

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

Financial Statements

**For the Year Ended
September 30, 2021
Including Summarized Information for
September 30, 2020**

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Table of Contents
For the Year Ended September 30, 2021**

Nature of Operations.....	1-2
Independent Auditor's Report.....	3-4
Statement of Financial Position.....	5
Statement of Activities.....	6-7
Statement of Functional Expenses.....	8
Statement of Cash Flows.....	9
Notes to Financial Statements.....	10-16

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GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Nature of Operations For the Year Ended September 30, 2021

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 2020 an emphasis on diversity, equity, inclusion, and access (DEI-A) ensures all programs are available to all girls.

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, 2021

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.

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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Borland Benefield, P.C.
Birmingham, Alabama
February 4, 2022

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Financial Position
As of September 30, 2021**

With Summarized Totals for the Year Ended September 30, 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash		
Unrestricted	\$ 3,039,245	\$ 7,306,017
Restricted	79,956	59,358
Investments	7,832,333	2,488,466
Accounts receivable, net	-	71
Contributions receivable	3,883	4,986
Inventory	77,458	96,252
Prepaid expenses	64,719	65,688
Total Current Assets	<u>11,097,594</u>	<u>10,020,838</u>
Non-Current Assets		
Property and equipment, net	<u>4,316,710</u>	<u>4,535,178</u>
Total Assets	<u>\$ 15,414,304</u>	<u>\$ 14,556,016</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 113,556	\$ 144,128
Accrued liabilities	2,632	4,119
Accrued vacation	100,575	118,220
Custodial funds	23,650	5,638
Grant advance	-	150,000
Deferred revenue	29,257	27,370
Payroll Protection Program loan	<u>465,268</u>	<u>553,200</u>
Total Current Liabilities	<u>734,938</u>	<u>1,002,675</u>
Net Assets		
Without donor restrictions	14,438,291	13,480,584
With donor restrictions	<u>241,075</u>	<u>72,757</u>
Total Net Assets	<u>14,679,366</u>	<u>13,553,341</u>
Total Liabilities and Net Assets	<u>\$ 15,414,304</u>	<u>\$ 14,556,016</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Activities
For the Year Ended September 30, 2021
With Summarized Totals for the Year Ended September 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Public Support				
United Way allocation	\$ 651,030	\$ -	\$ 651,030	\$ 700,443
Contributions	237,037	173,784	410,821	699,557
PPP loan forgiveness	553,200	-	553,200	-
Other public support, net	75,490	-	75,490	98,544
In-kind support	<u>45,186</u>	<u>-</u>	<u>45,186</u>	<u>45,586</u>
Total Public Support	<u>1,561,943</u>	<u>173,784</u>	<u>1,735,727</u>	<u>1,544,130</u>
Program Related Revenue				
Gross product sales	4,023,834	-	4,023,834	5,050,816
Direct cost of product sales	<u>(1,580,969)</u>	<u>-</u>	<u>(1,580,969)</u>	<u>(1,787,709)</u>
Net revenue from product sales	<u>2,442,865</u>	<u>-</u>	<u>2,442,865</u>	<u>3,263,107</u>
Retail revenue	228,741	-	228,741	207,144
Direct cost of retail sales	<u>(120,868)</u>	<u>-</u>	<u>(120,868)</u>	<u>(108,265)</u>
Net revenue from retail sales	<u>107,873</u>	<u>-</u>	<u>107,873</u>	<u>98,879</u>
Program fees	197,539	-	197,539	55,349
Rental income	<u>35,420</u>	<u>-</u>	<u>35,420</u>	<u>1,150</u>
Total Program Related Revenue	<u>2,783,697</u>	<u>-</u>	<u>2,783,697</u>	<u>3,418,485</u>
Investment and Other Revenue				
Investment return, net	362,862	-	362,862	237,956
Other income	<u>44,906</u>	<u>-</u>	<u>44,906</u>	<u>10,277</u>
Total Investment and Other Revenue	<u>407,768</u>	<u>-</u>	<u>407,768</u>	<u>248,233</u>
Net assets released from restrictions	<u>5,466</u>	<u>(5,466)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>\$ 4,758,874</u>	<u>\$ 168,318</u>	<u>\$ 4,927,192</u>	<u>\$ 5,210,848</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Activities (continued)

