

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

**Financial Statements**

**For the Year Ended  
September 30, 2022  
Including Summarized Information for  
September 30, 2021**

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

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For the Year Ended September 30, 2022**

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

### Nature of Operations For the Year Ended September 30, 2022

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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 12,000 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 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 new focus in 2022 and into 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, 2022**

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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, 2022, 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, 2022, 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Borland Benefield, P.C.  
Birmingham, Alabama  
January 25, 2023

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

**Statement of Financial Position**

**As of September 30, 2022**

**With Summarized Totals for the Year Ended September 30, 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current Assets		
Cash		
Unrestricted	\$ 2,814,853	\$ 3,039,245
Restricted	50,746	79,956
Investments	6,571,359	7,832,333
Accounts receivable, net	7,624	-
Contributions receivable	11,366	3,883
Inventory	127,310	77,458
Prepaid expenses	57,240	64,719
Total Current Assets	<u>9,640,498</u>	<u>11,097,594</u>
Non-Current Assets		
Property and equipment, net	4,780,902	4,316,710
<b>Total Assets</b>	<u>\$ 14,421,400</u>	<u>\$ 15,414,304</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 137,714	\$ 113,556
Accrued liabilities	3,410	2,632
Accrued vacation	100,384	100,575
Custodial funds	12,219	23,650
Deferred revenue	19,060	29,257
Payroll Protection Program loan	-	465,268
Total Current Liabilities	<u>272,787</u>	<u>734,938</u>
Net Assets		
Without donor restrictions	12,324,815	11,922,987
Without donor restrictions - board designated	1,644,383	2,515,304
With donor restrictions	179,415	241,075
Total Net Assets	<u>14,148,613</u>	<u>14,679,366</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 14,421,400</u>	<u>\$ 15,414,304</u>

*See accompanying notes to financial statements.*

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

**Statement of Activities**  
**For the Year Ended September 30, 2022**  
**With Summarized Totals for the Year Ended September 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022 Total</b>	<b>2021 Total</b>
<b>Public Support</b>				
United Way allocation	\$ 644,043	\$ -	\$ 644,043	\$ 651,030
Contributions	77,011	159,238	236,249	410,821
PPP loan forgiveness	465,268	-	465,268	553,200
Other public support	117,150	-	117,150	75,490
Contributions of nonfinancial assets	5,411	-	5,411	45,186
<b>Total Public Support</b>	<u>1,308,883</u>	<u>159,238</u>	<u>1,468,121</u>	<u>1,735,727</u>
<b>Program Related Revenue</b>				
Gross product sales	4,478,661	-	4,478,661	4,023,834
Direct cost of product sales	<u>(1,757,522)</u>	<u>-</u>	<u>(1,757,522)</u>	<u>(1,580,969)</u>
<b>Net revenue from product sales</b>	<u>2,721,139</u>	<u>-</u>	<u>2,721,139</u>	<u>2,442,865</u>
Retail revenue	233,609	-	233,609	228,741
Direct cost of retail sales	<u>(125,070)</u>	<u>-</u>	<u>(125,070)</u>	<u>(120,868)</u>
<b>Net revenue from retail sales</b>	<u>108,539</u>	<u>-</u>	<u>108,539</u>	<u>107,873</u>
Program fees	186,151	-	186,151	197,539
Rental income	47,088	-	47,088	35,420
<b>Total Program Related Revenue</b>	<u>3,062,917</u>	<u>-</u>	<u>3,062,917</u>	<u>2,783,697</u>
<b>Investment and Other Revenue</b>				
Investment return, net	(1,247,677)	-	(1,247,677)	362,862
Other income	64,023	-	64,023	44,906
<b>Total Investment and Other Revenue</b>	<u>(1,183,654)</u>	<u>-</u>	<u>(1,183,654)</u>	<u>407,768</u>
Net assets released from restrictions	<u>220,898</u>	<u>(220,898)</u>	<u>-</u>	<u>-</u>
<b>Total Revenue and Support</b>	<u>\$ 3,409,044</u>	<u>\$ (61,660)</u>	<u>\$ 3,347,384</u>	<u>\$ 4,927,192</u>

*See accompanying notes to financial statements.*



GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Activities (continued)

For the Year Ended September 30, 2022

With Summarized Totals for the Year Ended September 30, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2022 Total</u>	<u>2021 Total</u>
<b>Expenses</b>				
Program services	\$ 3,379,150	\$ -	\$ 3,379,150	\$ 3,309,368
Management and general	316,215	-	316,215	316,375
Fundraising	182,772	-	182,772	175,424
<b>Total Expenses</b>	<u>3,878,137</u>	<u>-</u>	<u>3,878,137</u>	<u>3,801,167</u>
<b>Change in Net Assets</b>	(469,093)	(61,660)	(530,753)	1,126,025
<b>Net Assets, Beginning of Year</b>	<u>14,438,291</u>	<u>241,075</u>	<u>14,679,366</u>	<u>13,553,341</u>
<b>Net Assets, End of Year</b>	<u>\$ 13,969,198</u>	<u>\$ 179,415</u>	<u>\$ 14,148,613</u>	<u>\$ 14,679,366</u>

See accompanying notes to financial statements.

