

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

Financial Statements

**For the Year Ended
September 30, 2023
Including Summarized Information for
September 30, 2022**

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

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GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Nature of Operations For the Year Ended September 30, 2023

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 11,500 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 Organization's 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 2020 an emphasis on diversity, equity, inclusion, and access (DEI-A) ensures all programs are available to all girls. Work has continued with a in 2023 to expand opportunities for all girls to become Girl Scouts.

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 community 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 can 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.

Community Outreach - Girl Scouts of North-Central Alabama provides many 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.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Nature of Operations (continued) For the Year Ended September 30, 2023

Girls served through community 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. In addition to these short-term Girl Scout programs, girls are served in year-round programs in partnership with identified schools in after-school and club time.

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 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.
Birmingham, Alabama

Opinion

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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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


In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Council's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Borland Benefield, P.C.
Birmingham, Alabama
February 12, 2024

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Financial Position

As of September 30, 2023

With Summarized Totals for the Year Ended September 30, 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash		
Unrestricted	\$ 4,567,029	\$ 2,814,853
Restricted	76,327	50,746
Investments	7,195,276	6,571,359
Accounts receivable, net	1,421	7,624
Contributions receivable	37,500	11,366
Inventory	118,787	127,310
Prepaid expenses	72,537	57,240
Total Current Assets	12,068,877	9,640,498
Non-Current Assets		
Operating lease right of use, net	5,491	11,462
Property and equipment, net (including finance lease ROU, net of \$31,709 and \$12,331)	4,513,416	4,874,269
Total Non-Current Assets	4,518,907	4,885,731
Total Assets	\$ 16,587,784	\$ 14,526,229
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 87,927	\$ 137,714
Accrued liabilities	1,988	3,410
Accrued vacation	99,312	100,384
Custodial funds	17,300	12,219
Finance lease liability, current portion	20,970	20,646
Operating lease liability, current portion	5,491	5,971
Deferred revenue	37,754	19,060
Total Current Liabilities	270,742	299,404
Non-Current Liabilities		
Finance lease liability, non-current portion	52,049	73,019
Operating lease liability, less current portion	-	5,491
Total Noncurrent Liabilities	52,049	78,510
Net Assets		
Without donor restrictions	13,376,957	12,324,517
Without donor restrictions - board designated	2,804,059	1,644,383
With donor restrictions	83,977	179,415
Total Net Assets	16,264,993	14,148,315
Total Liabilities and Net Assets	\$ 16,587,784	\$ 14,526,229

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Activities
For the Year Ended September 30, 2023
With Summarized Totals for the Year Ended September 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Public Support				
United Way allocation	\$ 625,821	\$ -	\$ 625,821	\$ 644,043
Contributions	63,451	100,997	164,448	236,249
PPP loan forgiveness	-	-	-	465,268
Other public support	129,400	-	129,400	117,150
Contributions of nonfinancial assets	10,453	-	10,453	5,411
Total Public Support	<u>829,125</u>	<u>100,997</u>	<u>930,122</u>	<u>1,468,121</u>
Program Related Revenue				
Gross product sales	5,329,165	-	5,329,165	4,478,661
Direct cost of product sales	<u>(1,742,919)</u>	<u>-</u>	<u>(1,742,919)</u>	<u>(1,757,522)</u>
Net revenue from product sales	<u>3,586,246</u>	<u>-</u>	<u>3,586,246</u>	<u>2,721,139</u>
Retail revenue	223,162	-	223,162	233,609
Direct cost of retail sales	<u>(116,619)</u>	<u>-</u>	<u>(116,619)</u>	<u>(125,070)</u>
Net revenue from retail sales	<u>106,543</u>	<u>-</u>	<u>106,543</u>	<u>108,539</u>
Program fees	139,904	-	139,904	186,151
Rental income	45,728	-	45,728	47,088
Total Program Related Revenue	<u>3,878,421</u>	<u>-</u>	<u>3,878,421</u>	<u>3,062,917</u>
Investment and Other Revenue				
Investment return, net	749,550	-	749,550	(1,247,677)
Gain on sales of fixed assets	188,917	-	188,917	-
Other income	494,730	-	494,730	64,023
Total Investment and Other Revenue	<u>1,433,197</u>	<u>-</u>	<u>1,433,197</u>	<u>(1,183,654)</u>
Net assets released from restrictions	<u>196,435</u>	<u>(196,435)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>\$ 6,337,178</u>	<u>\$ (95,438)</u>	<u>\$ 6,241,740</u>	<u>\$ 3,347,384</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Activities (continued)

