



GIRL SCOUTS OF GREATER ATLANTA, INC.
MABLETON, GEORGIA
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018

GIRL SCOUTS OF GREATER ATLANTA, INC.
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SEPTEMBER 30, 2019 AND 2018

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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Greater Atlanta, Inc.
Mableton, Georgia

We have audited the accompanying financial statements of Girl Scouts of Greater Atlanta, Inc. (the "Council"), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Greater Atlanta, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jones and Kolb

February 13, 2020

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,133,915	\$ 2,399,382
Investment securities	2,581,481	3,194,369
Pledges receivable, net	260,268	277,715
Other receivables, net	101,195	113,831
Prepaid expenses and other assets	429,098	437,510
Inventory	349,447	490,889
Beneficial interests in trusts	16,595	16,595
Property and equipment, net	11,606,364	12,283,776
Property and equipment held for sale, net	262,314	263,707
Cash and cash equivalents - Endowment	144,992	519,239
Investment securities - Endowment	6,544,643	5,957,187
	<u>\$ 24,430,312</u>	<u>\$ 25,954,200</u>
Total assets		

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 778,927	\$ 876,659
Deferred revenue	268,797	298,499
	<u>1,047,724</u>	<u>1,175,158</u>
NET ASSETS		
Without donor restrictions		
Undesignated	16,435,555	17,840,721
Designated by the Board for an endowment	6,566,696	6,369,125
	<u>23,002,251</u>	<u>24,209,846</u>
With donor restrictions	380,337	569,196
	<u>23,382,588</u>	<u>24,779,042</u>
Total net assets		
Total liabilities and net assets	<u>\$ 24,430,312</u>	<u>\$ 25,954,200</u>

The accompanying notes to financial statements are
an integral part of these statements.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Contributions, gains and other support			
Contributions	\$ 1,679,286	\$ 426,313	\$ 2,105,599
Investment income	181,217	2,091	183,308
Net realized and unrealized gain on investments	91,124	1,483	92,607
Total contributions, gains and other support	<u>1,951,627</u>	<u>429,887</u>	<u>2,381,514</u>
Program services			
Gross product sales	17,985,661	-	17,985,661
Direct cost of product sales	(4,635,479)	-	(4,635,479)
Product sales revenue retained by troops	<u>(3,017,404)</u>	<u>-</u>	<u>(3,017,404)</u>
Net revenue from product sales	10,332,778	-	10,332,778
Retail store sales	1,055,491	-	1,055,491
Direct cost of retail store sales	<u>(610,200)</u>	<u>-</u>	<u>(610,200)</u>
Net revenue from retail store sales	445,291	-	445,291
Program fees	2,331,126	-	2,331,126
Miscellaneous income	<u>103,407</u>	<u>-</u>	<u>103,407</u>
Total program services	<u>13,212,602</u>	<u>-</u>	<u>13,212,602</u>
Total revenues	<u>15,164,229</u>	<u>429,887</u>	<u>15,594,116</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>618,746</u>	<u>(618,746)</u>	<u>-</u>
EXPENSES			
Program services			
Girl Scout leadership experience	4,959,969	-	4,959,969
Outdoor programs	4,973,452	-	4,973,452
Member and volunteer services	<u>4,728,393</u>	<u>-</u>	<u>4,728,393</u>
Total program services expenses	14,661,814	-	14,661,814
Management and general	1,159,758	-	1,159,758
Fundraising	<u>1,168,998</u>	<u>-</u>	<u>1,168,998</u>
Total expenses	<u>16,990,570</u>	<u>-</u>	<u>16,990,570</u>
CHANGE IN NET ASSETS	(1,207,595)	(188,859)	(1,396,454)
NET ASSETS AT SEPTEMBER 30, 2018	<u>24,209,846</u>	<u>569,196</u>	<u>24,779,042</u>
NET ASSETS AT SEPTEMBER 30, 2019	<u>\$ 23,002,251</u>	<u>\$ 380,337</u>	<u>\$ 23,382,588</u>

