

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019



**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, 2020 and 2019, 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, 2020 and 2019, 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 15, 2021

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 3,051,141	3,285,091
Receivables and pledges - net allowance for doubtful accounts of \$26,970 and \$58,258	15,531	12,600
Grants receivable	37,795	-
Current portion of land lease	128	7,061
Inventory	264,701	269,233
Prepaid expenses	62,941	98,044
Total Current Assets	3,432,237	3,672,029
Fixed Assets		
Property and equipment, net of accumulated depreciation	2,039,519	2,160,744
Net Fixed Assets	2,039,519	2,160,744
Other Assets		
Long-term land lease	2,541	2,668
Cash value of life insurance	7,515	7,279
Other assets	8,176	8,176
Long-term investments	2,009,397	1,939,124
Total Other Assets	2,027,629	1,957,247
Total Assets	\$ 7,499,385	7,790,020
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 55,803	109,282
Accrued paid time off	93,935	112,670
Accrued program recognitions	266,322	163,324
Accrued expenses	32,848	17,558
Current portion of long-term debt	448,596	-
Deferred revenue	4,983	15,696
Total Current Liabilities	902,487	418,530
Long-term debt, net current portion	17,782	-
Net Assets		
Without donor restrictions		
Undesignated	5,700,632	5,833,952
Designated by the board	223,088	876,784
With donor restrictions	655,396	660,754
Total Net Assets	6,579,116	7,371,490
Total Liabilities and Net Assets	\$ 7,499,385	7,790,020

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

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gains and Support			
Contributions	\$ 253,112	18,092	271,204
Grants	37,795	-	37,795
Special fundraising events	6,000	-	6,000
Realized gain on investments	6,682	1,603	8,285
Unrealized gain (loss) on investments	25,218	(255)	24,963
Investment income, net fees	77,937	8,151	86,088
Contributed products and services	151,770	-	151,770
Rental income	50	-	50
Miscellaneous revenue	32,308	-	32,308
Gain on sale of assets	263,396	-	263,396
Total Gains and Support	<u>854,268</u>	<u>27,591</u>	<u>881,859</u>
Net Assets Released from Restrictions	<u>32,949</u>	<u>(32,949)</u>	<u>-</u>
Product Sales	<u>3,181,934</u>	<u>-</u>	<u>3,181,934</u>
Merchandise Sales			
Sales	172,317	-	172,317
Cost of sales	(94,744)	-	(94,744)
Returns, allowances, and discounts	(1,082)	-	(1,082)
Net Merchandise Sales	<u>76,491</u>	<u>-</u>	<u>76,491</u>
Program Service Revenue	<u>56,270</u>	<u>-</u>	<u>56,270</u>
Total Net Revenue, Gains and Support	<u>4,201,912</u>	<u>(5,358)</u>	<u>4,196,554</u>
Expenses			
Program services	4,200,654	-	4,200,654
Fundraising	377,593	-	377,593
General and administrative	410,681	-	410,681
Total Expenses	<u>4,988,928</u>	<u>-</u>	<u>4,988,928</u>
Decrease in Net Assets	<u><u>\$ (787,016)</u></u>	<u><u>(5,358)</u></u>	<u><u>(792,374)</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, 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>
Transfers of Net Assets	<u>-</u>	<u>-</u>	<u>-</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 FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Program		
	Membership Development	Programs	Total
Payroll and Benefits			
Salaries	\$ 1,069,848	1,010,951	2,080,799
Employee benefits	291,569	275,540	567,109
Payroll taxes	89,585	84,660	174,245
Total Payroll and Benefits	<u>1,451,002</u>	<u>1,371,151</u>	<u>2,822,153</u>
Other Expenses			
Professional fees	59,119	55,869	114,988
Supplies	17,175	16,231	33,406
Product sales incentives and awards	90,147	85,191	175,338
Telecommunications	50,579	47,798	98,377
Postage and delivery	7,496	7,083	14,579
Occupancy	106,917	101,039	207,956
Repairs and maintenance	71,291	67,371	138,662
Printing, promotion and publications	87,377	82,573	169,950
Travel	20,477	19,351	39,828
Staff and volunteer development	6,921	6,541	13,462
Assistance and grants	60,699	57,362	118,061
Insurance	66,020	62,391	128,411
Depreciation	51,806	48,958	100,764
Other expenses	12,709	12,010	24,719
Total Other Expenses	<u>708,733</u>	<u>669,768</u>	<u>1,378,501</u>
Total Expenses	<u><u>\$ 2,159,735</u></u>	<u><u>2,040,919</u></u>	<u><u>4,200,654</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, 2020