For the Year Ended September 30, 2023

With Summarized Totals for the Year Ended September 30, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2023 Total</u>	<u>2022 Total</u>
Expenses				
Program services	\$ 3,589,731	\$ -	\$ 3,589,731	\$ 3,379,150
Management and general	342,952	-	342,952	316,215
Fundraising	192,677	-	192,677	182,772
Total Expenses	<u>4,125,360</u>	<u>-</u>	<u>4,125,360</u>	<u>3,878,137</u>
Change in Net Assets	2,211,818	(95,438)	2,116,380	(530,753)
Net Assets, Beginning of Year	<u>13,969,198</u>	<u>179,415</u>	<u>14,148,613</u>	<u>14,679,366</u>
Net Assets, End of Year	<u>\$ 16,181,016</u>	<u>\$ 83,977</u>	<u>\$ 16,264,993</u>	<u>\$ 14,148,613</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Functional Expenses
For the Year Ended September 30, 2023
With Summarized Totals for the Year Ended September 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>	<u>2022 Total</u>
Functional Expenses					
Salaries	\$ 1,590,561	\$ 156,298	\$ 91,940	\$ 1,838,799	\$ 1,657,532
Benefits	172,875	16,988	9,992	199,855	203,200
Occupancy	312,553	30,713	18,067	361,333	309,556
Depreciation	306,173	30,086	17,698	353,957	301,280
Supplies	259,692	23,880	14,924	298,496	254,110
Retirement	166,479	15,308	9,568	191,355	222,396
Professional fees	150,984	23,564	-	174,548	173,526
Insurance	146,287	14,375	8,456	169,118	161,900
Assistance to girls and adults	141,059	-	-	141,059	180,171
Payroll taxes	112,511	11,056	6,504	130,071	124,893
Transportation and travel	79,631	7,322	4,577	91,530	90,086
Telephones and connectivity	53,080	5,216	3,068	61,364	63,489
Conference and meetings	47,179	4,636	2,727	54,542	11,584
Equipment rental/purchase/lease	18,662	1,834	1,080	21,574	44,278
Printing/advertising/marketing	12,924	1,270	747	14,941	15,992
Miscellaneous/ bank and credit card fees	12,105	-	2,840	14,945	50,200
Postage	4,132	406	239	4,777	8,073
Organization dues	1,780	-	-	1,780	1,205
Interest expense	1,064	-	250	1,314	-
Leadership conference	-	-	-	-	4,666
Total Functional Expenses	<u>\$ 3,589,731</u>	<u>\$ 342,952</u>	<u>\$ 192,677</u>	<u>\$ 4,125,360</u>	<u>\$ 3,878,137</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Cash Flows
For the Year Ended September 30, 2023
With Summarized Total for the Year Ended September 30, 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Cash received from contributors and grants	\$ 899,738	\$ 977,668
Cash received from programs	158,598	175,954
Cash received from gross product sales	5,329,165	4,478,661
Cash received from merchandise	223,162	233,609
Cash received from other income	540,461	111,110
Cash paid to suppliers and employees	(5,674,466)	(5,478,431)
Interest received	125,633	13,300
Dividends received	192,862	132,527
Net Cash Provided by Operating Activities	<u>1,795,153</u>	<u>644,398</u>
Cash Flows From Investing Activities		
Purchase of investments	(572,539)	(2,696,562)
Proceeds from sale of investments	408,070	2,564,134
Proceeds from sale of property plant and equipment	777,787	-
Purchase of property and equipment	(610,068)	(765,572)
Net Cash Provided / (Used) by Investing Activities	<u>3,250</u>	<u>(898,000)</u>
Cash Flows From Financing Activities		
Principal payments on finance lease	(20,646)	-
Net Cash (Used) by Financing Activities	<u>(20,646)</u>	<u>-</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	1,777,757	(253,602)
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	<u>2,865,599</u>	<u>3,119,201</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 4,643,356</u>	<u>\$ 2,865,599</u>
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Unrestricted	\$ 4,567,029	\$ 2,814,853
Restricted	<u>76,327</u>	<u>50,746</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 4,643,356</u>	<u>\$ 2,865,599</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements
For the Year Ended September 30, 2023**

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 Council, 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, 2023, 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 2020 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, 2023, management believes that the total accounts receivable will be collected, and no allowance was estimated.

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.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

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 \$35,757 as of September 30, 2023 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.

Functional Expenses – The majority of expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management to be reasonable.

For the year ended September 30, 2023, the Council's total expenses were \$5,984,898, consisting of program service expenses of \$3,589,731 , management and general expenses of \$342,952 fundraising expenses of \$192,677, direct costs of product sales and special events of \$1,742,919 , and direct cost of retail sales of \$116,619.

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, 2023, advertising expenses totaled \$390.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Revenue from Contracts with Customers – The Council has adopted ASC Topic 606, Revenue from Contracts with Customers (“ASC 606”), which provides guidance for reporting revenue from the Council’s contracts to provide goods or services to customers. The guidance requires recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. A significant portion of the Council’s revenue-generating transactions are excluded from the scope of ASC 606, including revenue generated from financial instruments, such as securities, and from donor contributions.