The accompanying notes to financial statements are
an integral part of this statement.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Contributions, gains and other support			
Contributions	\$ 1,318,239	\$ 738,145	\$ 2,056,384
Investment income	197,279	1,855	199,134
Net realized and unrealized gain on investments	324,091	4,452	328,543
Total contributions, gains and other support	<u>1,839,609</u>	<u>744,452</u>	<u>2,584,061</u>
Program services			
Gross product sales	18,148,917	-	18,148,917
Direct cost of product sales	(4,642,434)	-	(4,642,434)
Product sales revenue retained by troops	<u>(3,039,139)</u>	<u>-</u>	<u>(3,039,139)</u>
Net revenue from product sales	10,467,344	-	10,467,344
Retail store sales	1,225,841	-	1,225,841
Direct cost of retail store sales	<u>(708,640)</u>	<u>-</u>	<u>(708,640)</u>
Net revenue from retail store sales	517,201	-	517,201
Program fees	2,159,533	-	2,159,533
Miscellaneous income	<u>326,826</u>	<u>-</u>	<u>326,826</u>
Total program services	<u>13,470,904</u>	<u>-</u>	<u>13,470,904</u>
Total revenues	<u>15,310,513</u>	<u>744,452</u>	<u>16,054,965</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,027,802</u>	<u>(1,027,802)</u>	<u>-</u>
EXPENSES			
Program services			
Girl Scout leadership experience	4,802,583	-	4,802,583
Outdoor programs	6,640,155	-	6,640,155
Member and volunteer services	<u>4,844,603</u>	<u>-</u>	<u>4,844,603</u>
Total program services expenses	16,287,341	-	16,287,341
Management and general	1,110,842	-	1,110,842
Fundraising	<u>1,218,800</u>	<u>-</u>	<u>1,218,800</u>
Total expenses	<u>18,616,983</u>	<u>-</u>	<u>18,616,983</u>
CHANGE IN NET ASSETS	(2,278,668)	(283,350)	(2,562,018)
NET ASSETS AT SEPTEMBER 30, 2017	<u>26,488,514</u>	<u>852,546</u>	<u>27,341,060</u>
NET ASSETS AT SEPTEMBER 30, 2018	<u>\$ 24,209,846</u>	<u>\$ 569,196</u>	<u>\$ 24,779,042</u>

The accompanying notes to financial statements are
an integral part of this statement.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Girl Scout Leadership Experience	Outdoor Programs	Member & Volunteer Services	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 1,925,797	\$ 1,711,442	\$ 2,623,532	\$ 6,260,771	\$ 572,078	\$ 751,859	\$ 7,584,708
Staff health and retirement benefits	324,649	237,075	563,915	1,125,639	181,332	95,953	1,402,924
Payroll taxes	143,502	122,769	195,519	461,790	35,643	53,856	551,289
 Total personnel	 2,393,948	 2,071,286	 3,382,966	 7,848,200	 789,053	 901,668	 9,538,921
Supplies	392,625	625,743	180,968	1,199,336	19,548	35,803	1,254,687
Occupancy	133,613	562,606	88,522	784,741	45,646	8,456	838,843
Girl rewards - product sales	714,078	-	-	714,078	-	-	714,078
Equipment, maintenance and repairs	137,631	218,663	171,901	528,195	72,458	57,405	658,058
Professional services and fees	134,063	103,994	182,373	420,430	85,345	65,751	571,526
Assistance and grants	233,505	83,395	143,120	460,020	-	-	460,020
Travel	176,365	136,677	119,209	432,251	6,678	11,046	449,975
Printing, promotion and publications	193,763	46,006	99,343	339,112	4,900	21,236	365,248
Insurance	44,380	218,373	59,530	322,283	34,941	6,471	363,695
Other expenses	176,091	78,562	57,239	311,892	7,019	117	319,028
Telecommunications	58,202	51,394	111,954	221,550	38,838	11,002	271,390
Conferences and meetings	21,516	52,000	28,650	102,166	11,655	34,087	147,908
Postage and delivery	82,720	5,568	30,892	119,180	1,577	8,160	128,917
Interest expense	2,568	1,736	3,774	8,078	2,215	410	10,703
 Total expenses before depreciation	 4,895,068	 4,256,003	 4,660,441	 13,811,512	 1,119,873	 1,161,612	 16,092,997
Depreciation	64,901	717,449	67,952	850,302	39,885	7,386	897,573
 Total expenses	 <u>\$ 4,959,969</u>	 <u>\$ 4,973,452</u>	 <u>\$ 4,728,393</u>	 <u>\$ 14,661,814</u>	 <u>\$ 1,159,758</u>	 <u>\$ 1,168,998</u>	 <u>\$ 16,990,570</u>

