

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
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(WITH COMPARATIVE TOTALS FOR 2019)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Girl Scouts of Texas Oklahoma Plains, Inc.
Fort Worth, Texas

We have audited the accompanying financial statements of the Girl Scouts of Texas Oklahoma Plains, Inc. (the Council), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 purpose 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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Girl Scouts of Texas Oklahoma Plains, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2019 financial statements of Girl Scouts of Texas Oklahoma Plains, Inc. and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP
CliftonLarsonAllen LLP

Fort Worth, Texas
January 12, 2021

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 495,956	\$ 591,762
Contributions Receivable	57,661	42,000
Accounts Receivable, Less Allowance for Doubtful Accounts of \$48,524 and \$33,291 in 2020 and 2019	44,628	123,252
Inventory	216,219	170,257
Prepaid Expenses and Other Assets	140,716	117,884
Short-Term Investments	453,444	749,082
Property and Equipment, Net	3,286,043	3,423,838
Long-Term Investments	3,785,864	1,759,960
Investments Restricted for Endowment	1,100,099	1,100,099
	\$ 9,580,630	\$ 8,078,134
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 47,997	\$ 175,009
Lines of Credit	300,000	700,000
Notes Payable	150,000	-
Accrued Expenses	389,130	403,110
Program Certificates Payable	488,699	-
Deferred Revenue	-	3,487
Total Liabilities	1,375,826	1,281,606
NET ASSETS		
Without Donor Restrictions	6,902,305	5,433,933
With Donor Restrictions	1,302,499	1,362,595
Total Net Assets	8,204,804	6,796,528
Total Liabilities and Net Assets	\$ 9,580,630	\$ 8,078,134

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND OTHER SUPPORT				
Contributions	\$ 194,467	\$ 131,800	\$ 326,267	\$ 515,037
United Way	63,555	224,140	287,695	292,540
Special Events, Net of Direct Costs of \$26,855 and \$68,551 in 2020 and 2019	43,005	-	43,005	32,654
In-Kind Revenue	10,945	-	10,945	-
Product Sales, Net of Direct Costs of \$4,424,299 and \$4,929,667 in 2020 and 2019	8,078,004	-	8,078,004	6,581,819
Camping Fees	47,831	-	47,831	684,851
Sales of Merchandise, Net of Direct Costs of \$194,880 and \$425,674 in 2020 and 2019	138,403	-	138,403	249,824
Interest and Dividend Income	21,997	23,203	45,200	91,326
Mineral Income	6,867	-	6,867	4,756
Unrealized/Realized Gain on Investments	26	35,039	35,065	4,040
Gain(Loss) on Sale of Asset	1,908	-	1,908	(91,274)
Proceeds from Insurance Settlement	-	-	-	86,466
Grant Revenue from CARES Act - See Note 13	833,600	-	833,600	-
SBA EIDL Advance - See Note 13	10,000	-	10,000	-
Other Revenue	3,145	-	3,145	6,367
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	474,278	(474,278)	-	-
Total Revenue and Other Support	<u>9,928,031</u>	<u>(60,096)</u>	<u>9,867,935</u>	<u>8,458,406</u>
EXPENSES				
Program Services	6,143,288	-	6,143,288	6,676,708
Total Program Services	<u>6,143,288</u>	<u>-</u>	<u>6,143,288</u>	<u>6,676,708</u>
Support Services:				
Management and General	1,746,271	-	1,746,271	1,594,262
Fundraising	570,100	-	570,100	411,964
Total Supporting Services	<u>2,316,371</u>	<u>-</u>	<u>2,316,371</u>	<u>2,006,226</u>
Total Expenses	<u>8,459,659</u>	<u>-</u>	<u>8,459,659</u>	<u>8,682,934</u>
CHANGE IN NET ASSETS	1,468,372	(60,096)	1,408,276	(224,528)
Net Assets - Beginning of Year	<u>5,433,933</u>	<u>1,362,595</u>	<u>6,796,528</u>	<u>7,021,056</u>
NET ASSETS - END OF YEAR	<u>\$ 6,902,305</u>	<u>\$ 1,302,499</u>	<u>\$ 8,204,804</u>	<u>\$ 6,796,528</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,408,276	\$ (224,528)
Adjustment to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	340,796	337,615
Bad Debt Expense	68,058	24,008
Realized/Unrealized Gain on Investments	(48,119)	(4,040)
Gain on Involuntary Conversion of Property	-	(86,466)
(Gain) Loss on Sale of Asset	(1,908)	91,274
Contributions Restricted to Investment in Equipment	-	(49,750)
Forgiveness of PPP Loan Debt	(833,600)	-
(Increase) Decrease in Operating Assets:		
Contributions Receivable	(15,661)	24,108
Accounts Receivable	10,566	(92,868)
Inventory	(45,962)	(6,164)
Prepaid Expenses and Other Assets	(22,832)	(79,771)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(127,012)	130,627
Deferred Revenue	(3,487)	(6,619)
Accrued Expenses	(13,980)	71,953
Cookie Bucks Accrual	488,699	-
Net Cash Provided by Operating Activities	1,203,834	129,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(202,093)	(982,785)
Proceeds from Sale of Assets	1,000	-
Purchase of Investments	(5,980,432)	(7,480,764)
Proceeds from Sale of Investments	4,298,285	7,423,821
Insurance Proceeds from Involuntary Conversion of Property	-	86,466
Net Cash Used by Investing Activities	(1,883,240)	(953,262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Equipment	-	49,750
Proceeds from Lines of Credit	2,000,000	2,700,000
Payments on Lines of Credit	(2,400,000)	(2,000,000)
Proceeds from SBA EIDL Loan	150,000	-
Proceeds from PPP Loan	833,600	-
Net Cash Provided by Financing Activities	583,600	749,750
NET DECREASE IN CASH AND CASH EQUIVALENTS	(95,806)	(74,133)
Cash and Cash Equivalents - Beginning of Year	591,762	665,895
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 495,956	\$ 591,762
NONCASH INVESTING AND FINANCING ACTIVITIES		
Interest Paid	\$ 43,172	\$ 25,803

