

**GIRL SCOUTS OF THE MISSOURI
HEARTLAND, INC.**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022



**ELLIOTT, ROBINSON
& COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

TRUSTED BUSINESS ADVISORS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Girl Scouts of the Missouri Heartland, Inc.
Springfield, Missouri

Opinion

We have audited the accompanying financial statements of Girl Scouts of the Missouri Heartland, Inc. (a Missouri not-for-profit corporation), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years 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 Girl Scouts of the Missouri Heartland, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Company changed its method of accounting for leases due to the adoption of Accounting Standards Update No. 2016-02, Leases (Topic 842) as of October 1, 2022. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audits 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 Girl Scouts of the Missouri Heartland, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Girl Scouts of the Missouri Heartland, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available and issued.

Auditors' 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 auditors' 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 Girl Scouts of the Missouri Heartland, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of the Missouri Heartland, Inc.'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.

Elliot H. Robinson Company, LLP

Springfield, Missouri
January 19, 2024

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,767,428	1,500,968
Receivables and pledges - net allowance for doubtful accounts of \$37,628 and \$21,964	14,436	667,993
Current portion of land lease	28,373	28,760
Inventory	183,171	181,892
Prepaid expenses	14,752	15,544
Total Current Assets	2,008,160	2,395,157
Fixed Assets		
Property and equipment, net of accumulated depreciation	1,184,031	1,913,600
Net Fixed Assets	1,184,031	1,913,600
Other Assets		
Long-term land lease	50,780	79,153
Operating lease right-of-use assets	40,939	-
Cash value of life insurance	8,211	7,966
Other assets	8,176	8,176
Long-term investments	2,188,357	1,966,058
Total Other Assets	2,296,463	2,061,353
Total Assets	\$ 5,488,654	6,370,110
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 61,566	92,994
Accrued liabilities	109,166	86,923
Accrued paid time off	113,422	93,781
Accrued program recognitions	168,186	226,530
Accrued expenses	382,106	506,352
Current portion of long-term debt	5,844	5,844
Current portion of operating lease liabilities	20,514	-
Deferred revenue	10,986	28,434
Total Current Liabilities	871,790	1,040,858
Long-Term Liabilities		
Long-term debt, net of current portion	7,031	12,875
Operating lease liabilities, net of current portion	20,425	-
Total Long-Term Liabilities	27,456	12,875
Net Assets		
Without donor restrictions		
Undesignated	3,543,570	4,357,267
Designated by the board	135,759	151,609
With donor restrictions	910,079	807,501
Total Net Assets	4,589,408	5,316,377
Total Liabilities and Net Assets	\$ 5,488,654	6,370,110

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gains and Support			
Contributions	\$ 112,614	111,370	223,984
Realized gain (loss) on investments	13,124	4,907	18,031
Unrealized gain (loss) on investments	139,189	21,217	160,406
Investment income, net fees	71,941	12,944	84,885
Beneficial interest in perpetual trust	(9,448)	9,448	-
Contributed products and services	131,899	-	131,899
Miscellaneous revenue	35,272	-	35,272
Employee Retention Tax Credit	31,353	-	31,353
Gain on sale of assets	327,735	-	327,735
Total Gains and Support	<u>853,679</u>	<u>159,886</u>	<u>1,013,565</u>
Net Assets Released from Restrictions	<u>57,308</u>	<u>(57,308)</u>	<u>-</u>
Product Sales	<u>3,067,775</u>	<u>-</u>	<u>3,067,775</u>
Merchandise Sales			
Sales	195,980	-	195,980
Cost of sales	(97,729)	-	(97,729)
Returns, allowances, and discounts	701	-	701
Net Merchandise Sales	<u>98,952</u>	<u>-</u>	<u>98,952</u>
Program Service Revenue	<u>117,284</u>	<u>-</u>	<u>117,284</u>
Total Net Revenue, Gains and Support	<u>4,194,998</u>	<u>102,578</u>	<u>4,297,576</u>
Expenses			
Program services	4,301,010	-	4,301,010
Fundraising	334,635	-	334,635
General and administrative	388,900	-	388,900
Total Expenses	<u>5,024,545</u>	<u>-</u>	<u>5,024,545</u>
Increase (decrease) in Net Assets	<u><u>\$ (829,547)</u></u>	<u><u>102,578</u></u>	<u><u>(726,969)</u></u>