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

**Statement of Functional Expenses  
For the Year Ended September 30, 2022  
With Summarized Totals for the Year Ended September 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Total</u>	<u>2021 Total</u>
<b>Functional Expenses</b>					
Salaries	\$ 1,433,765	\$ 140,890	\$ 82,877	\$ 1,657,532	\$ 1,618,469
Benefits	368,141	36,176	21,280	425,596	465,236
Occupancy	267,766	26,312	15,478	309,556	309,697
Depreciation	260,607	25,609	15,064	301,280	314,651
Supplies	219,304	20,166	12,603	252,073	199,763
Assistance to girls and adults	180,171	-	-	180,171	148,849
Professional fees	150,100	23,427	-	173,526	215,841
Insurance	140,044	13,762	8,095	161,900	152,214
Payroll taxes	108,032	10,616	6,245	124,893	123,966
Transportation and travel	78,375	7,207	4,504	90,086	43,544
Telephones and connectivity	54,918	5,397	3,174	63,489	62,192
Rental of equipment	36,872	3,623	2,131	42,627	46,777
Miscellaneous	27,818	-	6,525	34,343	17,075
Printing	13,833	1,359	800	15,992	29,717
Conference and meetings	10,020	985	579	11,584	11,581
Credit card fees	9,276	-	2,176	11,452	12,243
Postage	6,983	686	404	8,073	15,752
Leadership conference	4,666			4,666	-
Bank fees	2,592	-	608	3,200	414
Horses	2,037	-	-	2,037	10,371
Advertising	1,651	-	-	1,651	428
Organization dues	1,205	-	-	1,205	1,877
Licenses and taxes	974	-	229	1,203	510
<b>Total Functional Expenses</b>	<u>\$ 3,379,150</u>	<u>\$ 316,215</u>	<u>\$ 182,772</u>	<u>\$ 3,878,137</u>	<u>\$ 3,801,167</u>

*See accompanying notes to financial statements.*

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

**Statement of Cash Flows**  
**For the Year Ended September 30, 2022**  
**With Summarized Total for the Year Ended September 30, 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from contributors and grants	\$ 977,668	\$ 988,516
Cash received from programs	175,954	49,426
Cash received from gross product sales	4,478,661	4,023,834
Cash received from merchandise	233,609	228,741
Cash received from other income	111,110	230,325
Cash paid to suppliers and employees	(5,478,431)	(5,155,093)
Interest received	13,300	19,371
Dividends received	132,527	52,941
<b>Net Cash Provided by Operating Activities</b>	<u>644,398</u>	<u>438,061</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(2,696,562)	(8,189,758)
Proceeds from sale of investments	2,564,134	3,136,438
Purchase of property and equipment	(765,572)	(96,183)
<b>Net Cash (Used) by Investing Activities</b>	<u>(898,000)</u>	<u>(5,149,503)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from payroll protection program loan	-	465,268
<b>Net Cash Provided by Financing Activities</b>	<u>-</u>	<u>465,268</u>
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	(253,602)	(4,246,174)
<b>Cash, Cash Equivalents, and Restricted Cash Beginning of Year</b>	<u>3,119,201</u>	<u>7,365,375</u>
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u>\$ 2,865,599</u>	<u>\$ 3,119,201</u>
<b>Reconciliation of Cash, Cash Equivalents, and Restricted Cash</b>		
Unrestricted	\$ 2,814,853	\$ 3,039,245
Restricted	<u>50,746</u>	<u>79,956</u>
<b>Total Cash, Cash Equivalents, and Restricted Cash</b>	<u>\$ 2,865,599</u>	<u>\$ 3,119,201</u>

*See accompanying notes to financial statements.*

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

**Notes to Financial Statements  
For the Year Ended September 30, 2022**

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**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, 2022, 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 2019 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, 2022, 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, 2022**

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**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 \$37,678 as of September 30, 2022 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, 2022, the Council's total expenses were \$5,760,729, consisting of program service expenses of \$3,374,484, management and general expenses of \$316,215 fundraising expenses of \$182,772, direct costs of product sales and special events of \$1,762,188 , and direct cost of retail sales of \$125,070.

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, 2022, advertising expenses totaled \$1,651.

*See independent auditor's report.*

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

**Notes to Financial Statements (continued)  
For the Year Ended September 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

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.

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, 2021. 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.

Adoption of New Accounting Principle – The Foundation 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 fiscal year. See Note 12 for the details on the contributed nonfinancial assets and their uses by the Council in the current fiscal year.