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Girl & Volunteer Experience				Supporting Services			Total	
	Community Partnership	Outdoor & Property	Total Program Services	Management and General	Fundraising	Total		2020	2019
						2020	2019		
Salaries, Benefits, and Taxes	\$ 549,216	\$ 403,235	\$ 2,488,838	\$ 1,289,365	\$ 495,929	\$ 1,785,294	\$ 5,226,583	\$ 4,838,001	
Cost of Product Sales	-	-	4,424,299	-	-	-	4,424,299	4,929,667	
Cost of Merchandise Sales	-	-	194,880	-	-	-	194,880	425,674	
Camping Expense	28,241	56,887	28,597	1,774	1,307	3,081	116,806	247,717	
Special Events Expenses	-	-	-	-	26,855	26,855	26,855	68,485	
Program Supplies	225	20	658,731	8,344	966	9,310	668,286	638,833	
Technology	14,038	17,126	70,654	46,624	17,328	63,952	165,770	169,387	
Office Expenses	13,972	33,636	138,546	61,181	11,917	73,098	259,252	286,716	
Occupancy	27,756	266,589	292,646	46,457	6,373	52,830	639,821	657,239	
Maintenance	-	24,211	99	50	-	50	24,360	30,309	
Printing and Publications	1,201	12,914	109,347	3,659	1,183	4,842	128,304	183,045	
Travel	13,279	11,911	43,069	23,893	16,215	40,108	108,367	255,867	
Training and Conferences	1,866	3,184	6,164	57,783	6,251	64,034	75,248	72,125	
Specific Assistance	104,292	-	70,131	-	(150)	(150)	174,273	272,641	
Insurance	9,154	113,108	47,728	24,827	6,535	31,362	201,352	205,325	
Accounting	-	-	-	32,250	-	32,250	32,250	30,821	
Legal	-	-	-	18,141	-	18,141	18,141	82,024	
Taxes	-	1,007	-	-	-	-	1,007	-	
Other Professional Fees	9,185	38,572	27,698	45,202	2,490	47,692	123,147	170,081	
Bad Debt	-	-	67,917	142	-	142	68,059	24,008	
Miscellaneous	-	1,687	12,888	73,063	199	73,262	87,837	181,180	
Total Expenses	772,425	984,087	8,682,232	1,732,755	593,398	2,326,153	12,764,897	13,769,145	
Depreciation	15,176	242,610	65,937	13,516	3,557	17,073	340,796	337,615	
Total Expenses	\$ 787,601	\$ 1,226,697	\$ 8,748,169	\$ 1,746,271	\$ 596,955	\$ 2,343,226	\$ 13,105,693	\$ 14,106,760	
Less: Costs Included with Revenues in the Statement of Activities	\$ -	\$ -	\$ (4,619,179)	\$ -	\$ (26,855)	\$ (26,855)	\$ (4,646,034)	\$ (5,423,826)	
Total Expenses	\$ 787,601	\$ 1,226,697	\$ 4,128,990	\$ 1,746,271	\$ 570,100	\$ 2,316,371	\$ 8,459,659		
2019 Totals	\$ 915,297	\$ 1,423,259	\$ 4,338,152	\$ 1,594,262	\$ 411,964	\$ 2,006,226	\$ 8,682,934	\$ 8,682,934	

