

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018



**ELLIOTT, ROBINSON
& COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

TRUSTED BUSINESS ADVISORS



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2019 and 2018, 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 purposes of expressing an opinion on the effectiveness of the entity'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 estimates made by management, as well as evaluating the overall financial statement presentation.

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 the Missouri Heartland, Inc. as of September 30, 2019 and 2018, 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.

Elliot Robinson Company, LLP

Springfield, Missouri
January 17, 2020

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 3,285,091	1,564,593
Receivables and pledges - net allowance for doubtful accounts of \$58,258 and \$57,933	12,600	27,014
Current portion of land lease	7,061	7,481
Inventory	269,233	221,522
Prepaid expenses	98,044	93,881
Short term investments	-	10,000
Total Current Assets	3,672,029	1,924,491
Fixed Assets		
Property and equipment, net of accumulated depreciation	2,160,744	2,761,208
Net Fixed Assets	2,160,744	2,761,208
Other Assets		
Long-term land lease	2,669	9,730
Cash value of life insurance	7,279	7,038
Other assets	8,176	8,176
Long-term investments	1,939,124	1,898,886
Total Other Assets	1,957,248	1,923,830
Total Assets	\$ 7,790,021	6,609,529
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 109,282	71,637
Accrued vacation	112,670	93,588
Accrued program incentives	163,324	171,816
Accrued expenses	17,558	21,972
Deferred revenue	15,696	22,921
Total Current Liabilities	418,530	381,934
Net Assets		
Without donor restrictions		
Undesignated	5,833,952	5,212,660
Designated by the board	876,784	366,537
With donor restrictions	660,754	648,398
Total Net Assets	7,371,490	6,227,595
Total Liabilities and Net Assets	\$ 7,790,021	6,609,529

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

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gains and Support			
Contributions	\$ 249,194	22,304	271,498
Special fundraising events	48,713	-	48,713
Realized gain on investments	33,864	3,048	36,912
Unrealized gain (loss) on investments	(28,908)	6,416	(22,492)
Investment income, net fees	66,411	9,045	75,456
Contributed products and services	140,434	-	140,434
Rental income	3,700	-	3,700
Miscellaneous revenue	33,132	-	33,132
Gain on sale of assets	2,109,111	-	2,109,111
Total Gains and Support	<u>2,655,651</u>	<u>40,813</u>	<u>2,696,464</u>
 Net Assets Released from Restrictions	 <u>28,457</u>	 <u>(28,457)</u>	 <u>-</u>
 Product Sales			
Revenue	5,521,430	-	5,521,430
Cost of product	(1,324,621)	-	(1,324,621)
Troop proceeds	(803,813)	-	(803,813)
Net Product Sales	<u>3,392,996</u>	<u>-</u>	<u>3,392,996</u>
 Merchandise Sales			
Sales	354,650	-	354,650
Cost of sales	(240,704)	-	(240,704)
Returns, allowances, and discounts	(515)	-	(515)
Net Merchandise Sales	<u>113,431</u>	<u>-</u>	<u>113,431</u>
 Program Service Revenue	 <u>247,926</u>	 <u>-</u>	 <u>247,926</u>
 Total Net Revenue, Gains and Support	 <u>6,438,461</u>	 <u>12,356</u>	 <u>6,450,817</u>
 Expenses			
Program services	4,514,025	-	4,514,025
Fundraising	384,283	-	384,283
General and administrative	408,614	-	408,614
Total Expenses	<u>5,306,922</u>	<u>-</u>	<u>5,306,922</u>
 Increase in Net Assets	 <u><u>\$ 1,131,539</u></u>	 <u><u>12,356</u></u>	 <u><u>1,143,895</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gains and Support			
Contributions	\$ 251,739	52,760	304,499
Special fundraising events	48,735	-	48,735
Realized gain on investments	37,113	8,897	46,010
Unrealized gain (loss) on investments	33,681	(2,805)	30,876
Investment income, net fees	39,742	8,697	48,439
Contributed products and services	211,535	-	211,535
Rental income	7,455	-	7,455
Miscellaneous revenue	215,415	-	215,415
Gain on sale of assets	2,074	-	2,074
Total Gains and Support	<u>847,489</u>	<u>67,549</u>	<u>915,038</u>
Net Assets Released from Restrictions	<u>114,787</u>	<u>(114,787)</u>	<u>-</u>
Product Sales			
Revenue	5,693,216	-	5,693,216
Cost of product	(1,355,395)	-	(1,355,395)
Troop proceeds	(820,164)	-	(820,164)
Net Product Sales	<u>3,517,657</u>	<u>-</u>	<u>3,517,657</u>
Merchandise Sales			
Sales	387,392	-	387,392
Cost of sales	(225,369)	-	(225,369)
Returns, allowances, and discounts	(2,912)	-	(2,912)
Net Merchandise Sales	<u>159,111</u>	<u>-</u>	<u>159,111</u>
Program Service Revenue	<u>310,305</u>	<u>-</u>	<u>310,305</u>
Total Net Revenue, Gains and Support	<u>4,949,349</u>	<u>(47,238)</u>	<u>4,902,111</u>
Expenses			
Program services	4,668,673	-	4,668,673
Fundraising	399,044	-	399,044
General and administrative	413,311	-	413,311
Total Expenses	<u>5,481,028</u>	<u>-</u>	<u>5,481,028</u>
Decrease in Net Assets	<u>\$ (531,679)</u>	<u>(47,238)</u>	<u>(578,917)</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, 2019