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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, 2022

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#### 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	\$	9,583,258
Assets to be used for restricted use		
Restricted cash- Hamilton Trust		(50,746)
Board designated - capital expenditures		(798,122)
Board designated - pension		(375,472)
Board designated - scholarship		(192,000)
Board designated - Property & Equipment		(203,789)
Board designated - Girl International Travel		(75,000)
Donor restricted funds		<u>(179,415)</u>
Financial assets available to met cash needs for general expenditures within one year	\$	<u><u>7,708,714</u></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, 2022, the Council has amounts over the FDIC coverage at one bank in the amount of \$2,413,231. 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, 2022, the Council had total cash on hand and deposits with financial institutions in the amount of \$2,865,599 as follows:

Checking account:		
Operating	\$	152,028
Capital		50,746
Money market		2,662,075
Petty cash		<u>750</u>
Total Cash and Cash Equivalents	\$	<u><u>2,865,599</u></u>

*See independent auditor's report.*

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

### Notes to Financial Statements (continued) For the Year Ended September 30, 2022

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#### 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, 2022, we as follows:

	<b>Total Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Unobservable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money market mutual fund	\$ 414,432	\$ -	\$ 414,432	\$ -
Equities	3,062,161	3,062,161	-	-
Mutual funds	<u>3,094,766</u>	<u>3,094,766</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,571,359</u>	<u>\$ 6,156,927</u>	<u>\$ 414,432</u>	<u>\$ -</u>

All assets have been valued using a market approach.

Investment income was composed of the following at September 30, 2022:

Interest and dividends	\$ 145,825
Realized gain	66,178
Unrealized gain on marketable securities	(1,422,002)
Investment management fees	<u>(37,678)</u>
Total	<u>\$ (1,247,677)</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, 2022, investments in the amount of \$6,071,359 were uninsured under SPIC coverage.

*See independent auditor's report.*



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

### Notes to Financial Statements (continued) For the Year Ended September 30, 2022

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#### Note 5 – Property and Equipment

The following is a summary of property and equipment as of September 30, 2022:

Land	\$	1,866,155
Buildings and improvements		9,515,877
Equipment		732,712
Furniture and fixtures		397,765
Vehicles		332,744
Construction in Progress		106,300
		<u>12,951,553</u>
Less: Accumulated depreciation		<u>(8,170,651)</u>
Total Property and Equipment	\$	<u>4,780,902</u>

Depreciation expense at September 30, 2022, was \$301,280.

#### 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, 2022.

#### 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.

Net Plan assets grew during the year and are greater than the actuarial present value of accumulated Plan benefits as of January 1, 2022. On April 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 on a market basis. Aggregate annual contributions made in fiscal years 2021 and 2022 were \$32.7 million and \$32.2 million, respectively. Aggregate contributions to be made in fiscal 2023 are expected to be \$27.55 million. The Council's pension expense and contributions to this plan for the year ended September 30, 2021 was \$222,396.

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, 2022 total Council contributions amounted to \$16,990.

*See independent auditor's report.*

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

### Notes to Financial Statements (continued) For the Year Ended September 30, 2022

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#### 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	\$	50,746
Terri Christie Fund		3,235
Coleman Bridge		117,720
Campership Fund		7,714
Total	\$	<u>179,415</u>

#### Note 9 – Operating Lease Agreements

The Council continues to lease office space for the Tuscaloosa office, which will expire in July 2024. The lease for the Florence office expired in May 2019, but is being paid on a month to month basis.

The Council leases equipment such as copiers and postage machines at their various office locations. The copier lease with Pitney Bowes will expire in 2023 and the copier lease with Leaf will expire in 2027.

The following is a schedule of future minimum lease obligations at September 30, 2022:

For the Years Ending September 30,		
2023	\$	31,584
2024		26,960
2025		21,960
2026		21,960
2027		9,150
Total	\$	<u>111,614</u>

Lease expense at September 30, 2022 was \$42,178.

#### 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, 2022, from which the summarized information was derived.

#### Note 11 – Payroll Protection Program Loan

On February 19, 2021 the Council received loan proceeds in the amount of \$465,268 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty- four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four - week period.

*See independent auditor's report.*

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

**Notes to Financial Statements (continued)  
For the Year Ended September 30, 2022**

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**Note 11 – Payroll Protection Program Loan (continued)**

The Council received confirmation on January 19, 2022 that \$465,268 in eligible expenditures for payroll and other expenses described in the CARES Act had been forgiven. PPP loan forgiveness is reflected as revenue in the accompanying statement of activities.

**Note 12 – Gifts-In-Kind**

The Council received gifts-in-kind for the year ended September 30, 2022:

Program facility fee	\$	3,900
Program supplies		<u>1,511</u>
Total Gifts-In-Kind	\$	<u>5,411</u>

The Council's policy related to gifts-in-kind 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 \$3,900 for the space usage for the year ended September 30, 2022.

The Council received donated supplies with an estimated fair market value of \$1,511 for operations of their programs.

**Note 13 – Subsequent Events**

Subsequent events have been evaluated through January 25, 2023, which is the date the financial statements were issued.