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Girl Scouts of Texas Oklahoma Plains, Inc. (the Council) is a nonprofit organization serving girls and adults in 81 counties throughout the Texas and Oklahoma Plains. The Council, formed in 2008 by merging four existing councils, reaches out to girls in large, small, and low-income communities. As an organization devoted to the Girl Scout movement, the Council has been issued a Girl Scout charter by the Girl Scouts of the USA (GSUSA), granting it the right to develop, manage, and maintain Girl Scouting in a specified area of jurisdiction, which is established by the national board of directors of GSUSA, and to call itself a Girl Scout Council. The Council collects dues from troop members which pass to GSUSA.

The Council reaches girls of every age, ethnicity, ability, and background fulfilling the Girl Scout mission of building girls of courage, confidence, and character, who make the world a better place. This mission is accomplished through traditional troop programs, outreach programs, and camping opportunities. Adults are served through leadership development, governance opportunities, and various adult learning opportunities throughout the Council. Girl Scouting helps girls develop their full individual potential; relate to others with increasing understanding, skill, and respect; and contribute to the improvement of society through their abilities, leadership skills, and cooperation with others.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Cash and Cash Equivalents

The Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Money market accounts and short-term investments of funds restricted in perpetuity are not considered to be cash equivalents since these funds are of a permanent nature and are not used for general operations. The Council places its cash with high-credit quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

Contributions Revenue and Receivable

Contributions receivable represent amounts that are unconditionally pledged by donors. The Council recognizes unconditional pledges as support in the period the pledge is made and reports them as contributions in the statement of activities. Conditionally promised contributions, that is, those with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been met. The Council had no such conditional promises during the years ended September 30, 2020 and 2019. Management evaluates the adequacy of the allowance for doubtful receivables based on a review of the individual pledges, collection history and other specific information known to management.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represent amounts of program service fees or product sales billed to customers. Management evaluates the adequacy of the allowance for doubtful receivables based on a review of the individual circumstances of the underlying balances. The primary factors considered in determining the amount of the allowance are collection history and other specific information known to management that may affect collectability.

Inventory

Inventory consists primarily of Girl Scout insignia, literature, and clothing items. These items are reflected in the statement of financial position at average cost.

Investments

Investments are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses and investment income are recognized in the statement of activities.