	Program		
	Membership Development	Programs	Total
Payroll and Benefits			
Salaries	\$ 1,039,227	959,611	1,998,838
Employee benefits	324,593	299,783	624,376
Payroll taxes	86,230	79,638	165,868
Total Payroll and Benefits	<u>1,450,050</u>	<u>1,339,032</u>	<u>2,789,082</u>
Other Expenses			
Professional fees	77,676	71,739	149,415
Supplies	61,779	57,057	118,836
Product sales incentives and awards	76,156	70,335	146,491
Telecommunications	48,190	44,506	92,696
Postage and delivery	7,629	7,046	14,675
Occupancy	131,366	121,325	252,691
Repairs and maintenance	67,081	61,953	129,034
Printing, promotion and publications	84,142	77,711	161,853
Travel	58,525	54,051	112,576
Staff and volunteer development	9,383	8,665	18,048
Assistance and grants	81,523	75,292	156,815
Insurance	76,558	70,707	147,265
Depreciation	67,690	62,516	130,206
Other expenses	49,045	45,297	94,342
Total Other Expenses	<u>896,743</u>	<u>828,200</u>	<u>1,724,943</u>
Total Expenses	<u>\$ 2,346,793</u>	<u>2,167,232</u>	<u>4,514,025</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, 2019

	Supporting Services			Total Expenses
	Fundraising	General & Administrative	Total	
Payroll and Benefits				
Salaries	\$ 170,199	180,915	351,114	2,349,952
Employee benefits	53,145	56,521	109,666	734,042
Payroll taxes	14,118	15,015	29,133	195,001
Total Payroll and Benefits	<u>237,462</u>	<u>252,451</u>	<u>489,913</u>	<u>3,278,995</u>
Other Expenses				
Professional fees	12,718	13,526	26,244	175,659
Supplies	10,115	10,757	20,872	139,708
Product sales incentives and awards	12,469	13,260	25,729	172,220
Telecommunications	7,890	8,391	16,281	108,977
Postage and delivery	1,249	1,328	2,577	17,252
Occupancy	21,507	22,875	44,382	297,073
Repairs and maintenance	10,983	11,681	22,664	151,698
Printing, promotion and publications	13,776	14,652	28,428	190,281
Travel	9,582	10,191	19,773	132,349
Staff and volunteer development	1,536	1,634	3,170	21,218
Assistance and grants	13,348	14,196	27,544	184,359
Insurance	12,535	13,331	25,866	173,131
Depreciation	11,083	11,787	22,870	153,076
Other expenses	8,030	8,554	16,584	110,926
Total Other Expenses	<u>146,821</u>	<u>156,163</u>	<u>302,984</u>	<u>2,027,927</u>
Total Expenses	<u><u>\$ 384,283</u></u>	<u><u>408,614</u></u>	<u><u>792,897</u></u>	<u><u>5,306,922</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, 2018

