

**GIRL SCOUTS OF NORTH-CENTRAL
ALABAMA, INC.**

Financial Statements

**For the Year Ended
September 30, 2019
Including Summarized Information for
September 30, 2018**

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

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For the Year Ended September 30, 2019**

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GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Nature of Operations For the Year Ended September 30, 2019

Girl Scouts is the preeminent leadership development organization for girls. Girl Scouts began over 100 years ago with one woman, Juliette Gordon "Daisy" Low, who believed in the power of every girl and providing them with skills to become leaders in their communities. She organized the first Girl Scout troop on March 12, 1912, in Savannah, Georgia, and every year since, Girl Scouts all over the United States and in Alabama made her vision a reality by helping girls discover their strengths, passions, and talents.

In 1917, the first Girl Scout troop was established in Alabama. Today, Girl Scouts of North-Central Alabama (GSNCA) serves over 14,000 girls and adults in 36 counties in North and Central Alabama. The mission of Girl Scouts is to build girls of courage, confidence and character, who make the world a better place.

In April 2016, the board of directors adopted a vision statement for the council that would serve as the focal point for the development of the organizations long, short and mid-range strategic plans. The vision statement reads as follows: "For Girl Scouts of North-Central Alabama to be recognized as the leading organization on the leadership and life skills development of girls in North-Central Alabama. Our innovative leadership programs help girls discover, connect and take action as they develop strong values, social conscience and a deep sense of self and empowerment."

In November 2016, Girl Scouts of the USA launched the G.I.R.L., Go-Getter, Innovator, Risk-taker, Leader, brand campaign. The campaign reflects the core values and history of Girl Scouts, defines Girl Scout leadership and showcases the unique experiences and skill building opportunities Girl Scouts offers. The G.I.R.L is at the heart of what program opportunities we offer our girl and adult members, has inspired new community partnerships and is used in all forms of internal and external communications.

The council's strategic objectives are as follows: to reach and serve more girls, to deliver consistent outcome driven program activities, and to increase the community's awareness and investment in Girl Scouts. The traditional Girl Scout program is delivered in troops led by trained adult leadership with the support of the council staff. Our alternative delivery and outreach programs are staff-led experiences that bring the Girl Scout program to targeted low-income, at risk and underserved girls in our 36 county area. GSNCA is able to deliver our mission and vision with the support of the community, volunteers, staff and donors. Together, we are building self-confidence and leadership skills in all girls— regardless of their socioeconomic status, race or religious beliefs.

Program Services

Volunteer Support Services - The majority of the Girl Scout Leadership Experience is provided to girls through adult volunteer leadership. In Girl Scouts, girls are guided by trained supportive adults to develop their leadership potential through age appropriate, outcomes measured activities that enable them to **discover** their values and skills in the world that surrounds them; **connect** with other people, locally and globally, to make a difference in the world; and **take action** to make the world a better place. To ensure that girls receive a quality and consistent Girl Scouts experience, GSNCA supports the training of its adult volunteers by providing adult learning opportunities and training sessions that are conducted across the council's 36 county area. Additionally, training is also conducted through on-line course instruction and informal education sessions. Our training addresses three primary areas: girl leadership; troop leadership and management; and community service leadership and management. The training offered to troop leaders and volunteers involved in Girl Scouting not only benefits Girl Scouts, but also enhances the skills and knowledge of the volunteers as parents, mentors, and community leaders.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Nature of Operations (continued) For the Year Ended September 30, 2019

Community Outreach - Girl Scouts of North-Central Alabama provides a number of opportunities offered to underserved girls through outreach programs. Programs for girls served through outreach are provided in a safe and nurturing environment in a location accessible to girls who may not have transportation. Partnerships in the community are created to provide the girls served in our outreach programs the same Girl Scout program experiences girls have that are served in a traditional troop.

Girls served through outreach participate in a series of six week outreach based program activities focused on one of our four initiatives: Science Technology, Engineering and Math; Financial Literacy; Healthy Living; and Leadership Development. Goals for girls served through the council's outreach programs are developing leadership and confidence in girls that are not able to participate in Girl Scouts through traditional troops and retaining them by recruiting adult leadership to continue offering the program. Underserved girls participating in outreach programs will develop values and healthy relationships (Healthy Living), gain practical life skills (Financial Literacy); and become resourceful problem solvers (STEM). Through these programs girls develop leadership skills that help to break the negative cycles in which they find themselves.