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gains and Support			
Contributions	\$ 173,350	29,916	203,266
Special fundraising events	4,888	-	4,888
Realized gain (loss) on investments	(13,701)	-	(13,701)
Unrealized gain (loss) on investments	(402,854)	220	(402,634)
Investment income, net fees	111,150	-	111,150
Contributed products and services	186,061	-	186,061
Miscellaneous revenue	68,623	-	68,623
Paycheck Protection Program forgiveness	444,644	-	444,644
Employee Retention Tax Credit	814,157	-	814,157
Loss on sale of assets	-	-	-
Total Gains and Support	<u>1,386,318</u>	<u>30,136</u>	<u>1,416,454</u>
Net Assets Released from Restrictions	<u>138,647</u>	<u>(138,647)</u>	<u>-</u>
Product Sales	<u>2,708,945</u>	<u>-</u>	<u>2,708,945</u>
Merchandise Sales			
Sales	170,980	-	170,980
Cost of sales	(97,102)	-	(97,102)
Returns, allowances, and discounts	(172)	-	(172)
Net Merchandise Sales	<u>73,706</u>	<u>-</u>	<u>73,706</u>
Program Service Revenue	<u>44,755</u>	<u>-</u>	<u>44,755</u>
Total Net Revenue, Gains and Support	<u>4,352,371</u>	<u>(108,511)</u>	<u>4,243,860</u>
Expenses			
Program services	4,427,598	-	4,427,598
Fundraising	384,759	-	384,759
General and administrative	394,132	-	394,132
Total Expenses	<u>5,206,489</u>	<u>-</u>	<u>5,206,489</u>
Increase (decrease) in Net Assets	<u><u>\$ (854,118)</u></u>	<u><u>(108,511)</u></u>	<u><u>(962,629)</u></u>

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program		
	Membership Development	Programs	Total
Payroll and Benefits			
Salaries	\$ 1,212,078	972,674	2,184,752
Employee benefits	295,310	236,982	532,292
Payroll taxes	95,741	76,831	172,572
Total Payroll and Benefits	<u>1,603,129</u>	<u>1,286,487</u>	<u>2,889,616</u>
Other Expenses			
Professional fees	76,604	61,474	138,078
Supplies	49,909	40,051	89,960
Product sales incentives and awards	56,490	45,332	101,822
Telecommunications	37,457	30,059	67,516
Postage and delivery	11,024	8,847	19,871
Occupancy	110,044	88,309	198,353
Repairs and maintenance	58,700	47,106	105,806
Printing, promotion and publications	84,698	67,969	152,667
Travel	71,405	57,301	128,706
Staff and volunteer development	8,194	6,576	14,770
Assistance and grants	40,845	32,777	73,622
Interest expense	2,173	1,744	3,917
Insurance	91,252	73,228	164,480
Depreciation	52,920	42,467	95,387
Other expenses	31,312	25,127	56,439
Total Other Expenses	<u>783,027</u>	<u>628,367</u>	<u>1,411,394</u>
Total Expenses	<u><u>\$ 2,386,156</u></u>	<u><u>1,914,854</u></u>	<u><u>4,301,010</u></u>

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Supporting Services			Total Expenses
	Fundraising	General & Administrative	Total	
Payroll and Benefits				
Salaries	\$ 169,982	197,547	367,529	2,552,281
Employee benefits	41,414	48,130	89,544	621,836
Payroll taxes	13,427	15,604	29,031	201,603
Total Payroll and Benefits	<u>224,823</u>	<u>261,281</u>	<u>486,104</u>	<u>3,375,720</u>
Other Expenses				
Professional fees	10,743	12,485	23,228	161,306
Supplies	6,999	8,134	15,133	105,093
Product sales incentives and awards	7,922	9,207	17,129	118,951
Telecommunications	5,253	6,105	11,358	78,874
Postage and delivery	1,546	1,797	3,343	23,214
Occupancy	15,433	17,935	33,368	231,721
Repairs and maintenance	8,232	9,567	17,799	123,605
Printing, promotion and publications	11,878	13,804	25,682	178,349
Travel	10,014	11,638	21,652	150,358
Staff and volunteer development	1,149	1,336	2,485	17,255
Assistance and grants	5,728	6,657	12,385	86,007
Interest expense	305	354	659	4,576
Insurance	12,797	14,872	27,669	192,149
Depreciation	7,422	8,625	16,047	111,434
Other expenses	4,391	5,103	9,494	65,933
Total Other Expenses	<u>109,812</u>	<u>127,619</u>	<u>237,431</u>	<u>1,648,825</u>
Total Expenses	<u><u>\$ 334,635</u></u>	<u><u>388,900</u></u>	<u><u>723,535</u></u>	<u><u>5,024,545</u></u>

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	Program		
	Membership Development	Programs	Total
Payroll and Benefits			
Salaries	\$ 1,261,897	1,003,019	2,264,916
Employee benefits	321,143	255,261	576,404
Payroll taxes	106,307	84,498	190,805
Total Payroll and Benefits	<u>1,689,347</u>	<u>1,342,778</u>	<u>3,032,125</u>
Other Expenses			
Professional fees	68,122	54,146	122,268
Supplies	42,517	33,795	76,312
Product sales incentives and awards	63,682	50,617	114,299
Telecommunications	38,334	30,470	68,804
Postage and delivery	11,330	9,006	20,336
Occupancy	108,190	85,995	194,185
Repairs and maintenance	66,415	52,790	119,205
Printing, promotion and publications	126,235	100,338	226,573
Travel	43,946	34,931	78,877
Staff and volunteer development	9,284	7,379	16,663
Assistance and grants	35,332	28,083	63,415
Insurance	84,663	67,295	151,958
Depreciation	57,492	45,698	103,190
Other expenses	21,945	17,443	39,388
Total Other Expenses	<u>777,487</u>	<u>617,986</u>	<u>1,395,473</u>
Total Expenses	<u><u>\$ 2,466,834</u></u>	<u><u>1,960,764</u></u>	<u><u>4,427,598</u></u>