Revenue-generating transactions that are within the scope of ASC 606 are described as follows:

Cookie Sales – Revenue from cookie sales are recognized at the point of sale.

Contributions of Nonfinancial Assets – Contributions of nonfinancial assets are recognized at fair value at the date of the donation. The amounts reflected in the accompanying financial statements as contributions of nonfinancial assets are offset by like amounts included in conferences and meetings and supplies expenses in the Statement of Functional Expense statement.

Adoption of New Accounting Policies – In February 2016, the FASB issued ASU 2016-02, Leases (*Topic 842*), which supersedes existing guidance under *Topic 840*, Leases. The FASB also subsequently issued the following additional ASU’s, which amend and clarify *Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842*, Leases; ASU 2018-11, Leases (*Topic 842*): Targeted Improvements; ASU 2018-20, *Narrow scope Improvements for Lessors*; and ASU 2019-01, Leases (*Topic 842*): Codification Improvements. The most significant change in the new leasing guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the Statement of Financial Position.

The Council adopted FASB ASC 842, Leases using the modified retrospective approach with September 30, 2022 as the date of initial adoption. The Council utilized all of the available practical expedients under the transition guidance. The adoption had a material impact on the Council’s Statement of Financial Position but did not have a material impact on the Statement of Activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating liabilities for operating leases. The accounting for finance leases remained substantially unchanged. As a result of the adoption of ASC 842, the Council recorded right of use assets and operating lease liabilities totaling \$5,491.

Leases – The Council has leased office space and equipment. The determination of whether an arrangement is a lease is made at the lease’s inception. Under FASB ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

See independent auditor’s report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Council uses the implicit rate when it is readily determinable. If the Council's leases do not provide an implicit rate to determine the present value of lease payments, management uses the incremental borrowing rate based on information available at lease commencement. Operating lease ROU assets also includes any payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Council's lease terms may include options to extend or terminate the lease when it is reasonably certain they will exercise the option.

Adoption of New Accounting Policies – The Council implemented ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, in the current fiscal year. The ASU was issued to improve transparency in the reporting of contributed nonfinancial assets by nonprofit organizations. The ASU is effective for annual periods beginning after June 15, 2021 and was properly implemented by the Council in the current year. See Note 12 for the details on the contributed nonfinancial assets and their uses by the Council in the current fiscal year.

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 6 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	\$ 11,996,340
Assets to be used for restricted use	
Board designated - capital expenditures	(899,451)
Board designated - pension	(184,117)
Board designated - scholarship	(180,000)
Board designated - Dreamlab Birmingham	(1,100,000)
Board designated - Dreamlab Huntsville	(365,491)
Board designated - Girl International Travel	(75,000)
Donor restricted funds	<u>(83,977)</u>
Financial assets available to met cash needs for general expenditures within one year	<u>\$ 9,108,304</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, 2023, the Council has amounts over the FDIC coverage at one bank in the amount of \$4,198,394. 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.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2023

Note 3 – Cash and Cash Equivalents (continued)

At September 30, 2023, the Council had total cash on hand and deposits with financial institutions in the amount of \$4,643,356 as follows:

Checking account:		
Operating	\$	125,600
Capital		76,327
Money market		4,440,679
Petty cash		750
Total Cash and Cash Equivalents	\$	<u>4,643,356</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.
- 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, 2023, we as follows:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market mutual fund	\$ 466,828	\$ -	\$ 466,828	\$ -
Equity mutual funds	3,603,954	3,603,954	-	-
Fixed income mutual funds	<u>3,124,494</u>	<u>3,124,494</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,195,276</u>	<u>\$ 6,728,448</u>	<u>\$ 466,828</u>	<u>\$ -</u>

All assets have been valued using a market approach.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2023

Note 4 – Fair Value Measurements (continued)

Investment income was composed of the following at September 30, 2023:

Interest and dividends	\$	318,494
Realized (loss)		(33,567)
Unrealized gain on marketable securities		500,380
Investment management fees		<u>(35,757)</u>
Total	\$	<u>749,550</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, 2023, investments in the amount of \$6,695,276 were uninsured under SIPC coverage.

Note 5 – Property and Equipment

The following is a summary of property and equipment as of September 30, 2023:

Land	\$	1,507,920
Buildings and improvements		9,222,663
Equipment		826,571
Furniture and fixtures		381,036
Vehicles		360,158
Construction in Progress		<u>82,658</u>
		12,381,006
Less: Accumulated depreciation		<u>(7,867,590)</u>
Total Property and Equipment	\$	<u>4,513,416</u>

Depreciation expense at September 30, 2023, was \$353,957.

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, 2024. 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, 2023.