	Supporting Services			Total Expenses
	Fundraising	General & Administrative	Total	
Payroll and Benefits				
Salaries	\$ 187,008	203,479	390,487	2,471,286
Employee benefits	50,986	55,431	106,417	673,526
Payroll taxes	15,666	17,032	32,698	206,943
Total Payroll and Benefits	<u>253,660</u>	<u>275,942</u>	<u>529,602</u>	<u>3,351,755</u>
Other Expenses				
Professional fees	10,338	11,239	21,577	136,565
Supplies	3,003	3,265	6,268	39,674
Product sales incentives and awards	15,764	17,138	32,902	208,240
Telecommunications	8,845	9,616	18,461	116,838
Postage and delivery	1,311	1,425	2,736	17,315
Occupancy	18,696	20,326	39,022	246,978
Repairs and maintenance	12,466	13,553	26,019	164,681
Printing, promotion and publications	15,279	16,612	31,891	201,841
Travel	3,581	3,893	7,474	47,302
Staff and volunteer development	1,210	1,316	2,526	15,988
Assistance and grants	10,614	11,540	22,154	140,215
Insurance	11,545	12,551	24,096	152,507
Depreciation	9,059	9,849	18,908	119,672
Other expenses	2,222	2,416	4,638	29,357
Total Other Expenses	<u>123,933</u>	<u>134,739</u>	<u>258,672</u>	<u>1,637,173</u>
Total Expenses	<u><u>\$ 377,593</u></u>	<u><u>410,681</u></u>	<u><u>788,274</u></u>	<u><u>4,988,928</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, 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><u>\$ 2,346,793</u></u>	<u><u>2,167,232</u></u>	<u><u>4,514,025</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, 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.
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</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	6,710,736	660,754	7,371,490
Change in Net Assets	<u>(787,016)</u>	<u>(5,358)</u>	<u>(792,374)</u>
Net Assets - September 30, 2020	<u><u>\$ 5,923,720</u></u>	<u><u>655,396</u></u>	<u><u>6,579,116</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, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (792,374)	1,143,895
Non-cash items included in net increase		
Depreciation	119,672	153,076
Amortization of land lease	7,061	7,481
Gain on sale of fixed assets	(263,396)	(2,109,111)
Net realized gain on investments	(8,285)	(36,912)
Net unrealized loss (gain) on investments	(24,963)	22,492
(Increase) decrease in operating assets		
Cash value of life insurance	(236)	(241)
Receivables and pledges	(40,726)	14,414
Inventory	4,532	(47,711)
Prepaid expenses	35,103	(4,163)
Other assets	-	-
Increase (decrease) in operating liabilities		
Accounts payable	(53,479)	37,645
Accrued paid time off	(18,735)	19,082
Accrued program recognitions	102,998	(8,492)
Accrued expenses	15,290	(4,414)
Deferred revenue	(10,713)	(7,225)
Cash Used by Operating Activities	(928,251)	(820,184)
Cash Flows from Investing Activities		
Purchase of fixed assets	(58,702)	(31,995)
Proceeds from sale of fixed assets	323,650	2,588,495
Net proceeds (use) from investments	(37,025)	(15,818)
Cash Provided by Investing Activities	227,923	2,540,682
Cash flows from financing activities:		
Proceeds from loans	468,354	-
Loan payments	(1,976)	-
Proceeds from line of credit	-	100,000
Payments on line of credit	-	(100,000)
Net cash provided by financing activities	466,378	-
Increase (Decrease) in Cash and Cash Equivalents	(233,950)	1,720,498
Cash and Cash Equivalents at Beginning of Year	3,285,091	1,564,593
Cash and Cash Equivalents at End of Year	\$ 3,051,141	3,285,091

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, 2020 AND 2019

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 program opportunities to girls ages five and older; and volunteer services to adults ages 18 and older. These programs and services are developed with the four major pillars of learning at the forefront of planning and implementation – STEM, Outdoors, Life Skills, and Entrepreneurship. GSMH has an approximate membership of over 10,000 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 restriction 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.