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	Supporting Services			Total Expenses
	Fundraising	General & Administrative	Total	
Payroll and Benefits				
Salaries	\$ 196,822	201,616	398,438	2,663,354
Employee benefits	50,090	51,310	101,400	677,804
Payroll taxes	16,581	16,985	33,566	224,371
Total Payroll and Benefits	<u>263,493</u>	<u>269,911</u>	<u>533,404</u>	<u>3,565,529</u>
Other Expenses				
Professional fees	10,625	10,884	21,509	143,777
Supplies	6,631	6,793	13,424	89,736
Product sales incentives and awards	9,933	10,175	20,108	134,407
Telecommunications	5,979	6,125	12,104	80,908
Postage and delivery	1,767	1,810	3,577	23,913
Occupancy	16,875	17,286	34,161	228,346
Repairs and maintenance	10,359	10,611	20,970	140,175
Printing, promotion and publications	19,689	20,169	39,858	266,431
Travel	6,854	7,021	13,875	92,752
Staff and volunteer development	1,448	1,483	2,931	19,594
Assistance and grants	5,511	5,645	11,156	74,571
Insurance	13,205	13,527	26,732	178,690
Depreciation	8,967	9,186	18,153	121,343
Other expenses	3,423	3,506	6,929	46,317
Total Other Expenses	<u>121,266</u>	<u>124,221</u>	<u>245,487</u>	<u>1,640,960</u>
Total Expenses	<u><u>\$ 384,759</u></u>	<u><u>394,132</u></u>	<u><u>778,891</u></u>	<u><u>5,206,489</u></u>

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2023 and 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - September 30, 2021	\$ 5,362,994	916,012	6,279,006
Change in Net Assets	<u>(854,118)</u>	<u>(108,511)</u>	<u>(962,629)</u>
Net Assets - September 30, 2022	4,508,876	807,501	5,316,377
Change in Net Assets	<u>(829,547)</u>	<u>102,578</u>	<u>(726,969)</u>
Net Assets - September 30, 2023	<u>\$ 3,679,329</u>	<u>910,079</u>	<u>4,589,408</u>

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Decrease in net assets:	\$ (726,969)	(962,629)
Non-cash items included in net decrease		
Depreciation	111,434	121,343
Amortization of land lease	28,760	29,152
Gain on sale of fixed assets	(327,735)	-
Paycheck Protection Program forgiveness	-	(444,644)
Net realized gain on investments	(18,031)	13,701
Net unrealized loss (gain) on investments	(160,406)	402,634
(Increase) decrease in operating assets:		
Cash value of life insurance	(245)	(220)
Receivables and pledges	653,557	235,141
Inventory	(1,279)	41,353
Prepaid expenses	792	(3,221)
Employee Retention Tax Credit	-	(615,785)
Increase (decrease) in operating liabilities:		
Accounts payable	(31,428)	(30,709)
Accrued liabilities	22,243	86,923
Accrued paid time off	19,641	(3,693)
Accrued program recognitions	(58,344)	(13,741)
Accrued expenses	(124,246)	451,448
Deferred revenue	(17,448)	23,693
Cash Used by Operating Activities	(629,704)	(669,254)
Cash Flows from Investing Activities		
Purchase of fixed assets	(9,208)	(36,641)
Proceeds from sale of fixed assets	955,078	-
Net proceeds (use) from investments	(43,862)	326,782
Cash Provided (Used) by Investing Activities	902,008	290,141
Cash flows from financing activities:		
Loan payments	(5,844)	(5,842)
Cash Provided (Used) by Financing Activities	(5,844)	(5,842)
Increase (Decrease) in Cash and Cash Equivalents	266,460	(384,955)
Cash and Cash Equivalents at Beginning of Year	1,500,968	1,885,923
Cash and Cash Equivalents at End of Year	\$ 1,767,428	1,500,968

See accompanying accountant's report and notes to financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Council

Girl Scouts of the Missouri Heartland, Inc. (GSMH) is a Missouri not-for-profit corporation providing leadership opportunities to girls ages five and older; and volunteer services to adults ages 18 and older. These opportunities and services are developed with the four major pillars of learning at the forefront – STEM, Outdoors, Life Skills, and Entrepreneurship. The iconic Girl Scout Cookie Program is a great example. Through this entrepreneurship experience, girls learn goal setting, decision making, money management, people skills, and business ethics. GSMH has an approximate membership of over 7,500 girls and adults who subscribe to the Girl Scout Promise and Law. The council serves 67 counties in central and southern Missouri, southeast Kansas, and northeast Oklahoma.

Girl Scouts of the Missouri Heartland, Inc. is chartered by Girl Scouts of the USA. The charter grants the Council the right to develop, manage, and maintain Girl Scouting in a specified area of jurisdiction. In order to retain the charter, the Council agrees to subscribe to the purpose, adhere to the policies and be guided by the standards of the Girl Scouts of the United States of America.