For the Year Ended September 30, 2021

With Summarized Totals for the Year Ended September 30, 2020

	<u>Without Donor</u> <u>Restriction</u>	<u>With Donor</u> <u>Restriction</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
Expenses				
Program services	\$ 3,309,368	\$ -	\$ 3,309,368	\$ 3,411,879
Management and general	316,375	-	316,375	333,845
Fundraising	175,424	-	175,424	183,341
Total Expenses	<u>3,801,167</u>	<u>-</u>	<u>3,801,167</u>	<u>3,929,065</u>
Change in Net Assets	957,707	168,318	1,126,025	1,281,783
Net Assets, Beginning of Year	<u>13,480,584</u>	<u>72,757</u>	<u>13,553,341</u>	<u>12,271,558</u>
Net Assets, End of Year	<u>\$ 14,438,291</u>	<u>\$ 241,075</u>	<u>\$ 14,679,366</u>	<u>\$ 13,553,341</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Functional Expenses
For the Year Ended September 30, 2021
With Summarized Totals for the Year Ended September 30, 2020**

Functional Expenses	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries	\$ 1,399,976	\$ 137,570	\$ 80,923	\$ 1,618,469	\$ 1,779,578
Benefits	402,429	39,545	23,262	465,236	512,485
Depreciation	272,173	26,745	15,733	314,651	336,381
Occupancy	267,888	26,324	15,485	309,697	299,084
Professional fees	186,702	29,140	-	215,841	203,503
Supplies	173,794	15,981	9,987	199,763	170,912
Insurance	131,665	12,938	7,611	152,214	139,158
Assistance to girls and adults	148,849	-	-	148,849	88,516
Payroll taxes	107,231	10,537	6,198	123,966	125,840
Telephones and connectivity	53,796	5,286	3,110	62,192	73,638
Rental of equipment	40,462	3,976	2,339	46,777	43,025
Transportation and travel	37,883	3,484	2,177	43,544	52,751
Printing	25,705	2,526	1,486	29,717	40,468
Miscellaneous	13,831	-	3,244	17,075	2,016
Postage	13,625	1,339	788	15,752	23,998
Credit card fees	9,917	-	2,326	12,243	9,440
Conference and meetings	10,018	984	579	11,581	20,222
Horses	10,371	-	-	10,371	3,389
Organization dues	1,877	-	-	1,877	3,066
Licenses and taxes	413	-	97	510	1,184
Advertising	428	-	-	428	82
Bank fees	335	-	79	414	329
Total Functional Expenses	<u>\$ 3,309,368</u>	<u>\$ 316,375</u>	<u>\$ 175,424</u>	<u>\$ 3,801,167</u>	<u>\$ 3,929,065</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Cash Flows
For the Year Ended September 30, 2021
With Summarized Total for the Year Ended September 30, 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Cash received from contributors and grants	\$ 988,516	\$ 1,509,515
Cash received from programs	49,426	40,637
Cash received from gross product sales	4,023,834	5,050,816
Cash received from merchandise	228,741	207,144
Cash received from other income	230,325	11,428
Cash paid to suppliers and employees	(5,155,093)	(5,395,196)
Interest received	19,373	55,803
Dividends received	52,941	51,756
Net Cash Provided by Operating Activities	<u>438,063</u>	<u>1,531,903</u>
Cash Flows From Investing Activities		
Purchase of investments	(8,189,758)	(1,012,166)
Proceeds from sale of investments	3,136,438	711,011
Purchase of property and equipment	(96,183)	(375,400)
Net Cash (Used) by Investing Activities	<u>(5,149,503)</u>	<u>(676,555)</u>
Cash Flows From Financing Activities		
Proceeds from payroll protection program loan	465,268	553,200
Net Cash Provided by Financing Activities	<u>465,268</u>	<u>553,200</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(4,246,172)	1,408,548
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	<u>7,365,375</u>	<u>5,956,827</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 3,119,203</u>	<u>\$ 7,365,375</u>
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Unrestricted	\$ 3,039,245	\$ 7,306,017
Restricted	<u>79,956</u>	<u>59,358</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 3,119,201</u>	<u>\$ 7,365,375</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements
For the Year Ended September 30, 2021**

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, 2021, 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 2018 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, 2021, 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, 2021

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 \$13,698 as of September 30, 2021 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, 2021, the Council's total expenses were \$5,508,004, consisting of program service expenses of \$3,309,368, management and general expenses of \$316,375 fundraising expenses of \$175,424, direct costs of product sales and special events of \$1,585,969, and direct cost of retail sales of \$120,868..

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, 2021, advertising expenses totaled \$428.