The *fair value measurements and disclosures topic* of the accounting standards codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Property and Equipment

The Council capitalizes all expenditures for property and equipment in excess of \$5,000 having a useful life of more than one year. Property and equipment that are purchased are recorded at cost and depreciated over estimated useful lives using the straight-line method. Routine repair and maintenance is expensed as incurred. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Donated Services

A substantial number of volunteers have donated significant amounts of their time in the Council's programs and fundraising activities. No amounts have been recorded in the financial statements for these services due to the services not meeting the recording requirements under U.S. GAAP.

Revenue Recognition

The Council records revenue for sales of its products upon shipment of the products to the buyer. Contributions are recorded as received or unconditionally pledged. Program fees are initially recorded as deferred revenue upon receipt of payment and subsequently recognized as revenue upon commencement and completion of the related service.

Financial Statement Presentation

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The donor of these assets permit the Council to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of providing the programs and activities of the Council have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Council has been granted exempt status relative to federal and state income taxes under Section 501(c)(3) of the IRC and applicable state codes.

The Council's income tax returns are subject to review and examination by federal and state authorities. The Council is not aware of any activities that would jeopardize its tax-exempt status. The Council reports any activities that are subject to tax or unrelated business income or excise or other taxes and files all proper returns related to these activities.

Subsequent Events

Management evaluated subsequent events through January 12, 2021, which is the date the combined financial statements were available to be issued.

On December 11, 2020, The Council obtained an extension for the line of credit referred to in Note 12, extending the maturity date on the balance of \$300,000 to December 18, 2021.

Prior Year Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

Change in Accounting Principle

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 for contributions received beginning October 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not result in any changes to the opening balances of the financial statements.

In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities. The amendments in this update defer, for one year, the required effective date of Topic 606 for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Topic 606. As the Council had not issued their financial statements as of the date of this ASU, they elected to defer and adopt the guidance for Topic 606 for annual reporting periods beginning after December 15, 2019.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	2020	2019
Land	\$ 201,255	\$ 158,770
Buildings and Improvements	9,581,465	9,544,316
Furniture and Equipment	1,072,000	1,050,844
Vehicles	215,564	207,747
Construction in Progress	2,655	-
Total	11,072,939	10,961,677
Less: Accumulated Depreciation	(7,786,896)	(7,537,839)
Total Property and Equipment	<u>\$ 3,286,043</u>	<u>\$ 3,423,838</u>

NOTE 3 INVESTMENTS

Short-term investments consist of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 453,444	\$ 453,444	\$ 749,082	\$ 749,082
Total	<u>\$ 453,444</u>	<u>\$ 453,444</u>	<u>\$ 749,082</u>	<u>\$ 749,082</u>

Long-term investments consist of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 3,427,887	\$ 3,427,887	\$ 1,369,913	\$ 1,369,913
Fixed Income Mutual Funds	639,121	657,728	669,098	679,933
Equity Mutual Funds	494,690	429,503	494,977	454,187
Total	4,561,698	<u>\$ 4,515,118</u>	2,533,988	<u>\$ 2,504,033</u>
Investments Held in Trusts	324,265		326,071	
Total	<u>\$ 4,885,963</u>		<u>\$ 2,860,059</u>	

Reconciliation:

	2020	2019
Long-Term Investments	\$ 3,785,864	\$ 1,759,960
Investments Restricted for Endowment (see Note 4)	1,100,099	1,100,099
Total Long-Term Investments	<u>\$ 4,885,963</u>	<u>\$ 2,860,059</u>

NOTE 4 ASSETS RESTRICTED FOR ENDOWMENT

The Council's endowment fund consists of certificates of deposit with various maturities and interest rates, bonds, stocks, mutual funds, and funds invested with Amarillo Area Foundation (see Note 5). The Council's endowment fund consists of contributions made to establish an endowment in perpetuity, the earnings from which are to be used to support the Council's operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 4 ASSETS RESTRICTED FOR ENDOWMENT (CONTINUED)

Interpretation of Relevant Law

The Council has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment, (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. For gifts with no restrictions upon earnings of the corpus, earnings in excess of the corpus are shown as amounts without donor restrictions to be used at the Councils discretion to further its mission. The Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Activity of Endowment Funds