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 Council 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, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement (continued)

The Council has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers* (Topic 606), as amended and as required to be in compliance with generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. The Council adopted ASC 606 with a date of the initial application of October 1, 2019.

The Council applied ASC 606 using the modified retrospective method applied to all contracts not completed as of October 1, 2019. Results for reporting periods beginning after October 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative adjustment was recorded.

As part of the adoption of ASC 606, the Council elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determine the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The income statement impact of adopting ASC 606 for product sales, in which the Council has been deemed an agent, for the period ending September 30, 2020 is outlined below:

	As reported	Under Legacy GAAP	Impact of ASC 606
Product Sales	3,181,934	5,309,290	(2,127,256)
Cost of Revenue	-	(1,354,132)	1,354,132
Troop Proceeds	-	(773,224)	773,224
Total	3,181,934	3,181,934	-

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.

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.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019 totaled \$119,672 and \$153,076, 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 donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Unconditional Promises to Give (continued)

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, 2020 and 2019 was \$2,170 and \$2,000, respectively. The allowance for uncollectible accounts receivable balance as of September 30, 2020 and 2019 was \$24,800 and \$56,258, respectively. Therefore, the total allowance for uncollectible receivables and pledges for September 30, 2020 and 2019 was \$26,970 and \$58,258, respectively.

Contributed Products and Services

During the years ended September 30, 2020 and 2019, 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, 2020 and 2019 was \$151,770 and \$140,434, respectively, and has been properly used to support program services.

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.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

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.

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 Judgements

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.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

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, 2018, 2019 and 2020 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, 2020 and 2019. 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 15, 2021, the date on which the financial statements were available to be issued.

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>2020</u>	<u>2019</u>
Cash and cash equivalents, without donor restriction	\$ 2,815,392	3,046,992
Donor-restricted cash	235,749	238,099
Total cash, cash equivalents, and restricted cash	<u>\$ 3,051,141</u>	<u>3,285,091</u>

NOTE 3: PROMISES TO GIVE AND RECEIVABLES

Unconditional promises to give and receivables as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Pledges receivable in less than one year	\$ 9,241	9,779
Miscellaneous receivables and pledges	33,260	61,079
Allowance for doubtful accounts	(26,970)	(58,258)
Net receivables and pledges	<u>\$ 15,531</u>	<u>12,600</u>

During the year, the Council applied for a grant through the CARES Act through Greene County that allows them to get reimbursed for specified expenses during the year. As of September 30, 2020, the total amount eligible for reimbursement is \$37,795. An additional \$20,485 was eligible for reimbursement subsequent to September 30, 2020, and the total of \$58,280 was reimbursed in December 2020.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 1,667,386	1,546,574
Common and preferred stocks	115,282	166,957
U.S. government bonds	783	1,197
Perpetual trust beneficiary	225,946	224,396
Total Investments	<u>\$ 2,009,397</u>	<u>1,939,124</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, 2020 and 2019 is \$225,946 and \$224,396 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, 2020 and 2019 were \$10,071 and \$9,975 respectively.

Investment return for all investments and cash accounts consisted of the following as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investment income	\$ 92,641	81,745
Investment fees	(6,553)	(6,289)
Realized gain (loss)	8,285	36,912
Unrealized gain	24,963	(22,492)
Net Investment Income	<u>\$ 119,336</u>	<u>89,876</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, 2020 AND 2019

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 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.

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, 2020 and 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 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.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Council's assets at fair value as of September 30, 2020 and 2019:

	Assets at Fair Value as of September 30, 2020			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds	\$ 1,601,103	66,283	-	1,667,386
Common or preferred stock	115,282	-	-	115,282
US government bonds	-	783	-	783
Beneficial interest in perpetual trust	-	-	225,946	225,946
Total Assets at Fair Value	\$ 1,716,386	67,066	225,946	2,009,397

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, 2020:

	Significant Unobservable Inputs (Level 3)
Beginning balance, September 30, 2019	\$ 224,396
Distributions	(10,071)
Contributions	-
Interest and dividends, current period	5,263
Taxes and fees	(2,490)
Realized losses	(1,648)
Unrealized gains	10,496
Ending balance, September 30, 2020	<u>\$ 225,946</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>\$ 10,496</u>

The summary of changes of the Council's Level 3 assets includes the cash portion of \$15,135.