The accompanying notes to financial statements are
an integral part of this statement.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Girl Scout Leadership Experience	Outdoor Programs	Member & Volunteer Services	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 1,867,996	\$ 1,560,793	\$ 2,544,563	\$ 5,973,352	\$ 465,573	\$ 698,133	\$ 7,137,058
Staff health and retirement benefits	301,209	223,207	541,098	1,065,514	176,197	126,534	1,368,245
Payroll taxes	137,554	113,382	186,422	437,358	31,715	52,060	521,133
Total personnel	2,306,759	1,897,382	3,272,083	7,476,224	673,485	876,727	9,026,436
Donation of property and equipment	-	1,534,484	-	1,534,484	-	-	1,534,484
Supplies	299,937	536,239	220,690	1,056,866	26,454	41,228	1,124,548
Occupancy	124,305	669,371	102,898	896,574	50,392	16,797	963,763
Girl rewards - product sales	777,483	-	-	777,483	-	-	777,483
Equipment, maintenance and repairs	115,093	155,979	202,357	473,429	75,588	66,611	615,628
Professional services and fees	186,420	260,076	229,711	676,207	117,481	42,988	836,676
Assistance and grants	239,783	99,011	195,730	534,524	-	-	534,524
Travel	179,658	92,592	142,050	414,300	6,042	18,385	438,727
Insurance	53,466	237,822	83,452	374,740	48,657	16,219	439,616
Printing, promotion and publications	157,140	60,474	101,525	319,139	4,494	27,456	351,089
Other expenses	183,125	90,351	60,427	333,903	5,127	15,297	354,327
Telecommunications	56,694	51,410	107,878	215,982	43,231	17,728	276,941
Conferences and meetings	21,985	45,202	34,129	101,316	15,405	57,370	174,091
Postage and delivery	34,984	15,244	8,380	58,608	1,180	7,559	67,347
Interest expense	1,502	1,174	2,145	4,821	1,287	429	6,537
Total expenses before depreciation	4,738,334	5,746,811	4,763,455	15,248,600	1,068,823	1,204,794	17,522,217
Depreciation	64,249	893,344	81,148	1,038,741	42,019	14,006	1,094,766
Total expenses	\$ 4,802,583	\$ 6,640,155	\$ 4,844,603	\$ 16,287,341	\$ 1,110,842	\$ 1,218,800	\$ 18,616,983

The accompanying notes to financial statements are
an integral part of this statement.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,396,454)	\$ (2,562,018)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Depreciation	897,573	1,094,766
Net realized and unrealized gain on investments	(92,607)	(328,543)
Noncash contribution of property and equipment	-	1,534,484
Gain on disposal of property and equipment	(38,604)	(146,230)
Change in pledges receivable, net	17,447	240,189
Change in other receivables, net	12,636	(6,586)
Change in prepaid expenses and other assets	8,412	(16,242)
Change in inventory	141,442	(92,587)
Change in accounts payable and accrued liabilities	(97,732)	88,088
Change in deferred revenue	(29,702)	50,845
Total adjustments	<u>818,865</u>	<u>2,418,184</u>
Net cash and cash equivalents used in operating activities	<u>(577,589)</u>	<u>(143,834)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,742,117)	(10,883,006)
Proceeds from sale of investments	2,860,156	12,509,305
Purchases of property and equipment	(228,224)	(184,904)
Proceeds from sale of property and equipment	<u>48,060</u>	<u>146,230</u>
Net cash and cash equivalents (used in) provided by investing activities	<u>(62,125)</u>	<u>1,587,625</u>

The accompanying notes to financial statements are
an integral part of these statements.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(639,714)	1,443,791
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	2,918,621	1,474,830
END OF YEAR	\$ 2,278,907	\$ 2,918,621
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	\$ 10,704	\$ 6,537
RECONCILIATION OF END OF YEAR CASH AND CASH EQUIVALENTS TO THE AMOUNTS REPORTED IN THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 2,133,915	\$ 2,399,382
Cash and cash equivalents - Endowment	144,992	519,239
Cash and cash equivalents, end of year	\$ 2,278,907	\$ 2,918,621

The accompanying notes to financial statements are
an integral part of these statements.