The changes in the net assets for the years ended September 30, 2020 and 2019 are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ -	\$ 1,100,099	\$ 1,100,099
Interest Earned	-	23,203	23,203
Contributions	-	-	-
Realized/Unrealized Loss	-	35,039	35,039
Management Fees	-	(8,137)	(8,137)
Appropriation for Expenditure	-	(50,105)	(50,105)
Balance - End of Year	<u>\$ -</u>	<u>\$ 1,100,099</u>	<u>\$ 1,100,099</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	-	\$ 1,143,575	\$ 1,143,575
Interest Earned	-	26,187	26,187
Contributions	-	-	-
Realized/Unrealized Loss	-	11,640	11,640
Management Fees	-	(8,173)	(8,173)
Appropriation for Expenditure	-	(73,130)	(73,130)
Balance - End of Year	<u>-</u>	<u>\$ 1,100,099</u>	<u>\$ 1,100,099</u>

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NOTE 4 ASSETS RESTRICTED FOR ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Council's overall objective is to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets may include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Currently, the Council has no board-designated endowment funds. The Council expects its endowment funds, over time, to provide an average rate of return that equals or exceeds the national rate. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

In order to meet the objectives for a predictable stream of funding, the equity portion of the portfolio may be invested in the funds of common stocks, convertible preferred stocks, convertible fixed income securities, real estate investment trusts, Standard & Poor's Depository Receipts, and cash reserves. The equity portion of the portfolio should be well diversified among economic sectors, industry groups, and individual securities to avoid any undue exposure to any of the U.S. equity markets.

The securities invested in should be of good quality, publicly traded, and have adequate market liquidity to the size of the investment. The short-term investments shall consist of individual fixed income securities such as certificates of deposits, commercial paper, U.S. Treasury Bills, and other similar instruments with less than one year to maturity.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council shall appropriate for distribution each year earnings in accordance with the donor's guidance not to exceed 7% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned, excluding funds invested with the Amarillo Area Foundation (see Note 5). In establishing this policy, the Council considered the long-term expected return on its endowment. The actual percentage distribution shall be determined by the board on an annual basis. The Council's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. There were no underwater endowments as of September 30, 2020 and 2019.

NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

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NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include publicly traded stocks, corporate bonds, mutual funds, and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Investments Held in Trusts

A donor gave the Council assets, with a current fair value of \$283,253, but named the Amarillo Area Foundation (AAF) as the trustee which is holding them as endowed component funds (Funds) for the benefit of the Council in the form of distributions. The Council would have to request any corpus, if needed, and it would be up to the AAF board of directors to approve. The amount available for distribution is determined annually by AAF's board of directors and is based on a percentage of the market value of the fund. In setting the distribution policy, AAF considers the total average fair market value for the previous 13 quarters. Distributions are made quarterly if the Council elects to take distributions. AAF's percentage used for distributions was 5% in 2020 and 2019. The Council reports the net asset value, which approximates fair value, of the Funds as a component of "Investments Held in Trust" which are included in "Investments Restricted for Endowment" in the statements of financial position.

The Funds, representing a beneficial interest in a perpetual trust, are classified as Level 3 securities and may include money market accounts, certificates of deposit, U.S. government agency securities, common and preferred stocks, bonds, mutual funds, and limited partnership interests, including managed futures funds and multi-strategy hedge funds. The fair value of U.S. government agency securities and bonds are based on the present value of the stream of cash flows they are expected to generate. The fair value of the stocks and mutual funds are based upon quoted market prices in active markets. The fair value of the money market accounts and certificates of deposit are based on the carrying amount due to their short-term nature. The fair value of the limited partnerships are based on net asset value information provided by the general partner or manager of the funds, the financial statements of which generally are audited annually. The AAF considers observable market data and performs diligence procedures in validating the appropriateness of using the net asset value as a fair value measurement. Management and selection of securities are not controlled by the Council.

The following table presents the fair value measurements of assets and liabilities recognized in the statements of financial position measured at fair value on a recurring basis and the level within the standard's fair value hierarchy in which the fair value measurements fall at September 30, 2020.