The **Girl Scout Leadership Experience (GSLE)**—the framework for defining what girls do in Girl Scouting, how they do it, and who will benefit that was borne out of years of research and development—engages girls in three key activities: discovering who they are and what they value; connecting with others; and taking action to make the world a better place.

The Girl Scout Leadership Experience is designed to be girl led, cooperative and hands-on to create a high quality experiences conducive to learning. When girls participate in Girl Scouts, they benefit in five important ways:

1. They develop a strong sense of self. Girls have confidence in themselves and their abilities and form positive identities.
2. Girls have positive values. They act ethically, honestly and show concern for others.
3. Girls are challenge seeking. They take appropriate risks, try things and learn from their mistakes.
4. Girls develop and maintain healthy relationships by communicating their feelings and resolving conflicts constructively.
5. Girls desire to contribute to the world in purposeful and meaningful ways.

When girls exhibit these attitudes and skills they become responsible, productive caring and engaged citizens. Girls who develop these five outcomes are: happier healthier and less likely to engage in problem behaviors or be victimized; achieve higher academically and feel more engaged in school; become strong college and job applicant and become successful well-adjusted adults.

BORLAND | BENEFIELD

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Girl Scouts of North-Central Alabama, Inc.

We have audited the accompanying financial statements of Girl Scouts of North-Central Alabama, Inc. (the Council) which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council as of September 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Council's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Borland Benefield P.C.