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Council

Girl Scouts of the USA ("USA") is the largest all-female serving volunteer organization in the world. Girl Scouts of Greater Atlanta, Inc. (the "Council") is one of the largest Girl Scout councils in the United States. The Council's mission statement is: Girl Scouting builds girls of courage, confidence and character, who make the world a better place.

B. Accrual Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

C. Basis of Presentation of Financial Statements

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for a Board designated endowment.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that resources be maintained in perpetuity. The donors of these assets permit the Council to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from restrictions."

D. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

Cash equivalents at September 30, 2019 and 2018 consist primarily of money market funds held in investment accounts. The Council considers all short-term, interest-bearing deposits with maturities of three months or less to be cash equivalents.

The Council maintains cash balances at a financial institution which may, at times, exceed the federally insured limits. Management periodically reviews the financial viability of the financial institution and does not anticipate any credit risk related losses.

F. Pledges Receivable

The Council records unconditional pledges at fair value in the period made by donors net of allowances for amounts estimated as uncollectible. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises with payments due in future years, which are not otherwise restricted, are deemed to have an implied restriction to be used in the year the payment is due and, therefore, are reported as temporarily restricted until the payment is due, unless the contribution is clearly intended to support activities of the current year or is received with permanent restrictions. All contributions are available for unrestricted purposes unless specifically restricted by the donor.

Pledges receivable as of September 30, 2019 and 2018 are shown net of an allowance for doubtful accounts of \$6,600 and \$14,000, respectively.

G. Other Receivables

Other receivables, net of allowances for uncollectible accounts, are recorded at the amounts of cash estimated as realizable. The Council provides reserves for uncollectible accounts when specific accounts are deemed uncollectible. Other receivable balances are considered delinquent based on age and how recently payments have been received. Other receivables as of September 30, 2019 and 2018 are shown net of an allowance for doubtful accounts of \$25,360 and \$301, respectively.

H. In-kind Contributions

The Council records donated services as contribution revenue and expense if the services create or enhance a non-financial asset, or the services would (1) need to be purchased by the Council if not provided by contribution, (2) require specialized skills, and (3) are provided by individuals with those skills. Donated materials and services are reflected as contributions in the accompanying statements at their estimated value at date of receipt. During the years ended

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

September 30, 2019 and 2018, the Council recorded donated materials and services totaling approximately \$47,000 and \$53,000, respectively.

I. Investment Securities

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

J. Inventory

Inventory consists of uniforms, books, badges and other scouting related items and is reported at cost.

K. Depreciation

Property and equipment are recorded at cost, if the individual item is more than \$5,000, and are being depreciated on a straight-line basis using the following estimated lives:

<u>Asset Category</u>	<u>Useful Lives</u>
Land improvements	10-15 Years
Buildings and improvements	30 Years
Vehicles	5-7 Years
Furniture and equipment	5-15 Years
Leasehold improvements	5-30 Years

L. Deferred Revenue

Fees for camps and other program events are recognized upon occurrence of the camp or event. Amounts received prior to the camps or events are recorded as deferred revenue in the Statements of Financial Position.

M. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and general office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimated time and effort.

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

N. Federal and State Income Taxes

The Council is exempt from federal and state income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the "Code"). As such, only unrelated business taxable income, as defined by Section 512(a)(1) of the Code, is subject to tax. The amount of the Council's unrelated business taxable income is immaterial to the financial statements. The Council had no unrelated business income tax liability for the years ended September 30, 2019 and 2018 due to the availability of net operating loss carry-forwards.

At September 30, 2019, the Council has net operating loss carry-forwards of approximately \$1,564,000 which could result in a tax benefit of up to \$422,000. This potential benefit has been fully offset by a valuation reserve. The loss carry-forwards will expire between tax years 2019 and 2028.

The Council has taken into account the impact of ASC 740 regarding uncertain tax positions on the financial statements. The Council had no material uncertain tax positions for the years ended September 30, 2019 and 2018.

O. Subordinate Unit Bank Accounts

Girl Scout troops and groups establish bank accounts under the Council's tax identification number. All group funds are maintained for the benefit of the girls within the respective group. These funds are not under the financial control of the Council and have not been included in these financial statements.

P. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation.