Accounting Method

The Council uses the accrual method of accounting, which recognizes revenue when earned and expenses when incurred.

Financial Statement Presentation

The Council presents its financial statements in accordance with accounting principles generally accepted in the United States. Accordingly, the Council reports information regarding its financial position and activities according to two classes of net assets: (1) without donor restriction; (2) with donor restriction.

Net assets without donor restrictions: Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Council as well as designations for use made by the governing board.

Net assets with donor restrictions: Net assets with donor restrictions include resources subject to stipulations by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions would be met by actions of the Council or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by *Non-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021 and interim periods within annual reporting periods beginning after June 15, 2022.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. The Company adopted FASB ASC 842, with a date of initial application of October 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Company did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of October 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 were the recognition of \$76,359 of operating lease ROU assets and \$76,359 of current and long-term operating lease liabilities on the statement of financial position as of October 1, 2022. No cumulative effect adjustment to net assets as of October 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended September 30, 2023.

As part of the transition, the Company implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases
- Election not to reassess the lease classification for any expired or existing leases
- Election not to reassess initial direct costs on any existing leases

Other practical expedients:

- Election whereby the lease and non-lease components will not be separated for all leases.
- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments available for current use with an initial maturity of three months or less at the date of their acquisition to be cash equivalents.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventories are stated at the lower of cost or market based on the weighted-average method, and consists of Girl Scouting supplies, uniforms, and handbooks.

Property and Depreciation

Property and equipment are stated at cost. It is the Council's policy to capitalize property and equipment with a value of \$1,000 or more with a life expectancy longer than three years. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Depreciation is computed by applying the following methods and estimated lives:

<u>Category</u>	<u>Estimated Life</u>	<u>Method</u>
Building and improvement	10-40 years	Straight-line
Land improvements	10-40 years	Straight-line
Leasehold improvements	5-15 years	Straight-line
Vehicles	5-10 years	Straight-line
Furniture and equipment	5-10 years	Straight-line
Computer equipment	3-7 years	Straight-line

The costs of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income, except for gains on assets traded where no cash was received. Expenditures for maintenance and repairs are charged to income as incurred; replacements and betterments that extend the useful lives are capitalized.

Long-lived assets held and used by the Council are reviewed for impairment whenever events or changes in circumstances indicate that the cost of the any long-lived assets may be impaired, and evaluation of recoverability would be performed following generally accepted accounting principles.

Depreciation expense for the years ended September 30, 2023 and 2022 totaled \$111,434 and \$121,343, respectively.

Investments

Investments in marketable securities with readily determinable fair values 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 restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Contributions and Unconditional Promises to Give

Contributions received are recorded as increases in net assets with donor restriction or net assets without donor restriction depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
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YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

An allowance for uncollectible unconditional promises to give is based on a review of the current status of existing promises to give. The allowance balance as of September 30, 2023 and 2022 was \$437 and \$1,552, respectively. The allowance for uncollectible accounts receivable balance as of September 30, 2023 and 2022 was \$37,191 and \$20,412 respectively. Therefore, the total allowance for uncollectible receivables and pledges for September 30, 2023 and 2022 was \$37,628 and \$21,964, respectively.

Contributed Products and Services

During the years ended September 30, 2023 and 2022, the value of contributed products and services meeting the requirements for recognition in the financial statements was material and has been recorded at fair market value. Donated contributions are recognized if the donation creates or enhances a nonfinancial asset or requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Council, but these services do not meet the criteria for recognition as contributed services. Contributed services primarily include donated media used for girl recruitment and promotion of the Girl Scout cookie program. Contributed products include supplies for Girl Scout programs as well as items used at fundraising events. Contributed facilities include use of facilities for programs and events. The value of contributed products and services as of September 30, 2023 and 2022 was \$131,899 and \$186,061 respectively, and has been properly used to support program services.

Leases

The Company accounts for leases in accordance with FASB ASC 842. The Company is a lessee in several noncancellable operating leases for office equipment. The Company determines if an arrangement is a lease, or contains a lease, at the inception of a contract and when the terms of an existing contract are changed. The Company determines if an arrangement conveys the right to use an identified asset and whether the Company obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Company recognizes a lease liability and ROU asset at the commencement date of the lease.

Lease liabilities

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The Company has adopted an accounting policy to utilize the practical expedient for determining the discount rate used in the present value calculations. As such, the Company used the risk-free rate for all leases.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ROU assets

A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid amounts (accrued lease payments, less the unamortized balance of lease incentives received). Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Accounting policy election for short-term leases

The Company has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term.

Revenue Recognition

The Council recognizes contributions, and contributed products and services revenues when cash, securities or other assets; an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barriers and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Council's revenue is derived from the sale of real property. The Council recognizes revenue from these contracts at the date the sale occurs. The sale of real property is considered an exchange transaction with a performance obligation of relinquishing the real property to the buyer. The performance obligation is met at a point in time when the real property is transferred to the buyer; therefore, the revenue is recognized when the transaction is complete. Payments from these contracts are due upon completion of the sale. Therefore, no significant financing component exists.