Borland Benefield, P.C.
Birmingham, Alabama
January 15, 2020

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Financial Position

As of September 30, 2019

With Summarized totals for the Year Ended September 30, 2018

Assets	<u>2019</u>	<u>2018</u>
Current Assets		
Cash		
Unrestricted	\$ 5,920,272	\$ 3,715,182
Restricted	36,555	69,980
Investments	2,056,583	3,477,961
Accounts receivable, net	978	18,863
Contributions receivable	15,049	10,537
Inventory	89,430	83,620
Prepaid expenses	<u>32,485</u>	<u>26,225</u>
Total current assets	<u>8,151,352</u>	<u>7,402,368</u>
 Non-Current Assets		
Property and equipment, net	<u>4,496,492</u>	<u>4,417,727</u>
Total Non-Current Assets	<u>4,496,492</u>	<u>4,417,727</u>
 Total Assets	<u>\$ 12,647,844</u>	<u>\$ 11,820,095</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 63,183	\$ 42,810
Accrued liabilities	3,404	14,229
Accrued vacation	110,378	93,371
Custodial funds	7,239	6,265
Grant advance	140,000	-
Deferred revenue	<u>52,082</u>	<u>54,165</u>
Total Current Liabilities	<u>376,286</u>	<u>210,840</u>
Net Assets		
Without donor restrictions	12,221,603	11,522,312
With donor restrictions	<u>49,955</u>	<u>86,943</u>
Total Net Assets	<u>12,271,558</u>	<u>11,609,255</u>
 Total Liabilities and Net Assets	<u>\$ 12,647,844</u>	<u>\$ 11,820,095</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Activities
For the Year Ended September 30, 2019
With Summarized totals for the Year Ended September 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Public Support				
United Way allocation	\$ 731,351	\$ -	\$ 731,351	\$ 738,315
Contributions	62,212	77,794	140,006	214,371
Other public support	87,336	-	87,336	94,559
In-kind support	<u>15,024</u>	<u>-</u>	<u>15,024</u>	<u>6,877</u>
Total Public Support	<u>895,923</u>	<u>77,794</u>	<u>973,717</u>	<u>1,054,122</u>
Program Related Revenue				
Gross product sales	4,784,480	-	4,784,480	4,630,573
Direct cost of product sales	<u>(1,767,597)</u>	<u>-</u>	<u>(1,767,597)</u>	<u>(1,681,503)</u>
Net revenue from product sales	<u>3,016,883</u>	<u>-</u>	<u>3,016,883</u>	<u>2,949,070</u>
Retail revenue	292,177	-	292,177	270,566
Direct cost of retail sales	<u>(165,674)</u>	<u>-</u>	<u>(165,674)</u>	<u>(144,676)</u>
Net revenue from retail sales	<u>126,503</u>	<u>-</u>	<u>126,503</u>	<u>125,890</u>
Program fees	229,483	-	229,483	222,098
Rental income	<u>39,768</u>	<u>-</u>	<u>39,768</u>	<u>35,320</u>
Total Program Related Revenue	<u>3,412,637</u>	<u>-</u>	<u>3,412,637</u>	<u>3,332,378</u>
Investment and Other Revenue				
Investment return, net	199,319	-	199,319	169,693
Gain on insurance claims	-	-	-	67,563
Other income	<u>41,311</u>	<u>-</u>	<u>41,311</u>	<u>34,640</u>
Total Investment and other revenue	<u>240,630</u>	<u>-</u>	<u>240,630</u>	<u>271,896</u>
Net assets released from restrictions	<u>114,782</u>	<u>(114,782)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>\$ 4,663,972</u>	<u>\$ (36,988)</u>	<u>\$ 4,626,984</u>	<u>\$ 4,658,396</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Activities
For the Year Ended September 30, 2019
With Summarized totals for the Year Ended September 30, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2019 Total</u>	<u>2018 Total</u>
Expenses				
Program services	\$ 3,446,491	\$ -	\$ 3,446,491	\$ 3,388,910
Management and general	332,556	-	332,556	330,464
Fundraising	185,634	-	185,634	184,424
Total Expenses	<u>3,964,681</u>	<u>-</u>	<u>3,964,681</u>	<u>3,903,798</u>
Change in Net Assets	699,291	(36,988)	662,303	754,598
Net Assets, Beginning of Year	<u>11,522,312</u>	<u>86,943</u>	<u>11,609,255</u>	<u>10,854,657</u>
Net Assets, End of Year	<u>\$ 12,221,603</u>	<u>\$ 49,955</u>	<u>\$ 12,271,558</u>	<u>\$ 11,609,255</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Functional Expenses
For the Year Ended September 30, 2019
With Summarized Totals for the Year Ended September 30, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Functional Expenses					
Cost of product sales	\$ 1,767,597	\$ -	\$ -	\$ 1,767,597	\$ 144,676
Salaries	1,483,156	145,744	85,731	1,714,631	1,663,741
Benefits	458,467	45,052	26,501	530,020	506,819
Depreciation	279,501	27,465	16,156	323,122	322,278
Occupancy	265,238	26,064	15,332	306,634	306,563
Supplies	183,555	18,037	10,610	212,202	180,258
Cost of retail sales	165,674	-	-	165,674	1,681,503
Professional fees	138,448	21,607	-	160,055	163,701
Insurance	114,402	11,242	6,613	132,257	125,336
Payroll taxes	104,348	10,254	6,032	120,634	122,749
Assistance to girls and adults	111,872	-	-	111,872	84,987
Transportation and travel	95,782	9,412	5,537	110,731	109,803
Telephones and connectivity	94,203	9,257	5,445	108,905	110,349
Rental of equipment	42,691	4,195	2,468	49,354	105,737
Printing	20,131	1,978	1,164	23,273	42,284
Conference and meetings	17,144	1,685	991	19,820	26,946
Advertising	14,330	-	-	14,330	5,386
Credit card fees	10,234	-	2,401	12,635	12,098
Postage	5,741	564	332	6,637	4,952
Organization dues	2,950	-	-	2,950	3,160
Horses	2,927	-	-	2,927	2,779
Licenses and taxes	879	-	206	1,085	550
Bank fees	340	-	80	420	2,812
Miscellaneous	150	-	38	188	510
Total Functional Expenses	<u>\$ 5,379,762</u>	<u>\$ 332,556</u>	<u>\$ 185,634</u>	<u>\$ 5,897,952</u>	<u>\$ 5,729,977</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Cash Flows
For the Year Ended September 30, 2019
With Summarized Total for the Year Ended September 30, 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Cash received from contributors and grants	\$ 999,223	\$ 1,035,745
Cash received from programs	367,400	236,745
Cash received from fundraising	4,784,480	4,630,573
Cash received from merchandise	292,177	270,566
Cash received from other income	66,335	137,524
Cash paid to suppliers and employees	(5,568,290)	(5,417,599)
Interest received	121,728	62,202
Dividends received	62,496	59,084
Net Cash Provided by Operating Activities	<u>1,125,549</u>	<u>1,014,840</u>
Cash Flows From Investing Activities		
Purchase of investments	(345,248)	(2,660,717)
Proceeds from sale of investments	1,793,028	5,378,892
Purchase of property and equipment	(401,663)	(346,006)
Net Cash Provided by Investing Activities	<u>1,046,117</u>	<u>2,372,169</u>
Net Change in Cash and Cash Equivalents	2,171,666	3,387,009
Cash and Cash Equivalents, Beginning of Year	<u>3,785,161</u>	<u>398,152</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,956,827</u>	<u>\$ 3,785,161</u>
Reconciliation of Cash and Cash Equivalents		
Unrestricted	\$ 5,920,272	\$ 3,715,182
Restricted	36,555	69,980
Total Cash and Cash Equivalents	<u>\$ 5,956,827</u>	<u>\$ 3,785,162</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements
For the Year Ended September 30, 2019**

Note 1 – Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Council have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation – Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification 958-205, *Presentation of Financial Statements for Not-for-Profit Organizations*. Under ASC 958-205, the Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Use of Estimates – The preparation of financial statements in conformity with *Generally Accepted Accounting Principles* includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes – The Council is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. However, the Council is required to file an annual informational return.