	Program		
	Membership Development	Programs	Total
Payroll and Benefits			
Salaries	\$ 1,046,448	1,024,196	2,070,644
Employee benefits	306,836	300,281	607,117
Payroll taxes	84,205	82,404	166,609
Total Payroll and Benefits	<u>1,437,489</u>	<u>1,406,881</u>	<u>2,844,370</u>
Other Expenses			
Professional fees	58,248	57,004	115,252
Supplies	54,085	52,928	107,013
Product sales incentives and awards	81,910	80,160	162,070
Telecommunications	48,505	47,470	95,975
Postage and delivery	8,076	7,903	15,979
Occupancy	144,092	141,014	285,106
Repairs and maintenance	59,463	58,191	117,654
Printing, promotion and publications	101,832	99,655	201,487
Travel	46,804	45,804	92,608
Staff and volunteer development	6,626	6,484	13,110
Assistance and grants	98,475	96,370	194,845
Insurance	76,932	75,290	152,222
Depreciation	89,889	87,970	177,859
Other expenses	47,064	46,059	93,123
Total Other Expenses	<u>922,001</u>	<u>902,302</u>	<u>1,824,303</u>
Total Expenses	<u><u>\$ 2,359,490</u></u>	<u><u>2,309,183</u></u>	<u><u>4,668,673</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, 2018

	Supporting Services			Total Expenses
	Fundraising	General & Administrative	Total	
Payroll and Benefits				
Salaries	\$ 177,001	183,336	360,337	2,430,981
Employee benefits	51,888	53,741	105,629	712,746
Payroll taxes	14,239	14,748	28,987	195,596
Total Payroll and Benefits	<u>243,128</u>	<u>251,825</u>	<u>494,953</u>	<u>3,339,323</u>
Other Expenses				
Professional fees	9,850	10,202	20,052	135,304
Supplies	9,146	9,473	18,619	125,632
Product sales incentives and awards	13,851	14,346	28,197	190,267
Telecommunications	8,203	8,496	16,699	112,674
Postage and delivery	1,366	1,415	2,781	18,760
Occupancy	24,367	25,237	49,604	334,710
Repairs and maintenance	10,055	10,415	20,470	138,124
Printing, promotion and publications	17,220	17,835	35,055	236,542
Travel	7,915	8,198	16,113	108,721
Staff and volunteer development	1,120	1,160	2,280	15,390
Assistance and grants	16,653	17,247	33,900	228,745
Insurance	13,010	13,475	26,485	178,707
Depreciation	15,201	15,744	30,945	208,804
Other expenses	7,959	8,243	16,202	109,325
Total Other Expenses	<u>155,916</u>	<u>161,486</u>	<u>317,402</u>	<u>2,141,705</u>
Total Expenses	<u>\$ 399,044</u>	<u>413,311</u>	<u>812,355</u>	<u>5,481,028</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, 2019 AND 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - September 30, 2017	\$ 6,110,876	695,636	6,806,512
Change in Net Assets	<u>(531,679)</u>	<u>(47,238)</u>	<u>(578,917)</u>
Net Assets - September 30, 2018	5,579,197	648,398	6,227,595
Change in Net Assets	<u>1,131,539</u>	<u>12,356</u>	<u>1,143,895</u>
Net Assets - September 30, 2019	<u><u>\$ 6,710,736</u></u>	<u><u>660,754</u></u>	<u><u>7,371,490</u></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, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 1,143,895	(578,917)
Non-cash items included in net increase		
Depreciation	153,076	208,804
Amortization of land lease	7,481	7,925
Gain on sale of fixed assets	(2,109,111)	(2,074)
Net realized gain on investments	(36,912)	(46,010)
Net unrealized loss (gain) on investments	22,492	(30,876)
(Increase) decrease in operating assets		
Cash value of life insurance	(241)	(245)
Receivables and pledges	14,414	138,576
Inventory	(47,711)	(41,244)
Prepaid expenses	(4,163)	7,799
Increase (decrease) in operating liabilities		
Accounts payable	37,645	(39,990)
Accrued vacation	19,082	(10,297)
Accrued program incentives	(8,492)	(20,441)
Accrued expenses	(4,414)	(29,355)
Deferred revenue	(7,225)	(370)
Cash Used by Operating Activities	(820,184)	(436,715)
Cash Flows from Investing Activities		
Purchase of fixed assets	(31,995)	(91,825)
Proceeds from sale of fixed assets	2,588,495	2,074
Net proceeds (use) from investments	(15,818)	4,615
Cash Provided (Used) by Investing Activities	2,540,682	(85,136)
Cash flows from financing activities:		
Proceeds from line of credit	100,000	-
Payments on line of credit	(100,000)	-
Net cash provided (used) by financing activities	-	-
Increase (Decrease) in Cash and Cash Equivalents	1,720,498	(521,851)
Cash and Cash Equivalents at Beginning of Year	1,564,593	2,086,444
Cash and Cash Equivalents at End of Year	\$ 3,285,091	1,564,593