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NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 3,851,069	\$ 3,851,069	\$ -	\$ -
Fixed Income Mutual Funds	639,121	639,121	-	-
Equity Mutual Funds	494,690	494,690	-	-
Investments Held in Trusts	324,265	41,013	-	283,252
Subtotal	5,309,145	5,025,893	-	283,252
Cash and Cash Equivalents	30,262	-	-	-
Total Investments	<u>\$ 5,339,407</u>	<u>\$ 5,025,893</u>	<u>\$ -</u>	<u>\$ 283,252</u>

The level within the standard's fair value hierarchy in which the fair value measurements fall at September 30, 2019 is as follows:

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 2,087,802	\$ 2,087,802	\$ -	\$ -
Fixed Income Mutual Funds	669,098	669,098	-	-
Equity Mutual Funds	494,977	494,977	-	-
Investments Held in Trusts	326,071	42,914	-	283,157
Subtotal	3,577,948	3,294,791	-	283,157
Cash and Cash Equivalents	31,193	-	-	-
Total Investments	<u>\$ 3,609,141</u>	<u>\$ 3,294,791</u>	<u>\$ -</u>	<u>\$ 283,157</u>

The activity in Level 3 investments during the years ended September 30 is as follows:

	2020	2019
Beginning Balance	\$ 283,157	\$ 297,050
Realized and Unrealized Gains	11,987	(2,856)
Investment Income, Net	1,034	1,657
Sales of Investments (Distributions)	(12,926)	(12,694)
Ending Balance	<u>\$ 283,252</u>	<u>\$ 283,157</u>

The reconciliation of investments at fair value to the statement of financial position for the years ended September 30 is as follows:

Reconciliation:	2020	2019
Short-Term Investments	\$ 453,444	\$ 749,082
Long-Term Investments	3,785,864	1,759,960
Investments Restricted for Endowment	1,100,099	1,100,099
Total	<u>\$ 5,339,407</u>	<u>\$ 3,609,141</u>

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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2020	2019
<u>Subject to Expenditure for Specific Purpose:</u>		
Program Services	\$ 162,400	\$ 222,496
Time Restrictions	40,000	40,000
Unappropriated Endowment Earnings	-	-
Total	202,400	262,496
 <u>Endowments:</u>		
Subject to the Council's Spending Policy - General Endowment	689,513	689,513
Subject to Endowment Trust Spending and Appropriation Approval	227,390	227,390
Total Subject to Council or Trust Spending Policy	916,903	916,903
Not Subject to Spending Policy or Appropriation:		
Camperships, Scholarships & Innovative Programs	58,196	58,196
Scholarships and Capital Improvements	125,000	125,000
Total	183,196	183,196
Total Endowment	1,100,099	1,100,099
 Total Net Assets With Donor Restrictions	\$ 1,302,499	\$ 1,362,595

NOTE 7 COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Council leases several of its office facilities and equipment under noncancelable operating lease agreements with terms varying from one to five years. Other facilities are either owned or leased on a month-to-month basis. Total rent expense is \$246,369 and \$231,364 for the years ended September 30, 2020 and 2019, respectively. Future minimum lease payments at September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 179,678
2022	98,835
2023	98,519
2024	22,422
Total	\$ 399,454

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NOTE 8 EMPLOYEE BENEFIT PLANS

The Council participates in the National Girl Scout Council Retirement Plan (the Plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. Effective July 31, 2010, the Plan was frozen to new entrants and to further benefit accruals for existing participants, although previously earned benefits can continue to vest. Accrued benefits earned prior to July 31, 2010 are based on years of service and salary levels. The Council made contributions into the Plan of \$383,638 and \$386,862 during the years ended September 30, 2020 and 2019, respectively. For the plan year ending December 31, 2018, the Plan implemented a funding improvement strategy, in which the Council was not required to pay a surcharge.