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.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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	\$ 11,032,875
Assets to be used for restricted use	
Restricted cash- Hamilton Trust	(79,956)
Board designated - capital expenditures	(1,403,817)
Board designated - pension	(632,698)
Board designated - scholarship	(200,000)
Board designated - Property & Equipment	(203,789)
Board designated - Girl International Travel	(75,000)
Donor restricted funds	<u>(241,075)</u>
Financial assets available to met cash needs for general expenditures within one year	<u>\$ 8,196,540</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, 2021, the Council has amounts over the FDIC coverage at one bank in the amount of \$2,707,393. 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, 2021, the Council had total cash on hand and deposits with financial institutions in the amount of \$3,119,201 as follows:

Checking account:	
Operating	\$ 81,103
Capital	79,956
Money market	2,957,392
Petty cash	<u>750</u>
Total Cash and Cash Equivalents	<u>\$ 3,119,201</u>

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2021**

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, 2021, 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)
Money market mutual fund	\$ 2,768,039	\$ -	\$ 2,768,039	\$ -
Equities	2,836,980	2,836,980	-	-
Mutual funds	<u>2,227,314</u>	<u>2,227,314</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,832,333</u>	<u>\$ 5,064,294</u>	<u>\$ 2,768,039</u>	<u>\$ -</u>

All assets have been valued using a market approach.

Investment income was composed of the following at September 30, 2021:

Interest and dividends	\$ 72,314
Realized gain	148,985
Unrealized gain on marketable securities	155,261
Investment management fees	<u>(13,698)</u>
Total	<u>\$ 362,862</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, 2021, investments in the amount of \$7,332,333 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, 2021

Note 5 – Property and Equipment

The following is a summary of property and equipment as of September 30, 2021:

Land	\$	1,866,155
Buildings and improvements		8,986,008
Equipment		702,539
Furniture and fixtures		362,520
Vehicles		268,858
		<u>12,186,080</u>
Less: Accumulated depreciation		<u>(7,869,370)</u>
Total Property and Equipment	\$	<u>4,316,710</u>

Depreciation expense at September 30, 2021, was \$314,651.

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, 2022. 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, 2021.

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.

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, 2021. 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. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million for calendar years 2021 and 2022 to \$26 million starting in calendar year 2023 until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). Aggregate annual contributions made in fiscal years 2020 and 2021 were \$32.2 million and \$32.9 million, respectively. Aggregate contributions to be made in fiscal 2022 are expected to be \$32.2 million. The Council's pension expense and contributions to this plan for the year ended September 30, 2021 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, 2021

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, 2021 total Council contributions amounted to \$20,625.

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	\$	79,956
Terri Christie Fund		3,235
Coleman Bridge		147,720
Campership Fund		10,164
Total	\$	<u>241,075</u>

Note 9 – Operating Lease Agreements

The Council renewed the lease for 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 leases expire in November 2023. The postage machine lease expires in September 2023.

The following is a schedule of future minimum lease obligations at September 30, 2021:

Years Ending September 30,		
2022	\$	32,271
2023		32,271
2024		8,774
Total	\$	<u>73,316</u>

Lease expense at September 30, 2021 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, 2021, from which the summarized information was derived.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2021

Note 11 – Payroll Protection Program Loan

On April 11, 2020, the Council received loan proceeds in the amount of \$553,200 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.

The Council applied for and was notified on November 5, 2020 that \$553,200 in eligible expenditures for payroll and other expenses described in the CARES Act had been forgiven. Loan forgiveness is reflected as revenue in the accompanying statement of activities.

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.

Any unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. The Council intends to use the proceeds for purposes consistent with the PPP. While the Council currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Council to be ineligible for forgiveness of the loan, in whole or in part.

The Council has chosen to account for the PPP loan under the guidance of FASB *Accounting Standards Codification* (ASC) 470, *Debt*, initially recognizing the proceeds received from the PPP loan as a liability. For purposes of derecognition of the liability, FASB ASC 470-50-15-4 refers to guidance in FASB ASC 405-20. In accordance with FASB ASC 405-20-40-1, the proceeds from the loan would remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been “legally released” or (2) the debtor pays off the loan to the creditor.

The Council anticipates the loan to be forgiven in full, at which time the Council will recognize the grant income of \$465,268, which is expected to be in the 2022 fiscal year.

Note 12 – Subsequent Events

On January 19, 2022, the Council received forgiveness for its Paycheck Protection Program loan in the full amount of \$465,268. The forgiveness of the loan will be recognized as income on the 2022 annual financial statements.

Subsequent events have been evaluated through February 4, 2022, which is the date the financial statements were issued.

See independent auditor's report.