A portion of the Council's revenue is derived from the sale of merchandise. The Council recognizes revenue from these contracts at the date the sale occurs. The sale of merchandise is considered an exchange transaction with a performance obligation of relinquishing goods to the buyer. The performance obligation is met at a point in time when the goods are transferred to the buyer; therefore, the revenue is recognized when the transaction is complete. Payments from these contracts are due upon completion of the sale. Therefore, no significant financing component exists. Merchandise returns occur infrequently and are immaterial.

The Council acts as an agent in the completion of product sale revenue. The Council facilitates the sale between the individual troops and final customer. For these transactions, the Council has determined that net presentation (gross fee charged to customer less the cost paid to the supplier and troops) is appropriate since they do not control the product nor the delivery of the product to the final customer.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Council has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as amended and as required to be in compliance with generally accepted accounting principles. In accordance with the standard, the Council has determined that commensurate value is not received and sacrificed by fundraising event sponsors and ticket holders. Therefore, the revenues received from the event sponsors and ticket holders are not considered within the scope of ASU 2014-09.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities in accordance with FASB ASC 958-205, "Presentation of Financial Statements of Not-for-Profit Councils". Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Functional expenses are allocated based on an estimation of employees' time spent on each function. Allocations are examined by management annually and adjusted as necessary, with the overall methodology remaining consistent.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect: 1) the reported amounts of assets and liabilities; 2) disclosure of contingent assets and liabilities at the date of the financial statements; and, 3) revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant Judgments

The Council considered several factors in determining that control transfers to the customer upon delivery of products and merchandise. These factors include that the customer has physical possession of the product, the Council has a present right to payment, and the customer has assumed the risks and rewards of ownership. In addition, the Council determined that in some instances they act as an agent for product sale transactions which are reported at the net amount.

Income Taxes

The Council is a not-for-profit Council that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Council has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to the Internal Revenue Service are the years ended September 30, 2021, 2022, and 2023 tax years. However, the Council is not currently under audit nor has the Council been contacted by any jurisdiction. Based on the evaluation of the Council's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal years ended September 30, 2023 and 2022. Interest and penalties, if any, related to annual Form 990 or unrelated business income tax filings are reported within general and administrative expenses in the statement of activities.

Subsequent Events

Girl Scouts of the Missouri Heartland, Inc. has evaluated subsequent events through January 19, 2024, the date on which the financial statements were available to be issued.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2: RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same amounts in the statement of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents, without donor restriction	\$ 1,503,820	1,286,899
Donor-restricted cash	<u>263,608</u>	<u>214,069</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 1,767,428</u>	<u>1,500,968</u>

NOTE 3: PROMISES TO GIVE AND RECEIVABLES

Unconditional promises to give and receivables as of September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Pledges receivable in less than one year	\$ 2,913	3,395
Miscellaneous receivables and pledges	49,151	686,562
Allowance for doubtful accounts	<u>(37,628)</u>	<u>(21,964)</u>
Net receivables and pledges	<u>\$ 14,436</u>	<u>667,993</u>

In January 2022, the Council submitted amended 941 forms to claim the Employee Retention Tax Credit for the 1st, 2nd and 3rd quarter of 2021 in the amounts of \$310,333, \$178,061 and \$305,452, respectively. The organization has received all payments as of September 30, 2023.

NOTE 4: INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses included in the statement of activities. Investments as of September 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Mutual funds	\$ 1,792,157	1,575,828
Common and preferred stocks	195,987	196,376
U.S. government bonds	3	141
Perpetual trust beneficiary	<u>200,210</u>	<u>193,713</u>
Total Investments	<u>\$ 2,188,357</u>	<u>1,966,058</u>

The Council is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, the Council has the irrevocable right to receive distributions from the trust assets and earnings in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flow as of September 30, 2023 and 2022 is \$200,210 and \$193,713, respectively, which represents the fair value of the trust assets, and is included in long-term investments in the Statements of Financial Position. Distributions from this trust as of September 30, 2023 and 2022 were \$9,314 and \$10,979, respectively.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 4: INVESTMENTS (CONTINUED)

Investment return for all investments and cash accounts consisted of the following as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investment income	\$ 92,085	118,598
Investment fees	(7,200)	(7,448)
Realized gain (loss)	18,031	(13,701)
Unrealized gain (loss)	160,406	(402,634)
Net Investment Income	<u>\$ 263,322</u>	<u>(305,185)</u>

Investments are exposed to various risks, such as interest rates, market, and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in their values, it is at least reasonably possible that changes in risks in the near term would materially affect the investment balances reported in the financial statements.

NOTE 5: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ASC 820, Fair Value Measurements (formerly FASB Statement No. 157), establishes a framework for measuring fair value and expands disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to 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 under ASC 820 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 and 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;
 - 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.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023 and 2022.

Mutual Funds: Valued at the quoted market prices available on active market which is based on the underlying net asset value (NAV) of share hold by the Council at year-end.

Common and preferred stocks: Valued at quoted market prices available on an active market.

U.S. Government bonds: Valued at the closing price reported in the market in which the individual bond is traded.