The Council has implemented the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. As of September 30, 2019, the Council had no uncertain tax positions that qualify for disclosure in the financial statements. The Council files an annual Form 990 with the Internal Revenue Service and its tax returns for the year 2016 and subsequent years remain subject to examination by tax authorities.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Council considers demand deposits and investments with an original maturity of 90 days or less to be cash equivalents.

Receivables – Receivables consist of grant funds due from grantor agencies and service fee receivables.

Management periodically assesses the collectability of any outstanding receivable balances and writes off those amounts that management believes will not be recovered. At September 30, 2019, management believes that the total accounts receivable will be collected and no allowance was estimated.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Investments in certificate of deposits held with financial institutions are measured at cost. Interest income earned through these instruments is recognized through an increase in net assets without donor restrictions.

Investment Expenses – External and direct internal expenses relating to investment revenues amounted to \$11,531 as of September 30, 2019 and have been netted against investment revenues in the accompanying Statement of Activities.

Restricted and Unrestricted Revenue – Contributions that are restricted by the donor are reported as increases in net assets without restriction if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of cash flows. Management has determined the discounts on those amounts to be immaterial.

Property and Equipment – Property and equipment are carried at cost or, if donated, the fair market value at the time of the donation and are depreciated or amortized over their estimated useful lives using the straight-line method. Major improvements and betterments which extend the useful life of the related asset are capitalized. Repairs and maintenance are expensed as incurred.

Inventory – Inventory consist of items for sale through the shops of the Council. They are stated at the lower of cost (first-in, first-out basis) or market.

Expense Allocation (Functional Expenses) – The costs of providing the Council's programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited determine by the employee's salary that is allocated based on time spent between the program and supporting services.

Advertising Costs – The Council expenses advertising costs as the advertising occurs. Advertising is used to promote the membership opportunities and various programs available within the Council. As of September 30, 2019, advertising expenses totaled \$14,330.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Adopted Accounting Standards – On August 18, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Council has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Council's financial statements:

- The unrestricted net asset class has been renamed to net assets without donor restrictions.
- The temporarily restricted net asset class has been renamed to net assets with donor restrictions.
- The format of the statement of cash flows has been changed to the direct method of reporting cash flows from operations, which we believe to be more understandable for the user of our financial statements.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 2).
- Reporting investment income net of external and direct internal investment expenses on the statement of activities.

Recent Pronouncements – In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard's core principle is that a company will reflect virtually all leases on their balance sheet. The FASB retained a dual model that includes financing leases, which are similar to today's capital leases, and operating leases, with expense recognized on a straight-line basis. Under the FASB's dual approach, determining whether a lease is finance or operating will be based on guidance similar to the classification model under current US GAAP. The FASB's standard is effective for non-profit organizations for interim and annual reporting periods beginning after December 15, 2020. Entities are required to adopt the standard using a modified retrospective transition approach, which requires application of the new guidance at the beginning of the earliest comparative period presented in the year of adoption. Early adoption is permitted. Management is currently evaluating the effects of this pronouncement.

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See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2019

Note 2 – Liquidity and Availability of Financial Assets

The Council also manages liquidity through the maintaining of an operating line of credit of \$500,000 with a bank that is drawn upon only in times of critical need. See Note 4 for further description of this line.

The following reflects the Council's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or board restrictions within one year of the balance sheet date.

Financial Assets, at year end	\$	8,118,867
Assets to be used for restricted use		
Board designated - capital expenditures		(1,054,467)
Board designated - pension		(1,111,980)
Camp Coleman Bridge Project		(140,000)
Donor restricted funds		<u>(49,955)</u>
Financial assets available to met cash needs for general expenditures within one year	\$	<u>5,762,465</u>

Note 3 – Cash and Cash Equivalents

The Council maintains accounts at three financial institutions. The accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2019, the Council has amounts over the FDIC coverage at one bank in the amount of \$5,530,630. The Council has not experienced any losses in the account. The Council believes it is not exposed to any significant credit risk on cash and cash equivalents. Restricted cash is only able to be used for capital purchases for the Council.