Q. Subsequent Events

Subsequent events have been evaluated by management through February 13, 2020, the date these financial statements were available to be issued.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following as of September 30:

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,133,915	\$ 2,399,382
Investment securities	2,581,481	3,194,369
Pledges and other receivables, net	<u>361,463</u>	<u>381,546</u>
Total	<u>\$ 5,076,859</u>	<u>\$ 5,975,297</u>

The Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Council has a Board designated endowment of \$6,566,696 and \$6,369,125 as of September 30, 2019 and 2018, respectively, which is subject to an annual spending policy as described in Note 10. Although the Council does not intend to spend from this Board designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

3. FAIR VALUE OF INVESTMENT SECURITIES

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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As of September 30, 2019 and 2018, the only assets or liabilities that are measured at fair value on a recurring basis are investment securities. Common stocks and mutual funds are valued at the closing price reported on the active market on which the individual securities are traded. U.S. Treasury notes, U.S. government bonds and corporate bonds are valued based on quoted market prices for similar assets. Such investments are classified within Level 1 or Level 2 of the valuation hierarchy.

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

The following is a summary of investment securities, stated at fair value, held at September 30:

	2019		
	Level 1	Level 2	Total
Common stocks	\$ 6,336,518	\$ -	\$ 6,336,518
Mutual funds	2,003,640	-	2,003,640
U.S. Treasury notes	213,646	-	213,646
Corporate bonds	-	290,480	290,480
U.S. government bonds	-	281,840	281,840
	<u>\$ 8,553,804</u>	<u>\$ 572,320</u>	<u>\$ 9,126,124</u>
Total investment securities	<u>\$ 8,553,804</u>	<u>\$ 572,320</u>	<u>\$ 9,126,124</u>
	2018		
	Level 1	Level 2	Total
Common stocks	\$ 6,421,030	\$ -	\$ 6,421,030
Mutual funds	2,038,586	-	2,038,586
U.S. Treasury notes	146,519	-	146,519
Corporate bonds	-	281,959	281,959
U.S. government bonds	-	263,462	263,462
	<u>\$ 8,606,135</u>	<u>\$ 545,421</u>	<u>\$ 9,151,556</u>
Total investment securities	<u>\$ 8,606,135</u>	<u>\$ 545,421</u>	<u>\$ 9,151,556</u>

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Investment income consists of the following for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 237,075	\$ 260,621
Investment fees and taxes	(53,767)	(61,487)
Total investment income	<u>\$ 183,308</u>	<u>\$ 199,134</u>

4. PLEDGES RECEIVABLE

Pledges receivable, net at September 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
United Way	\$ 125,697	\$ 129,879
Other	134,571	147,836
Total pledges receivable, net	<u>\$ 260,268</u>	<u>\$ 277,715</u>

The Council received and executed a grant of \$272,120 from United Way of Greater Atlanta in September 2019, to be funded in quarterly installments of \$68,030. In accordance with provisions of the grant, \$136,060 of the annual allocation was recorded as contribution revenue for the year ended September 30, 2019. The remaining \$136,060 of the annual grant is considered by the United Way of Greater Atlanta as an intention to give and is contingent upon collections. Therefore, this amount has not been recorded as a receivable in the accompanying financial statements.

The Council received and executed a grant of \$272,120 from United Way of Greater Atlanta in September 2018, which was funded in quarterly installments of \$68,030. In accordance with provisions of the grant, \$136,060 was recorded as contribution revenue for the year ended September 30, 2018 and the remaining \$136,060 was recorded as contribution revenue upon receipt in the year ended September 30, 2019.

Total contribution income consists of the following for the years ended September 30:

	<u>2019</u>	<u>2018</u>
United Way	\$ 436,928	\$ 594,748
Other	1,668,671	1,461,636
Total contribution income	<u>\$ 2,105,599</u>	<u>\$ 2,056,384</u>

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5. BENEFICIAL INTERESTS IN TRUSTS

The Council is a beneficiary of two irrevocable trusts that will pay the Council \$12,500 upon the death of each donor. The estimated value of these trusts was \$16,595 as of September 30, 2019 and 2018. This amount is calculated based on the age of each donor using a discount rate of 2.18%.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 2,257,085	\$ 2,257,085
Land improvements	3,586,101	3,574,751
Buildings and improvements	23,086,746	23,102,865
Vehicles	482,903	520,820
Furniture and equipment	3,338,861	4,020,157
Leasehold improvements	<u>5,015</u>	<u>5,015</u>
 Total	 32,756,711	 33,480,693
Less accumulated depreciation	<u>21,150,347</u>	<u>21,196,917</u>
 Property and equipment, net	 <u>\$ 11,606,364</u>	 <u>\$ 12,283,776</u>

As of September 30, 2019, the Council had a contract for the sale of its property in Dalton, Georgia. The sale is expected to close in the year ending September 30, 2020 at a net a gain of approximately \$350,000.