Beneficial interest in perpetual trusts: Consist of the Council's interests in trusts held by others in perpetuity for the benefit of the Council with fair values based on present value and other techniques using unobservable inputs.

The methods described above 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 methods are 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 table sets forth by level, within the fair value hierarchy, the Council's assets at fair value as of September 30, 2023 and 2022:

	Assets at Fair Value as of September 30, 2023			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 1,717,103	75,054	-	1,792,157
Common or preferred stock	195,987	-	-	195,987
US government bonds	-	3	-	3
Beneficial interest in perpetual trust	-	-	200,210	200,210
Total Assets at Fair Value	\$ 1,913,090	75,057	200,210	2,188,357

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Council's Level 3 assets for the year ended September 30, 2023:

	Significant Unobservable Inputs (Level 3)
Beginning balance, September 30, 2022	\$ 193,713
Distributions, net	(9,314)
Interest and dividends, current period	6,049
Taxes and fees	(2,344)
Realized gains	5,750
Unrealized gains	6,356
Ending balance, September 30, 2023	\$ 200,210
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	
	\$ 6,356

The summary of changes of the Council's Level 3 assets includes the cash portion of \$2,376.

	Assets at Fair Value as of September 30, 2022			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds	\$ 1,507,839	67,989	-	1,575,828
Common or preferred stock	196,376	-	-	196,376
US government bonds	-	141	-	141
Beneficial interest in perpetual trust	-	-	193,713	193,713
Total Assets at Fair Value	\$ 1,704,215	68,130	193,713	1,966,058

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Council's Level 3 assets for the year ended September 30, 2022:

	<u>Significant Unobservable Inputs (Level 3)</u>
Beginning balance, September 30, 2021	\$ 251,885
Distributions	(9,662)
Interest and dividends, current period	9,617
Taxes and fees	(2,559)
Realized losses	(3,862)
Unrealized losses	(51,706)
Ending balance, September 30, 2022	<u>\$ 193,713</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	<u>\$ (51,706)</u>

The summary of changes of the Council's Level 3 assets includes the cash portion of \$8,635.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 624,148	886,558
Buildings and improvements	2,708,466	3,647,814
Leasehold improvements	169,985	192,633
Vehicles	113,572	124,393
Furniture and equipment	402,205	456,950
Computer equipment	96,322	108,437
	<u>4,114,698</u>	<u>5,416,785</u>
Less: accumulated depreciation	<u>2,930,667</u>	<u>3,503,185</u>
Net Fixed Assets	<u>\$ 1,184,031</u>	<u>1,913,600</u>

One camp site location deeded to the Council in a previous year has provisions that, if the Girl Scouts ceased using this location for camping and other outdoor activities related to Girl Scout programs, then certain stipulations would be imposed. The stipulation for Friendship Fields camp site requires the Council to provide a comparable camp site within Crawford County, Kansas if the present location is sold or ceases to be a Girl Scout camp site.

NOTE 7: LONG-TERM DEBT

Effective April 2021, the Council entered a \$6,781 loan with Kubota Credit Corporation, U.S.A. with an interest rate of 0% and matures on April 1, 2025. It has been secured with a Kubota Zero-Turn Mower. The monthly payment for this loan is \$158.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 7: LONG-TERM DEBT (CONTINUED)

The Council also has a loan with an original balance of \$21,734 held by John Deere Financial. The loan bears interest at a rate of 0% and matures on March 20, 2026. It has been secured with a 3038E John Deere tractor. The monthly payment for this loan is \$329.

The following table represents outstanding notes payable by the Council as of September 30, 2023:

<u>Lender</u>	<u>Collateral</u>	<u>Payment</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 9/30/2023</u>
John Deere Financial	3038E John Deere Tractor	\$ 329	0%	03/20/26	\$ 9,879
Kubota Credit Corporation, U.S.A.	Kubota Zero-Turn Mower	158	0%	04/01/25	<u>2,996</u>
					12,875
				Less current portion	<u>(5,844)</u>
					<u>\$ 7,031</u>

NOTE 8: RESTRICTIONS ON NET ASSETS

Board designated net assets without donor restrictions as of September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Capital improvements	<u>\$ 135,759</u>	<u>151,609</u>
Total Board Designated Net Assets without Donor Restrictions	<u>\$ 135,759</u>	<u>151,609</u>

As of September 30, 2023 and 2022, the board had \$135,759 and \$151,609, respectively, available for use for capital improvements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 8: RESTRICTIONS ON NET ASSETS (CONTINUED)