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, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Girl Scouts of the Missouri Heartland, Inc., a Missouri not-for-profit corporation, builds girls of courage, confidence and character, who make the world a better place. Programs and services are available to girls and women age five and older who subscribe to the Girl Scout Promise and Law. The Council currently has five administrative offices in Springfield, Joplin, Dexter, Cape Girardeau, and Jefferson City. Girl Scouts of the Missouri Heartland, Inc. has a membership of approximately 9,100 girls and 4,200 adults across 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 Organization uses the accrual method of accounting, which recognizes revenue when earned and expenses when incurred.

Financial Statement Presentation

The Organization presents its financial statements in accordance with accounting principles generally accepted in the United States. Accordingly, the Organization 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 restriction include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization 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 Organization 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification; unrestricted net assets are now called net assets without donor restriction, and temporary and permanent net assets are combined as net assets with donor restrictions. The update also addresses deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization 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.

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 Organization'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
Livestock	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 Organization 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, 2019 and 2018 totaled \$153,076 and \$208,804, 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.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 the existing promises to give. The allowance balance as of September 30, 2019 and 2018 was \$2,000 and \$3,300, respectively. The allowance for uncollectible accounts receivable balance as of September 30, 2019 and 2018 was \$56,258 and \$54,633, respectively. Therefore, the total allowance for uncollectible receivables and pledges for September 30, 2019 and 2018 was \$58,258 and \$57,933, respectively.

Contributed Products and services

During the years ended September 30, 2019 and 2018, 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 Organization, 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, 2019 and 2018 was \$140,434 and \$211,535, respectively, and has been properly used to support program services.

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 Organizations". 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.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a not-for-profit organization 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 Organization 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, 2017, 2018 and 2019 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization'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, 2019 and 2018. 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 17, 2020, the date on which the financial statements were available to be issued. During the year ended September 30, 2019, the board of directors approved the sale of the Camp Suzanne program property. The sale of Camp Suzanne closed subsequent to these financial statements. Refer to Note 6 for additional information.

