, respectively. The Organization has the ability to purchase cookies from other bakers, but is contracted to purchase from its current supplier through the 2025 cookie season. At September 30, 2021 and 2020, there was \$0 due to this supplier.

The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

#### **Note 11 - Beneficial interests in perpetual trust**

In 1972, the Organization received a beneficial interest in the Llewellyn irrevocable perpetual split-interest charitable remainder trust administered by a third-party trustee. In 2001, the original trust was split into four separate wholly charitable trusts and was granted exempt private foundation status.

Accordingly, the Organization is entitled to receive annual distributions of the greater of (a) 33.333% of the related account's income or (b) a 5% private foundation minimum distribution amount, as required.

The fair value of the assets to be received under the agreement, discounted for the estimated time until receipt, has been recorded in beneficial interest in perpetual trust and in net assets with donor restrictions. The current period change in valuation of the Organization's interest in the trust is included in net assets with donor restrictions on the statement of activities.

Distributions from the trust to the Organization are unrestricted and the trust document does not provide the trustee with variance powers.

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**Note 12 - Endowments**

**Interpretation and relevant law**

The Organization's 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, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions, and the Board of Directors has the ability to release restrictions.

The Organization has interpreted the State of California's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Organization has classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purpose of the Organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effects of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Organization
- g. The Organization's investment policy

Endowment net asset composition by type of fund for the year ended September 30, 2021 is as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment funds	\$ -	\$ 339,976	\$ 339,976
Total	\$ -	\$ 339,976	\$ 339,976

Endowment net asset composition by type of fund for the year ended September 30, 2020 is as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment funds	\$ -	\$ 287,369	\$ 287,369
Total	\$ -	\$ 287,369	\$ 287,369

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ -	\$ 287,369	\$ 287,369
Net investment income	-	11,142	11,142
Net appreciation (realized and unrealized)	-	51,177	51,177
Amounts appropriated for disbursement, net	-	(9,710)	(9,710)
Endowment net assets, end of period	<u>\$ -</u>	<u>\$ 339,978</u>	<u>\$ 339,978</u>

Changes in endowment net assets for the year ended September 30, 2020 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ -	\$ 271,814	\$ 271,814
Net investment income	-	5,749	5,749
Net appreciation (realized and unrealized)	-	19,714	19,714
Amounts appropriated for disbursement, net	-	(9,908)	(9,908)
Endowment net assets, end of period	<u>\$ -</u>	<u>\$ 287,369</u>	<u>\$ 287,369</u>

From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. The Organization had no endowments that were underwater as of September 30, 2021 and 2020.

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**Note 13 - Net assets with donor restrictions**

Net assets with donor restrictions are restricted for the following purposes as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose		
Community outreach programs	\$ 51,942	\$ 33,589
Camperships	10,220	12,417
Financial assistance for girls/troops	4,035	4,505
Health, wellness and environmental awareness	19,280	400
Property and facilities	368,320	251,615
Science and technology ("STEM")	140,675	91,923
Other programs	<u>21,246</u>	<u>1,400</u>
	<u>615,718</u>	<u>395,849</u>
Subject to the passage of time	<u>134,008</u>	<u>117,914</u>
Amounts subject to the Organization's spending policy and appropriation		
Beneficial interest in perpetual trust	167,977	164,146
Endowments in perpetuity	<u>169,500</u>	<u>154,500</u>
	<u>337,477</u>	<u>318,646</u>
	<u>\$ 1,087,203</u>	<u>\$ 832,409</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose or period restrictions accomplished:		
Donor restricted endowment funds	\$ -	\$ 91,272
Community outreach programs	137,697	21,339
Camperships	18,446	8,790
Financial assistance for girls/troops	6,920	6,884
Property and facilities	52,851	-
Science and technology ("STEM")	49,423	30,351
Arts initiative program	-	2,500
Other programs	<u>1,400</u>	<u>-</u>
Net assets released from restrictions	<u>\$ 266,737</u>	<u>\$ 161,136</u>

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
September 30, 2021 and 2020**

**Note 14 - Employee benefit plans**

**Defined benefit plan**

The Organization participates in the National Girl Scout Council Retirement Plan ("NGSCR"), a noncontributory defined benefit pension plan sponsored by GSUSA. 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 period, net plan assets available for plan benefits continue to be less than the actuarial present value of accumulated plan benefits as of January 1, 2021. Based on the April 18, 2014 conditional approval by the Internal Revenue Service, all existing amortization bases in the plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the plan is fully funded based upon the requirements of the Pension Protection Act of 2006 ("PPA"). In 2021, the funded status of the plan increased, and the \$30,000,000 minimum will no longer apply. In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act ("PPA") funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million to \$26 million starting in calendar year 2023 until the plan is fully funded based upon the requirements of the Pension Protection Act of 2006 ("PPA"). Aggregate annual contributions made in fiscal years 2020 and 2021 were \$32.2 million and \$32.9 million, respectively. Aggregate contributions to be made in fiscal 2022 are expected to be \$32.2 million.

The Organization's pension expense and contributions to the plan for the year ended September 30, 2021 and 2020 were \$283,720 and \$333,453, respectively. GSUSA has estimated the Organization's payment for the year ended September 30, 2022 is expected to be \$335,796. Estimated payments for years beyond 2021 are expected to be consistent based on 2021 levels for eight years totaling \$1,762,929. All future required payments may change due to market conditions, interest rates and other factors.

Government regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Organization does not anticipate withdrawal from the plan, nor is the Organization aware of any expected terminations.

**125 cafeteria plan**

The Organization also maintains an employee benefit plan qualifying under Internal Revenue Code 125, covering substantially all employees who meet the plan's eligibility requirements. Under the plan, certain employee benefits may be provided on a pre-tax basis to employees electing to participate in the plan.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
September 30, 2021 and 2020**

**Employee benefit plan**

The Organization maintains an employee benefit plan covering substantially all employees who meet the plan's requirements. The Organization had historically maintained a 403(b) plan available to employees, but determined that it would be beneficial to terminate the 403(b) plan and replace it with a 401(k) plan. Accordingly, the Organization established a 401(k) plan with an effective date of April 1, 2020. The Organization terminated the existing 403(b) plan effective March 31, 2020. For the years ended September 30, 2021 and 2020, the organization made contributions into employee benefit plans of \$105,658 and \$81,290, respectively.

**Note 15 - Subsequent events**

The Organization has evaluated events and transactions for potential recognition or disclosure through January 21, 2022, which is the date the financial statements were available to be issued. There were no events identified requiring adjustment or disclosure.



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