Net assets with donor restrictions as of September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<u>Subject to expenditure for specified purpose:</u>		
3M: Camp Unplugged	\$ 771	771
Iva Awberry Revocable Trust: SU 735 support	1,647	1,647
DeLappe Fund: support to Crawford County KS Girl Scouts	28,481	28,247
Miscellaneous Services and Programs	-	184
Dennis L Cain Fund: promoting Girl Scouting in Pemiscot County	13,278	12,529
Doris Brown Fund: camperships at Latonka	45,428	42,388
Travel for adult volunteer training	8,211	7,966
Disaster Relief Fund	991	991
Eleanor Peck Johnson Fund: adult volunteer training	18,843	26,217
Latonka tree house	20,000	20,000
William Gordon Buckner Trust: capital projects	43,945	53,154
D-Pass: assistance for destinations programs	1,900	8,900
Community Foundation of SE KS: Friendship Fields kitchen remodel	4,096	4,096
Community Foundation of SE KS: Glenda & Robert Mays Endowment for Crawford County KS Service Unit	14,853	9,176
Hickory Knoll Rebuild	11,250	9,700
Marshfield Community Foundation	-	1,000
Boone County Community Trust: Archery Equipment	4,589	-
United Way of Central Missouri	1,849	-
Dorothy B. Clark Interim Trust	65,700	-
Total Net Assets with Donor Restriction with Specified Purposes	<u>285,832</u>	<u>226,966</u>
<u>Perpetual in nature:</u>		
Susie Henry: long-term support of Girl Scouting	100	100
Dogwood Trails Council Endowment: long-term support of Girl Scouting	21,381	21,382
Dogwood Trails Mtn. View Endowment: support to Texas County	12,884	12,884
Camp Suzanne Improvements	30,050	30,050
Conservation Projects	12,000	12,000
Building Maintenance Endowment	1,000	1,000
DeLappe Fund: support to Crawford County KS Girl Scouts	200,210	193,713
Eleanor Peck Johnson Fund: adult volunteer training	32,729	32,729
Harryette Campbell Fund: Gold Award lifetime memberships	306,871	269,655
Travel for adult volunteer training	4,138	4,138
Dyer Fund: camp assistance	2,884	2,884
Total Net Assets with Donor Restrictions Maintained in Perpetuity	<u>624,247</u>	<u>580,535</u>
Total Net Assets with Donor Restrictions	<u>\$ 910,079</u>	<u>807,501</u>

NOTE 9: RETIREMENT PLAN

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

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
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NOTE 9: RETIREMENT PLAN (CONTINUED)

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 declined during the year and are less than the actuarial present value of accumulated Plan benefits as of January 1, 2023. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCRП the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCRП 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 2023 and 2022 were \$27.5 million and \$32.2 million, respectively. Aggregate contributions to be made in fiscal 2024 are expected to be \$26 million.

The Council made contributions into the Plan of \$257,028 and \$298,716 during the years ended September 30, 2023 and 2022, respectively.

NOTE 10: CONCENTRATION OF SUPPORT

The annual Girl Scout cookie sales accounted for approximately 73% and 68% of total revenues, gains, and other support without donor restriction for the years ended September 30, 2023 and 2022, respectively.

The results of the Council’s cookie sales program for the years ended September 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Cookie sale program revenue	\$ 4,651,355	4,238,009
Cost of cookies	(1,102,191)	(1,036,262)
Troop proceeds	(651,279)	(640,924)
Total Cookie Sales Program Revenue	<u>\$ 2,897,885</u>	<u>2,560,823</u>

The results of the Council’s other sales programs for the years ended September 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Fall product program revenue	\$ 412,101	356,541
Cost of fall product	(158,840)	(136,424)
Troop proceeds	(83,371)	(71,995)
Total Fall Product Program Revenue	<u>\$ 169,890</u>	<u>148,122</u>

United Way cash contributions represented 29% and 45% of total cash contributions received by Girl Scouts for the fiscal years September 30, 2023 and 2022, respectively.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 11: IN-KIND CONTRIBUTIONS

The Organization’s consolidated financial statements include the following in-kind contributions revenue and support, and associated expense:

Media

The Organization received free advertising through local television stations that provided promotions for Girl Scout cookie sales. These donated advertisements are recognized as in-kind contributions at fair value, with a corresponding program expense allocated to the programs benefitted, as they are delivered to the public. The valuation of these advertisements is provided by the service provider, who estimates the fair value based on the date, time, and market in which each is displayed.

Supplies

The organization receives donated supplies for program activities that would typically be purchased if not provided as an in-kind contribution. In-kind donations of supplies used in Girl Scout programs and initiatives are recorded at fair market value, with a corresponding program expense as they are used. The organization values these items at either face value or fair market value on the date received depending on the nature of the donated items.

During the year ended September 30, 2023, the Organization receive the following in-kind contributions:

Media	\$	123,930
Supplies		<u>7,969</u>
Total in-kind contributions	\$	<u><u>131,899</u></u>

NOTE 12: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Council’s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents, without donor restrictions	\$ 1,503,820	1,286,899
Receivables and pledges	14,436	667,993
Inventory	183,171	181,892
Investments, without donor restrictions	<u>1,550,097</u>	<u>1,380,592</u>
Total financial assets	3,251,524	3,517,376
Less amounts not available to be used within one year:		
Board-designated funds	<u>135,759</u>	<u>151,609</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,115,765</u>	<u>3,365,767</u>

The general operating bank accounts are not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 12: LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Council’s board has designated \$135,759 and \$151,609 of the cash as of September 30, 2023 and 2022, respectively, for Council Impact Initiatives, property maintenance and capital improvements. The board could decide to use these funds for general expenditures, if needed. The Council also has a line of credit available to draw upon in the amount equal to 75% of the market value of the Council’s Central Trust fund. As of September 30, 2023 and 2022, the market value of the Central Trust fund is \$798,139 and \$719,660, respectively. There is no outstanding balance on the line of credit for either year.