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>2019</u>	<u>2018</u>
Cash and cash equivalents, without donor restriction	\$ 3,046,992	1,332,774
Donor-restricted cash	238,099	231,819
Total cash, cash equivalents, and restricted cash	<u>\$ 3,285,091</u>	<u>1,564,593</u>

NOTE 3: PROMISES TO GIVE AND RECEIVABLES

Unconditional promises to give and receivables as of September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Pledges receivable in less than one year	\$ 9,779	11,581
Miscellaneous receivables and pledges	61,079	73,366
Allowance for doubtful accounts	(58,258)	(57,933)
Net receivables and pledges	<u>\$ 12,600</u>	<u>27,014</u>

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Certificates of deposit	\$ -	10,000
Mutual funds	1,546,574	1,502,939
Common and preferred stocks	166,957	165,774
U.S. government bonds	1,197	1,728
Perpetual trust beneficiary	224,396	228,445
Total Investments	<u>\$ 1,939,124</u>	<u>1,908,886</u>

The Organization is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, the Organization 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, 2019 and 2018 is \$224,396 and \$228,445 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, 2019 and 2018 were \$9,975 and \$10,104 respectively.

Investment return for all investments and cash accounts consisted of the following as of September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investment income	\$ 81,745	54,717
Investment fees	(6,289)	(6,278)
Realized gain (loss)	36,912	46,010
Unrealized gain	(22,492)	30,876
Net Investment Income	<u>\$ 89,876</u>	<u>125,325</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:

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization 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.

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, 2019.

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 organization 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 Organization's interests in trusts held by others in perpetuity for the benefit of the Organization 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 Organization 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.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2019 and 2018:

	Assets at Fair Value as of September 30, 2019			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds	\$ 1,481,160	65,414	-	1,546,574
Common or preferred stock	166,957	-	-	166,957
US government bonds	-	1,197	-	1,197
Beneficial interest in perpetual trust	-	-	224,396	224,396
Total Assets at Fair Value	\$ 1,648,117	66,611	224,396	1,939,124

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended September 30, 2019:

	Significant Unobservable Inputs (Level 3)
Beginning balance, September 30, 2018	\$ 228,445
Distributions	(9,975)
Contributions	100
Interest and dividends, current period	5,958
Taxes and fees	(2,472)
Realized losses	(1,292)
Unrealized gains	3,632
Ending balance, September 30, 2019	<u>\$ 224,396</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>\$ 3,632</u>

The summary of changes of the Organization's Level 3 assets includes the cash portion of \$18,270.

	Assets at Fair Value as of September 30, 2018			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Certificates of deposit	\$ -	10,000	-	10,000
Mutual funds	1,438,089	64,850	-	1,502,939
Common or preferred stock	165,774	-	-	165,774
US government bonds	-	1,728	-	1,728
Beneficial interest in perpetual trust	-	-	228,445	228,445
Total Assets at Fair Value	\$ 1,603,863	76,578	228,445	1,908,886

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended September 30, 2018:

	Significant Unobservable Inputs (Level 3)
Beginning balance, September 30, 2017	\$ 231,339
Distributions	(10,104)
Contributions	112
Interest and dividends, current period	5,336
Taxes and fees	(2,566)
Realized losses	4,075
Unrealized gains	253
Ending balance, September 30, 2018	<u>\$ 228,445</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>\$ 253</u>

The summary of changes of the Organization's Level 3 assets includes the cash portion of \$22,841.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 941,077	1,202,622
Buildings and improvements	3,563,134	4,379,850
Leasehold improvements	192,633	192,633
Vehicles	109,393	129,968
Livestock	-	8,100
Furniture and equipment	456,292	528,777
Computer equipment	90,275	75,728
	<u>5,352,804</u>	<u>6,517,678</u>
Less: accumulated depreciation	<u>3,192,060</u>	<u>3,756,470</u>
Net Fixed Assets	<u>\$ 2,160,744</u>	<u>2,761,208</u>

Two camp site locations deeded to the Council in previous years have provisions that if the Girl Scouts ceased using these locations 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. The stipulation for Camp Suzanne camp site requires the reversion of the property to the heirs of the grantors if the present location is conveyed to another person, firm, organization or corporation or ceases to be a Girl Scout camp site. The stipulation for Camp Suzanne remained in effect until December 2055. In 2019, one of the heirs of the grantors of Camp Suzanne submitted an offer to purchase the property. The board of directors approved the sale of the property and the sale closed on November 1, 2019 subsequent to these financial statements.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 6: PROPERTY AND EQUIPMENT (CONTINUED)