Additionally, the Council offers a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. This plan covers full-time employees of the Council who elect to participate. During the years ended September 30, 2020 and 2019, the Council matched employee contributions up to 3% of eligible compensation, which totaled \$47,136 and \$43,493, respectively.

NOTE 9 MAJOR SUPPLIER

The Council is dependent on a third party cookie manufacturer as their primary supplier of Girl Scout cookies. The supplier accounted for approximately 24% of total expenditures as of September 30, 2020 and 2019. The loss of this supplier or a significant reduction in product availability could have a material adverse effect on the Council.

NOTE 10 FUNCTIONAL ALLOCATION OF EXPENSES

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

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NOTE 11 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following as of September 30, 2020 and 2019:

	2020	2019
Cash and Cash Equivalents	\$ 495,956	591,762
Contributions Receivable	57,661	42,000
Accounts Receivable, Net	44,628	123,252
Short-Term Investments	453,444	749,082
Long-Term Investments	3,785,864	1,759,960
Less: Amounts Restricted by Donors	(202,400)	(262,496)
Add: Estimated Endowment Distribution	50,000	80,000
Total	\$ 4,685,153	\$ 3,083,560

The Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, the Council has a \$2.6 million line of credit that is used exclusively to pay our cookie vendor early in order to obtain discount for initial orders and is paid back as soon as cash receipts are available to pay the line back.

The Council's working capital and cash flows have seasonal variations during the year attributed to product sales which happens in the second quarter of the fiscal year. To manage liquidity, the Council maintains an operating reserve which can be drawn on during the year to manage cash flow and then reinvested in the reserve when funds are received.

NOTE 12 NOTES PAYABLE

During the year ended September 30, 2020, the Council maintained a line of credit with a financial institution having an available balance of \$2,000,000. The line bore interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus 1.50%. During the fiscal year, this line of credit was extended, establishing a new available balance of \$2,600,000 and bears interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus 1.25% rate (4.50% as of year end), and matures on August 12, 2021. As of September 30, 2020 and 2019, no amounts were outstanding against the line of credit.

During the year ended September 30, 2020, the Council maintained a line of credit with a financial institution having an available balance of \$700,000. The line bears interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus 1.5% (3.25% as of year end), and matures on GS December 18, 2020. As of September 30, 2020 and 2019, \$300,000 and \$700,000 were outstanding, respectively.

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NOTE 12 NOTES PAYABLE (CONTINUED)

On June 29, 2020, the Company received a loan from a bank in the amount of \$150,000 to fund certain operating costs under the EIDL program as authorized by the CARES Act. The loan bears interest at a fixed rate of 2.75% per annum, with fixed payments of \$641 per month beginning twelve months after the date of the promissory note, has a term of thirty years, and is secured by the general assets of the Council. There is no prepayment penalty for early repayment of the balance. The entire amount of the loan was still outstanding as of the year ended September 30, 2020.

Future minimum payments on notes payable at September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 2,493
2022	7,480
2023	7,480
2024	7,480
2025	7,480
Thereafter	117,587
Total	<u>\$ 150,000</u>

NOTE 13 FEDERAL AWARDS UNDER CARES ACT

On April 15, 2020, the Council received proceeds in the amount of \$833,600 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”), see NOTE 12. The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Council has classified this loan as a conditional contribution for accounting purposes. The Council recognized the entire \$833,600 as revenue related to this agreement during the year ended September 30, 2020, of PPP loan funds for which the performance barriers have been met. As January 12, 2021, the SBA has not formally forgiven any portion of the Council’s obligation under this PPP loan.

On May 8, 2020, the Council received proceeds in the amount of \$10,000 as part of the EIDL Advance Program which is the maximum amount offered under this program. Funds under this program do not have to be repaid and were recognized as grant income by the Council during the year ended September 30, 2020.

NOTE 14 RISKS AND UNCERTAINTIES

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Council, COVID-19 may impact various parts of its fiscal 2021 operations and financial results, including girl scouts memberships, events, and fundraisers. Management believes the Council is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred prior to year-end and are still developing.