During the year ended September 30, 2018, the Council transferred its Camp Pine Acres land lease to Bartow County, Georgia. As part of the transfer, the Council contributed the camp's property and equipment, which had a net book value of approximately \$1,534,000, to the County. Bartow County will maintain the facilities and will allow the Council to continue using them for camps and other activities.

7. LOAN ACCOUNTS

The Council has a line of credit ("LOC") with a financial institution to finance the cost of the annual cookie orders (see Note 11). The LOC, which allows for maximum borrowings of \$6,600,000, is collateralized by all of the Council investment accounts. Amounts outstanding under the LOC accrue interest at LIBOR plus 2.00% per annum. The Council borrowed approximately \$4,000,000 during the year ended September 30, 2019. The amounts borrowed

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were repaid in full within a month of the draw; therefore, there were no outstanding borrowings at September 30, 2019. Interest incurred on the LOC for the year ended September 30, 2019 was \$9,161.

The Council had a loan management account agreement ("LMA") with a financial institution to finance the cost of the annual cookie orders (see Note 11), which was terminated in April 2018. The LMA, which allowed for maximum borrowings of \$4,000,000, was collateralized by certain Council investment accounts. Amounts outstanding under the LMA accrued interest at LIBOR plus 2.25% per annum. The Council borrowed approximately \$3,900,000 during the year ended September 30, 2018. The amounts borrowed were repaid in full within a month of the draw; therefore, there were no outstanding borrowings at September 30, 2018. Interest incurred on the LMA for the year ended September 30, 2018 was \$4,295.

8. PENSION PLANS

A. Defined Contribution

The Council implemented a defined contribution pension plan as of July 1, 1996 that covers substantially all employees. Contributions to this plan for the years ended September 30, 2019 and 2018 were \$100,428 and \$104,476, respectively.

B. Defined Benefit

The Council participates in the National Girl Scout Council Retirement Plan (the "Plan"), a noncontributory defined benefit pension plan sponsored by USA (EIN 13-1624016; PN 002). 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, 2019. Based on the April 18, 2014 conditional approval by the Internal Revenue Service ("IRS"), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 ("PPA"). In addition, on April 8, 2014, H.R. 4275 was signed into law, which gave the Plan the flexibility to adopt the PPA funding requirements immediately or not at all. The Plan has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2019 and 2018 were \$32.2 million and \$32.4 million,

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respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the spin-off of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions to be made in fiscal 2020 are expected to be \$32.2 million.

The Council made contributions into the Plan of \$631,863 and \$631,839 during the years ended September 30, 2019 and 2018, respectively. These contributions represented approximately 1.96% and 1.95% of total contributions to the Plan for years ended September 30, 2019 and 2018, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Changes to net assets with donor restrictions are as follows:

	September 30, 2018	Additions	Released from Restrictions	September 30, 2019
Subject to expenditure for specified purpose:				
Camperships	\$ 81,562	\$ 51,628	\$ (69,962)	\$ 63,228
STEM programming	-	10,000	(744)	9,256
Cybersecurity programming	10,000	-	(10,000)	-
Financial assistance	-	1,667	-	1,667
Outreach	15,000	15,000	(15,000)	15,000
	<u>106,562</u>	<u>78,295</u>	<u>(95,706)</u>	<u>89,151</u>
Subject to the passage of time:				
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	200,935	14,091	(189,071)	25,955
United Way Allocation	129,879	329,787	(333,969)	125,697
Beneficial interests in trusts	16,595	-	-	16,595
	<u>347,409</u>	<u>343,878</u>	<u>(523,040)</u>	<u>168,247</u>
Subject to the Council's endowment spending policy and appropriation:				
Endowment	115,225	7,714	-	122,939
	<u>\$ 569,196</u>	<u>\$ 429,887</u>	<u>\$ (618,746)</u>	<u>\$ 380,337</u>