In 2018, the board of directors approved a motion to list three of the Council’s properties for sale. All three properties, Mintahama, Cherokee Ridge, and Sacajawea – West were all sold in 2019 with no stipulations in place for the proceeds. Gains on the sales of these three properties are included in the Gain on Sale of Assets reported on the Statement of Activities and are as follows:

Mintahama	\$ 610,265
Cherokee Ridge	1,299,221
Sacajawea – West	190,964
Other asset sales	<u>8,661</u>
Total Gain on Sale of Assets	<u>\$ 2,109,111</u>

NOTE 7: RESTRICTIONS ON NET ASSETS

Board designated net assets without donor restrictions as of September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Capital improvements	\$ 270,256	295,173
Customer Engagement Initiative (CEI)	6,528	71,364
FY20 Council Impact Initiatives	<u>600,000</u>	<u>-</u>
Total Board Designated Net Assets without Donor Restrictions	<u>\$ 876,784</u>	<u>366,537</u>

In prior years, the board designated the proceeds from the sale of the Joplin service center building, Cape Girardeau service center building, Greenberry program property, and Sacajawea – East program property to be used for future capital improvements. In September 2016, the board approved to release up to \$185,000 from the property board designated funds to be used to fund the Customer Engagement Initiative (CEI). As of September 30, 2019 and 2018, the board had \$6,528 and \$71,364, respectively, remaining for CEI expenses. As of September 30, 2019 and 2018, the board had \$270,256 and \$295,173, respectively, available for use for capital improvements.

In September 2019, the board designated \$600,000 from the sale of Sacajawea – West, Mintahama, and Cherokee Ridge program properties to be used to fund the FY20 Council Impact Initiatives. Any future designations for the remaining funds from these sales of property will be determined at a later date.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 7: RESTRICTIONS ON NET ASSETS (CONTINUED)

Net assets with donor restrictions as of September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
<u>Subject to expenditure for specified purpose:</u>		
3M: Camp Unplugged	\$ 771	771
Iva Awberry Revocable Trust: SU 735 support	3,647	5,647
DeLappe Fund: support to Crawford County KS Girl Scouts	22,404	22,606
Miscellaneous Services and Programs	554	554
Dennis L Cain Fund: promoting Girl Scouting in Pemiscot County	10,774	10,217
Doris Brown Fund: camperships at Latonka	51,618	47,578
Travel for adult volunteer training	7,279	7,038
Disaster Relief Fund	991	991
Eleanor Peck Johnson Fund: adult volunteer training	36,470	33,032
Latonka tree house	20,000	20,000
Lemon Trust: Leadership Experience Program	-	3,000
William Gordon Buckner Trust: capital projects	100,000	100,000
Pritchett Trust: lawn mower at Friendship Fields	592	634
3M: Leadership Experience Program	4,000	-
Marshfield Community Foundation: Leadership Experience Program	1,000	-
Nixa Community Foundation: Leadership Experience Program	127	-
Smith-Atwell: outdoor activity equipment	1,000	-
Community Foundation of SE KS: Friendship Fields kitchen remodel	5,093	-
Total Net Assets with Donor Restriction with Specified Purposes	<u>266,320</u>	<u>252,068</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	21,382	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	224,395	228,445
Eleanor Peck Johnson Fund: adult volunteer training	30,979	30,479
Harryette Campbell Fund: Gold Award lifetime memberships	54,622	52,968
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>394,434</u>	<u>396,330</u>
Total Net Assets with Donor Restrictions	<u>\$660,754</u>	<u>648,398</u>

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 8: 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 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, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2018 and 2019 were \$32.4 million and \$32.2 million, respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the spin-off of Girl Scouts Louisiana East effective May 1, 2018. Aggregate contributions made in fiscal 2020 are expected to continue to be \$32.2 million.