	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

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, 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	\$ 224,396
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	\$ 3,632

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

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2020 and 2019 consist of the following:

	2020	2019
Land and improvements	\$ 884,517	941,077
Buildings and improvements	3,578,781	3,563,134
Leasehold improvements	192,633	192,633
Vehicles	109,393	109,393
Furniture and equipment	471,652	456,292
Computer equipment	90,275	90,275
	5,327,251	5,352,804
Less: accumulated depreciation	3,287,732	3,192,060
Net Fixed Assets	\$ 2,039,519	2,160,744

One camp site location deeded to the Council in a previous year have 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.

In 2019, the board of directors approved the sale of one of the Council's properties for sale. The Camp Suzanne program property was sold in 2020 with no stipulations in place for the proceeds. Gains on the sales of this property are included in the Gain on Sale of Assets reported on the Statement of Activities and are as follows:

Camp Suzanne	\$ 263,396
Total Gain on Sale of Assets	\$ 263,396

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 7: LONG-TERM DEBT

In April 2020, the Council qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, Great Southern Bank, for an aggregate principal amount of \$444,644.

The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two and a half years and is unsecured and guaranteed by the U.S. Small business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Council's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Council.

The Council has applied for forgiveness of the PPP Loan in December 2020 with respect to these covered expenses and the Council expects most if not the full loan to be forgiven. To the extent that all or part of the PPP Loan is not forgiven, the Council will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in April 2020 principal and interest payments will be required through the maturity date in October 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

Effective March 2020, the Council has a \$21,734 loan with John Deere Financial with an interest 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.

<u>Lender</u>	<u>Collateral</u>	<u>Payment</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 9/30/20</u>
SBA		N/A	1%	10/31/22	\$ 444,644
John Deere Financial	3038E John Deere Tractor	\$ 329	0%	3/20/26	21,734
					<u>466,378</u>
				Less current portion	<u>(448,596)</u>
					<u>\$ 17,782</u>

NOTE 8: RESTRICTIONS ON NET ASSETS

Board designated net assets without donor restrictions as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Capital improvements	\$ 223,088	270,256
Customer Engagement Initiative (CEI)	-	6,528
Council Impact Initiatives	-	600,000
Total Board Designated Net Assets without Donor Restrictions	<u>\$ 223,088</u>	<u>876,784</u>

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 8: RESTRICTIONS ON NET ASSETS (CONTINUED)

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, the board had \$6,528 remaining for CEI expenses, and the full balance was spent for the year ended September 30, 2020. As of September 30, 2020 and 2019, the board had \$223,088 and \$270,256, respectively, available for use for capital improvements. As of September 30, 2019, the board had designated \$600,000 for impact initiatives. Subsequent to September 30, 2020 the board had designated an additional \$200,000 for FY20 and \$400,000 for FY21 for impact initiatives.

Net assets with donor restrictions as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
<u>Subject to expenditure for specified purpose:</u>		
3M: Camp Unplugged	\$ 771	771
Iva Awberry Revocable Trust: SU 735 support	1,647	3,647
DeLappe Fund: support to Crawford County KS Girl Scouts	25,018	22,404
Miscellaneous Services and Programs	554	554
Dennis L Cain Fund: promoting Girl Scouting in Pemiscot County	11,436	10,774
Doris Brown Fund: camperships at Latonka	43,328	51,618
Travel for adult volunteer training	7,515	7,279
Disaster Relief Fund	991	991
Eleanor Peck Johnson Fund: adult volunteer training	39,709	36,470
Latonka tree house	20,000	20,000
William Gordon Buckner Trust: capital projects	100,000	100,000
D-Pass: assistance for destinations programs	1,900	-
Pritchett Trust: lawn mower at Friendship Fields	-	592
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	4,096	5,093
Cox Health: AEDs for Finbrooke	3,000	-
Columbus Scout House Utilities	325	-
Total Net Assets with Donor Restriction with Specified Purposes	<u>260,290</u>	<u>266,320</u>

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 8: RESTRICTIONS ON NET ASSETS (CONTINUED)

Perpetual in nature:

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	225,946	224,395
Eleanor Peck Johnson Fund: adult volunteer training	31,729	30,979
Harryette Campbell Fund: Gold Award lifetime memberships	52,993	54,622
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	395,106	394,434
Total Net Assets with Donor Restrictions	\$ 655,396	660,754

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 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, 2020. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million for calendar years 2021 and 2022 to \$26 million starting in calendar year 2023 until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). Aggregate annual contributions made in fiscal years 2019 and 2020 were \$32.2 million and \$32.2 million, respectively. Aggregate contributions made in fiscal 2021 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, 2020 and 2019, respectively.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 10: CONCENTRATION OF SUPPORT

The annual Girl Scout cookie sales accounted for approximately 73% and 51% of total revenues, gains, and other support without donor restriction for the years ended September 30, 2020 and 2019, respectively.

The results of the Council's cookie sales program for the years ended September 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Cookie sale program revenue	\$ 4,999,978	\$ 5,195,697
Cost of cookies	(1,257,444)	(1,216,230)
Troop proceeds	<u>(700,881)</u>	<u>(727,823)</u>
Total Cookie Sales Program Revenue	<u>\$ 3,041,653</u>	<u>\$ 3,251,644</u>

The results of the Council's other sales programs for the years ended September 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Fall product program revenue	\$ 309,312	325,733
Cost of fall product	(96,688)	(108,391)
Troop proceeds	<u>(72,343)</u>	<u>(75,989)</u>
Total Fall Product Program Revenue	<u>\$ 140,281</u>	<u>141,353</u>

United Way cash contributions represented 48% and 61% of total cash contributions received by Girl Scouts for the fiscal years September 30, 2020 and 2019, respectively.

NOTE 11: 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>2020</u>	<u>2019</u>
Cash and cash equivalents, without donor restrictions	\$ 2,815,392	3,046,992
Receivables and pledges	15,531	12,600
Inventory	264,701	269,233
Investments, without donor restrictions	<u>1,597,263</u>	<u>1,523,748</u>
Total financial assets	4,692,887	4,852,573
Less amounts not available to be used within one year:		
Board-designated funds	<u>223,088</u>	<u>876,784</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,469,799</u>	<u>3,975,789</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, 2020 AND 2019

NOTE 11: LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Council's board has designated \$223,088 and \$876,784 of the cash as of September 30, 2020 and 2019, 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, 2020 and 2019, the market value of the Central Trust fund is \$729,988 and \$668,075, 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, 2020 and 2019, the Council had 8.9 months and 8.4 months of operating reserves, respectively.

NOTE 12: 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, 2020 and 2019 was \$119,519 and \$94,115 respectively.

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

2021	\$ 79,526
2022	80,162
2023	49,545
2024	2,014
Total Minimum Lease Payments	<u>\$ 211,247</u>

NOTE 13: LIFE INSURANCE POLICY

Girl Scouts of the Missouri Heartland, Inc. is the owner of a \$10,000 life insurance policy. As of September 30, 2020 and 2019, the cash surrender value of the life insurance policy was \$7,515 and \$7,279 respectively.

NOTE 14: 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 is expected to be renewed for an additional five-year period with a new maturity date of December 31, 2025.

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 \$438 in annual maintenance fees.

GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 14: LEASED FACILITIES (CONTINUED)

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, 2020 and 2019, the estimated net present value of these land leases are as follows:

	<u>2020</u>	<u>2019</u>
Portion of land lease due in less than 1 year	\$ 128	7,061
Portion of land lease due in 1-5 years	560	586
Portion of land lease due in more than 5 years	1,981	2,083
Total	\$ 2,669	9,730

Total amortization for the long-term leases as of September 30, 2020 and 2019 was \$7,061 and \$7,481 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 15: 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 16: 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.

NOTE 17: EXTRAORDINARY CIRCUMSTANCES

On March 11, 2020, the World Health Council ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including the industries in which the Council operates.

The negative impacts of the coronavirus significantly reduced our sales during March through September 2020. We have taken measures to reduce our costs and to maintain adequate liquidity. However, due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, we are currently unable to fully determine the extent of COVID-19's impact on our business in future periods. Our business in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. We continue to monitor evolving economic and general business conditions and the actual and potential impacts on our financial position, results of operations, and cash flows.