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 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.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2023

Note 7 – Employee Benefit Plans (continued)

Net Plan assets declined during the year and are less than the actuarial present value of accumulated Plan benefits as of January 1, 2023. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCRCP the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCRCP has elected to adopt this relief and note be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2022 and 2023 were \$32.2 million and \$27.5 million, respectively. Aggregate contributions to be made in fiscal 2024 are expected to be \$26 million. The Council's pension expense and contributions to this plan for the year ended September 30, 2023 was \$191,355.

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, 2023 total Council contributions amounted to \$13,730.

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	\$	76,327
Terri Christie Fund		3,235
Campership Fund		4,415
Total	\$	<u>83,977</u>

Note 9 – Leasing Activities

The Council has operating leases for office space and has a financing lease for office equipment. The leases have lease terms between one-five years. No imputed interest rates for either of the leases, so we used the risk free treasury rate to determine the present value of the lease payments. The following summarizes the line items in the Statement of Financial Position, which include amounts for operating and finance leases as of September 30, 2023:

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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, 2023**

Note 9 – Leasing Activities (continued)

	<u>2023</u>
Operating Leases	
Operating lease right-of-use-assets	\$ <u>5,491</u>
Other current liabilities	<u>5,491</u>
Total Operating Lease Liabilities	<u>\$ 5,491</u>
Finance Leases	
Property and equipment	105,698
Accumulated depreciation	<u>(33,471)</u>
Property and Equipment, net	<u>\$ 72,227</u>
Other current liabilities	\$ 20,970
Other long-term liabilities	<u>52,049</u>
Total Finance Lease Liabilities	<u>\$ 73,019</u>

The following summarizes the weighted average remaining lease term and discount rate as of September 30:

Weighted Average Remaining Lease Term	
Operating lease	11 months
Finance leases	3.42 years
Weighted Average Discount Rate	
Operating lease	0.33%
Finance lease	1.56%

The maturities of lease liabilities as of September 30, 2023 were as follows:

For the Years Ending September 30,	<u>Operating</u>	<u>Financing</u>
2024	\$ 5,500	\$ 21,960
2025	-	21,960
2026	-	21,960
2027	-	<u>9,150</u>
Total lease payments	<u>5,500</u>	<u>75,030</u>
Less: Interest	<u>(9)</u>	<u>(2,011)</u>
Present Value of Lease Liabilities	<u>\$ 5,491</u>	<u>\$ 73,019</u>

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2023

Note 9 – Leasing Activities (continued)

The following summarizes the lines in the Statement of Activities, which include the components of lease expense for the year ended September 30, 2023:

Operating Lease Costs:	
Operating leases, included in program expenses	\$ 5,190
Operating leases, included in management and general expenses	510
Operating leases, included in fundraising expenses	<u>300</u>
Total Operating Lease Expenses	<u><u>\$ 6,000</u></u>
Finance Lease Costs:	
Amortization of lease assets, included in program expenses	\$ 18,286
Amortization of lease assets, included in management and general expenses	1,797
Amortization of lease assets, included in fundraising expenses	1,057
Interest on lease liabilities, included in program expenses	1,137
Interest on lease liabilities, included in management and general expenses	112
Interest on lease liabilities, included in fundraising expenses	<u>66</u>
Total Finance Lease Expenses	<u><u>\$ 22,454</u></u>

The following summarizes cash flow information related to leases for the year ended September 30, 2023:

Cash Paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 6,000
Operating cash flows from finance leases	1,217
Financing cash flows from finance leases	20,646

Note 10 – Restatement of the 2022 Audited Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

Note 11 – Comparative Financial Information

As stated in Note 1, the Council adopted ASC 842, Leases, which required the Council to restate operating ROU lease assets and liabilities for both their operating and finance leases effective September 30, 2022. This resulted in an increase in operating lease ROU assets of \$11,462 and operating lease liabilities in the amount of \$11,462. Additionally, there was an increase in finance lease assets of \$105,698, net of \$12,331 of accumulated depreciation, and an increase in finance lease liabilities of \$93,66, respectively. The net effect to the income statement was \$-0-.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2023**

Note 12 – Contributions of Non-Financial Assets

The Council received contributions of non-financial assets for the year ended September 30, 2023:

Program facility fee	\$	2,500
Program services		5,448
Program supplies		<u>2,505</u>
Total Gifts-In-Kind	\$	<u>10,453</u>

The Council's policy related to contributions of non-financial assets is to utilize the assets given to carry out the Council.

The Council utilizes facilities for the operations of certain programs. The usage of this space was provided at no cost to the Council but based on rental rates for the facilities, the Council would have paid \$2,500 for the space usage for the year ended September 30, 2023.

The Council received donated supplies with an estimated fair market value of \$7,953 for operations of their programs.

Note 13 – Subsequent Events

Subsequent events have been evaluated through February 12, 2024, which is the date the financial statements were issued.