The Council made contributions into the Plan of \$298,716 and \$298,716 during the years ended September 30, 2019 and 2018, respectively.

NOTE 9: CONCENTRATION OF SUPPORT

The annual Girl Scout cookie sales accounted for approximately 51% and 68% of total revenues, gains, and other support without donor restriction for the years ended September 30, 2019 and 2018, respectively.

The results of the Council's cookie sales program for the years ended September 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Cookie sale program revenue	\$ 5,195,697	5,287,647
Cost of cookies	(1,216,230)	(1,190,778)
Troop proceeds	<u>(727,823)</u>	<u>(737,824)</u>
Total Cookie Sales Program Revenue	<u>\$ 3,251,644</u>	<u>3,359,045</u>

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9: CONCENTRATION OF SUPPORT (CONTINUED)

The results of the Council's other sales programs for the years ended September 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Fall product program revenue	\$ 325,733	405,569
Cost of fall product	(108,391)	(164,617)
Troop proceeds	(75,989)	(82,340)
Total Fall Product Program Revenue	<u>\$ 141,353</u>	<u>158,612</u>

United Way cash contributions represented 61% and 55% of total cash contributions received by Girl Scouts for the fiscal years September 30, 2019 and 2018, respectively.

NOTE 10: LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents, without donor restrictions	\$ 3,046,992	1,332,774
Accounts receivable	12,600	27,014
Inventory	269,233	221,522
Investments, without donor restrictions	1,523,748	1,499,344
Total financial assets	<u>4,852,573</u>	<u>3,080,654</u>
Less amounts not available to be used within one year:		
Board-designated funds	<u>876,784</u>	<u>366,537</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,975,789</u>	<u>2,714,117</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.

The Organization's board has designated \$876,784 and \$366,537 of the cash as of September 30, 2019 and 2018, respectively, for Council Impact Initiatives, property maintenance and capital improvements. The board could decide to use these funds for general expenditures, if needed. The Organization also has a line of credit available to draw upon in the amount equal to 75% of the market value of the Organization's Central Trust fund. As of September 30, 2019 and 2018, the market value of the Central Trust fund is \$668,075 and \$659,524, 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, 2019 and 2018, the Organization had 8.4 months and 5.5 months of operating reserves, respectively.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

NOTE 11: OPERATING LEASES

The Council has leases for the use of office and computer equipment. Total lease expense for the lease items as of September 30, 2019 and 2018 was \$94,115 and \$101,608 respectively.

Future minimum lease payments under these operating leases are as follows:

2020	\$ 76,238
2021	1,956
2022	966
2023	768
2024	64
Total Minimum Lease Payments	\$ 79,992

NOTE 12: LIFE INSURANCE POLICY

Girl Scouts of the Missouri Heartland, Inc. is the owner of a \$10,000 life insurance policy. As of September 30, 2019 and 2018, the cash surrender value of the life insurance policy was \$7,279 and \$7,038 respectively.

NOTE 13: LEASED FACILITIES

The Council is 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. The lease payment is nominal.

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 \$415 in annual maintenance fees. The Council currently has the time share placed on the market to be sold.

All of the leases listed above involved nominal payments or payments below market value. 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. As of September 30, 2019 and 2018, the estimated net present value of these land leases are as follows:

	<u>2019</u>	<u>2018</u>
Portion of land lease due in less than 1 year	\$ 7,061	7,481
Portion of land lease due in 1-5 years	586	7,540
Portion of land lease due in more than 5 years	2,083	2,190
Total	\$ 9,730	17,211

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 13: LEASED FACILITIES (CONTINUED)

Total amortization for the long-term leases as of September 30, 2019 and 2018 was \$7,481 and \$7,925 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 14: CONCENTRATIONS OF CREDIT RISK

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

NOTE 15: 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.