At September 30, 2019, the Council had total cash on hand and deposits with financial institutions in the amount of \$5,956,827 as follows:

Checking account:		
Operating	\$	143,159
Capital		36,555
Money market		5,776,413
Petty cash		<u>700</u>
Total Cash and Cash Equivalents	\$	<u>5,956,827</u>

Note 4 – Fair Value Measurements

FASB ASC 820-10-50 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2019**

Note 4 – Fair Value Measurements (continued)

- Level 2: Significant other 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.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair values of assets measured on a recurring basis at September 30, 2019, we as follows:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 102,919	\$ 102,919	\$ -	\$ -
Equities	1,072,080	1,072,080	-	-
Mutual funds	<u>881,584</u>	<u>881,584</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,056,583</u>	<u>\$ 2,056,583</u>	<u>\$ -</u>	<u>\$ -</u>

All assets have been valued using a market approach.

Investment income was composed of the following at September 30, 2019:

Interest and dividends	\$ 184,224
Realized gain	5,966
Unrealized gain on marketable securities	20,660
Investment management fees	<u>(11,531)</u>
Total	<u>\$ 199,319</u>

Assets in investment accounts are protected from custodial credit risk by SIPC up to \$500,000, of which \$250,000 may be cash. At September 30, 2019, investments in the amount of \$1,556,577 were uninsured under SPIC coverage.

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See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2019

Note 5 – Property and Equipment

The following is a summary of property and equipment as of September 30, 2019:

Land	\$	1,866,155
Buildings and improvements		8,746,207
Equipment		654,261
Furniture and fixtures		278,441
Vehicles		288,529
		<u>11,833,593</u>
Less: Accumulated depreciation		<u>(7,337,101)</u>
Total property and equipment	\$	<u>4,496,492</u>

Depreciation expense at September 30, 2019, was \$323,122.

Note 6 – Line of Credit

The Council has available a \$500,000 revolving line of credit agreement with ServisFirst Bank. The line matures August 23, 2020. Borrowings are unsecured and the line bears interest at the bank's prime lending rate. There was no balance outstanding on the line of credit at September 30, 2019.

Note 7 – Employee Benefit Plans

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

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2019. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2018 and 2019 were \$32.4 million and \$32.2 million, respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the spinoff of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions to be made in fiscal 2020 are expected to be \$32.2 million. The Council's pension expense and contributions to this plan for the year ended September 30, 2019 was \$222,396.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2019

Note 7 – Employee Benefit Plans (continued)

The Council sponsors a 403(b) defined contribution plan that covered all eligible employees at retirement based on years of service and compensation. For the year ended September 30, 2019 total council contributions amounted to \$21,637.

Note 8 – Net Assets With Donor Restrictions

Net assets with donor restrictions have been restricted for specified purposes by donors and contributors. Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as reflected in the Statement of Activities. Net assets with donor restrictions are comprised of the following:

Hamilton Trust	\$	36,555
Terri Christie Fund		3,235
Campership Fund		10,165
Total	\$	<u>49,955</u>

Note 9 – Operating Lease Agreements

The Council renewed the leases for office spaces for the Florence and Tuscaloosa offices. The lease for the Florence office expires in May 2019. The lease for the Tuscaloosa office expires in July 2021.

The Council leases equipment such as copiers and postage machines at their various office locations. The copier leases expire in December 2023. The postage machine lease expires in September 2023.

The following is a schedule of future minimum lease obligations at September 30, 2019:

Years Ending September 30,	
2020	\$ 56,031
2021	48,571
2022	26,271
2023	26,271
2024	3,774
Total	\$ <u>160,918</u>

Lease expense at September 30, 2019 was \$66,639.

Note 10 –Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

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GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2019**

Note 11 – Grant Advance

The Council obtain \$140,000 of grant funding for the sole purpose of constructing a bridge at their Camp Coleman property. The bridge is under construction as of the report date and is expected to be completed in the 2020 fiscal year. The land that the bridge is being constructed on was provided to Jefferson County by the Council; however the Council will handle the overseeing of the construction phases of the project. At the completion of the project, the land and the bridge will be returned to the Council and subsequently deeded over to the City of Trussville.

Note 12 – Subsequent Events

Subsequent events have been evaluated through January 15, 2020, which is the date the financial statements were issued.

See independent auditor's report.