It is the expectation of Girl Scouts of the USA that every Girl Scout council will work toward the establishment of a minimum six-month operating reserve. As of September 30, 2023 and 2022, the Council had 6.1 months and 6.2 months of operating reserves, respectively.

NOTE 13: OPERATING AND LONG-TERM LEASES

The Council has obligations as a lessee for the use of office and computer equipment with initial noncancelable terms in excess of one year. Generally, the equipment leases have an initial term of 3 to 5 years. The Council classifies all of these leases as operating leases. Certain of the Council’s lease agreements have formal renewal options. Optional periods are included in determining the lease terms and lease liabilities if management is reasonably certain to exercise said option. Certain of the Council’s leases include termination options for the lessee, which require an early termination fee. None of the leases include guaranteed residual values or restrictive financial or other covenants.

Payments due under lease contracts include fixed payments and, for many leases, variable payments. The Council’s equipment leases require it to make variable payments for usage of the equipment over a certain threshold specified in the lease agreement. These variable lease payments are not included in lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred.

Beginning in 2023, the Council has elected not to separate non-lease components from lease components in leases for all lease classes.

The components of lease cost for the year ended September 30, 2023, are as follows:

	Statement of functional expenses caption	Year ended September 30, 2023
Operating lease cost	G&A - Repairs and maintenance	\$ 37,905
Variable lease cost	G&A - Repairs and maintenance	-
Short-term lease cost	G&A – Occupancy	4,192
Total lease cost		<u>\$ 42,097</u>

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 13: OPERATING AND LONG-TERM LEASES (CONTINUED)

Other information related to leases as of or for the year ended September 30, 2023 are as follows:

Weighted-average remaining operating lease term (years) – 2.96 years
 Weighted-average discount rate for operating leases – 4.1%

Maturities of lease liabilities as of September 30, 2023, were as follows:

	<u>Operating leases</u>
2024	\$ 24,165
2025	23,466
2026	2,582
2027	2,582
Thereafter	<u>215</u>
Total lease payments	53,010
Less: present value adjustment	1,743
Less: Leases entered into after fiscal year 2023	<u>10,328</u>
Present value of lease liabilities	<u><u>\$ 40,939</u></u>

Rent expense for operating leases accounted for under FASB ASC 840 was \$67,392 for the year ended September 30, 2022.

NOTE 14: LIFE INSURANCE POLICY

Girl Scouts of the Missouri Heartland, Inc. is the owner of a \$10,000 life insurance policy. As of September 30, 2023 and 2022, the cash surrender value of the life insurance policy was \$8,211 and \$7,966, respectively.

NOTE 15: LEASED FACILITIES

The Council was the lessee in a lease agreement with the Army Corp of Engineers for a 25 year period from January 1, 1996 to December 31, 2020. The lease covers land in Wappaello lake area, which is used for camping and recreational activities. This lease was renewed for an additional five-year period with a new maturity date of July 29, 2026.

The Council is the lessee in a lease agreement with the Cherokee County American Legion for a 99 year period from April 20, 1979 to April 19, 2078. The lease covers a small facility in Columbus, Kansas that is used for program services. The lease payment is nominal.

The Council was donated a time share in Branson, Missouri. The time share is available to the Council one week every even year. The Council pays \$520 in annual maintenance fees.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 15: LEASED FACILITIES (CONTINUED)

All of the leases listed above involved nominal payments or payments below market value. Due to the nature of these leases as they are donated, they do not fall within the scope of recognition under ASC 842. The difference between the fair rental value and the stated rent payments was recorded as a contribution at an estimated net present value of \$161,669 as of October 1, 2008. There was a new contribution recorded on July 29, 2021 with the lease renewal. The difference between the fair rental value and the stated rent payments was recorded at an estimated net present value of \$141,806. As of September 30, 2023 and 2022, the estimated net present value of these land leases are as follows:

	<u>2023</u>	<u>2022</u>
Portion of land lease due in less than 1 year	\$ 28,373	\$ 28,760
Portion of land lease due in 1-5 years	49,078	77,362
Portion of land lease due in more than 5 years	<u>1,702</u>	<u>1,791</u>
Total	<u>\$ 79,153</u>	<u>\$ 107,913</u>

Total amortization for the long-term leases as of September 30, 2023 and 2022 was \$28,760 and \$29,152, respectively. The discount rate used in calculating the net present value of these land leases was the 30-year United States Treasury rate at the time the lease was established.

NOTE 16: CONCENTRATIONS OF CREDIT RISK

At times during the current fiscal year, the Council's cash balances exceeded the U.S. Federal Deposit Insurance Corporation's insurance limits.

NOTE 17: SUBORDINATE UNIT BANK ACCOUNTS

Girl Scout troops and groups establish bank accounts under the Council's tax identification number. All troop and 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 the financial statements.