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	<u>September 30,</u> <u>2017</u>	<u>Additions</u>	<u>Released from</u> <u>Restrictions</u>	<u>September 30,</u> <u>2018</u>
Subject to expenditure for specified purpose:				
Camperships	\$ 102,940	\$ 20,050	\$ (41,428)	\$ 81,562
Cybersecurity programming	-	10,000	-	10,000
Outreach	-	90,000	(75,000)	15,000
	<u>102,940</u>	<u>120,050</u>	<u>(116,428)</u>	<u>106,562</u>
Subject to the passage of time:				
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	430,596	147,525	(377,186)	200,935
United Way Allocation	201,422	462,645	(534,188)	129,879
Beneficial interests in trusts	16,595	-	-	16,595
	<u>648,613</u>	<u>610,170</u>	<u>(911,374)</u>	<u>347,409</u>
Subject to the Council's endowment spending policy and appropriation:				
Endowment	100,993	14,232	-	115,225
	<u>\$ 852,546</u>	<u>\$ 744,452</u>	<u>\$ (1,027,802)</u>	<u>\$ 569,196</u>

10. ENDOWMENT

The Council's endowment includes both a donor-restricted endowment fund, which the Council must hold in perpetuity for the donor-specified purpose, and funds designated by the Board of Directors to function as an endowment. The classification of the net assets of these funds is based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Council has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as net assets with restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is restricted until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors will appropriate funds

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from the endowment funds based on specific needs and budgeting requirements from year to year. In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Council and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Council; and,
- (7) The investment policies of the Council.

The Council has adopted investment and spending policies that attempt to preserve endowment assets by using funding only when the Council determines it is prudent, such as when operating cash is insufficient. The current spending policy is to distribute an amount of earnings from investments not to exceed 4.5% of the three year rolling average market value of the endowment's corpus annually. Accordingly, over the long term, the Council expects the current spending policy to allow the endowment assets to grow and improve the Council's overall financial strength. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed common benchmarks for a balanced portfolio, while assuming a moderate level of risk.

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Activity in the endowment investment accounts was as follows:

	<u>Board Designated Endowment</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Balance at September 30, 2018	\$ 6,369,125	\$ 115,225	\$ 6,484,350
Contributions	-	4,140	4,140
Interest and dividends	154,573	2,796	157,369
Fees and taxes	(38,988)	(705)	(39,693)
Realized/unrealized gain	81,986	1,483	83,469
Balance at September 30, 2019	<u>\$ 6,566,696</u>	<u>\$ 122,939</u>	<u>\$ 6,689,635</u>

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	Board Designated Endowment	Perpetual in Nature	Total
Balance at September 30, 2017	\$ 6,000,000	\$ 100,993	\$ 6,100,993
Contributions	-	7,925	7,925
Interest and dividends	147,816	2,526	150,342
Fees and taxes	(39,250)	(671)	(39,921)
Realized/unrealized gain	260,559	4,452	265,011
	<u>\$ 6,369,125</u>	<u>\$ 115,225</u>	<u>\$ 6,484,350</u>

11. PRODUCT PROGRAMS

Annually, the Council conducts entrepreneurship programs through which its girl members sell cookies and other products while learning business and life skills. Net revenue from product programs represents approximately 66% and 65% of total Council revenue for the years ended September 30, 2019 and 2018, respectively. Following is a detail of net revenue from product programs for the years ended September 30:

	2019	2018
Gross product sales:		
Cookies	\$ 17,281,076	\$ 17,303,674
Chocolate, nuts and magazines	704,585	845,243
	<u>17,985,661</u>	<u>18,148,917</u>
Direct cost of sales and other direct deductions:		
Cookies	4,388,597	4,352,391
Chocolate, nuts and magazines	246,882	290,043
Product sales revenue retained by troops	3,017,404	3,039,139
	<u>7,652,883</u>	<u>7,681,573</u>
Net revenue from product sales	<u>\$ 10,332,778</u>	<u>\$ 10,467,344</u>

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12. OPERATING LEASES

The Council leases various items of office equipment and retail space under operating leases with lease terms of 60 to 64 months. Rental expense for the operating leases was approximately \$97,000 and \$128,000 for the years ended September 30, 2019 and 2018, respectively.

Future minimum payments required under the operating leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 99,931
2021	<u>79,421</u>
Total	<u><u>\$ 179,352</u></u>