

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

**YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
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(WITH COMPARATIVE TOTALS FOR 2018)

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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, 2019, 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, 2019, 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 2018 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 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 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 22, 2020

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 591,762	\$ 665,895
Contributions Receivable	42,000	66,108
Accounts Receivable, Less Allowance for Doubtful Accounts of \$33,291 and \$45,823 in 2019 and 2018	123,252	54,392
Inventory	170,257	164,093
Prepaid Expenses and Other Assets	117,884	38,113
Short-Term Investments	749,082	524,457
Property and Equipment, Net	3,423,838	2,869,942
Long-Term Investments	1,759,960	1,880,126
Investments Restricted for Endowment	1,100,099	1,143,575
	<u>\$ 8,078,134</u>	<u>\$ 7,406,701</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 175,009	\$ 44,382
Lines of Credit	700,000	-
Accrued Expenses	403,110	331,157
Deferred Revenue	3,487	10,106
Total Liabilities	<u>1,281,606</u>	<u>385,645</u>
NET ASSETS		
Without Donor Restrictions	5,433,933	5,372,869
With Donor Restrictions	1,362,595	1,648,187
Total Net Assets	<u>6,796,528</u>	<u>7,021,056</u>
Total Liabilities and Net Assets	<u>\$ 8,078,134</u>	<u>\$ 7,406,701</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND OTHER SUPPORT				
Contributions	\$ 218,212	\$ 296,825	\$ 515,037	\$ 371,571
United Way	47,895	244,645	292,540	296,690
Special Events, Net of Direct Costs of \$68,551 and \$45,544 in 2019 and 2018	32,654	-	32,654	55,204
In-Kind Revenue	-	-	-	4,562
Product Sales, Net of Direct Costs of \$4,929,667 and \$4,892,415 in 2019 and 2018	6,581,819	-	6,581,819	6,725,538
Camping Fees	684,851	-	684,851	605,104
Sales of Merchandise, Net of Direct Costs of \$425,674 and \$458,349 in 2019 and 2018	249,824	-	249,824	263,214
Interest and Dividend Income	65,139	26,187	91,326	56,237
Mineral Income	4,756	-	4,756	9,845
Unrealized/Realized Gain on Investments	(7,600)	11,640	4,040	51,755
Gain(Loss) on Sale of Asset	(91,274)	-	(91,274)	168,724
Proceeds from Insurance Settlement	86,466	-	86,466	73,720
Other Revenue	6,367	-	6,367	61,782
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	864,889	(864,889)	-	-
Total Revenue and Other Support	<u>8,743,998</u>	<u>(285,592)</u>	<u>8,458,406</u>	<u>8,743,946</u>
EXPENSES				
Program Services	<u>6,676,708</u>	<u>-</u>	<u>6,676,708</u>	<u>6,889,420</u>
Total Program Services	6,676,708	-	6,676,708	6,889,420
Support Services:				
Management and General	1,594,262	-	1,594,262	1,451,166
Fundraising	411,964	-	411,964	396,670
Total Supporting Services	<u>2,006,226</u>	<u>-</u>	<u>2,006,226</u>	<u>1,847,836</u>
Total Expenses	<u>8,682,934</u>	<u>-</u>	<u>8,682,934</u>	<u>8,737,256</u>
CHANGE IN NET ASSETS	61,064	(285,592)	(224,528)	6,690
Net Assets - Beginning of Year	<u>5,372,869</u>	<u>1,648,187</u>	<u>7,021,056</u>	<u>7,014,366</u>
NET ASSETS - END OF YEAR	<u>\$ 5,433,933</u>	<u>\$ 1,362,595</u>	<u>\$ 6,796,528</u>	<u>\$ 7,021,056</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (224,528)	\$ 6,690
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	337,615	481,638
Bad Debt Expense	24,008	52,664
Realized/Unrealized Gain on Investments	(4,040)	(51,755)
Gain on Involuntary Conversion of Property	(86,466)	(73,720)
(Gain) Loss on Sale of Asset	91,274	(168,724)
Contributions Restricted to Investment in Equipment	(49,750)	-
(Increase) Decrease in Operating Assets:		
Contributions Receivable	24,108	392
Accounts Receivable	(92,868)	2,997
Inventory	(6,164)	7,998
Prepaid Expenses and Other Assets	(79,771)	71,586
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	130,627	(2,197)
Deferred Revenue	(6,619)	(84)
Accrued Expenses	71,953	(118,801)
Net Cash Provided by Operating Activities	129,379	208,684
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(982,785)	(38,135)
Proceeds from Sale of Assets	-	436,924
Purchase of Investments	(7,480,764)	(4,689,800)
Proceeds from Sale of Investments	7,423,821	4,092,281
Insurance Proceeds from Involuntary Conversion of Property	86,466	73,720
Net Cash Used by Investing Activities	(953,262)	(125,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Equipment	49,750	-
Proceeds from Lines of Credit	2,700,000	2,000,000
Payments on Lines of Credit	(2,000,000)	(2,000,000)
Net Cash Provided by Financing Activities	749,750	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(74,133)	83,674
Cash and Cash Equivalents - Beginning of Year	665,895	582,221
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 591,762	\$ 665,895
NONCASH INVESTING AND FINANCING ACTIVITIES		
Interest Paid	\$ 25,803	\$ 10,167

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	Community Partnership	Outdoor & Property	Girl & Volunteer Experience	Total Program Services	Supporting Services			Total	
					Management and General	Fundraising	Total	2019	2018
Salaries, Benefits, and Taxes	\$ 542,798	\$ 505,600	\$ 2,502,854	\$ 3,551,252	\$ 997,243	\$ 289,506	\$ 1,286,749	\$ 4,838,001	\$ 4,999,426
Cost of Product Sales	-	-	4,929,667	4,929,667	-	-	-	4,929,667	4,892,415
Cost of Merchandise Sales	-	-	425,674	425,674	-	-	-	425,674	458,349
Camping Expense	26,984	165,888	43,712	236,584	8,248	2,885	11,133	247,717	261,577
Special Events Expenses	-	-	-	-	-	68,485	68,485	68,485	45,544
Program Supplies	1,912	2,568	603,933	608,413	30,420	-	30,420	638,833	613,332
Technology	15,345	16,500	79,557	111,402	41,880	16,105	57,985	169,387	189,024
Office Expenses	16,083	32,665	175,531	224,279	50,944	11,493	62,437	286,716	301,441
Occupancy	34,387	252,647	325,745	612,779	33,536	10,924	44,460	657,239	587,466
Maintenance	135	29,304	103	29,542	716	51	767	30,309	21,773
Printing and Publications	4,922	22,315	137,915	165,152	14,073	3,820	17,893	183,045	99,030
Travel	19,367	22,443	102,542	144,352	80,092	31,423	111,515	255,867	250,619
Training and Conferences	2,408	6,782	9,936	19,126	48,033	4,966	52,999	72,125	73,026
Specific Assistance	203,495	-	47,849	251,344	-	21,297	21,297	272,641	295,834
Insurance	9,861	104,868	56,818	171,547	25,256	8,522	33,778	205,325	130,694
Accounting	-	-	-	-	30,821	-	30,821	30,821	64,372
Legal	-	-	50,000	50,000	32,024	-	32,024	82,024	15,706
Taxes	-	-	-	-	-	-	-	-	-
Other Professional Fees	11,120	32,544	68,375	112,039	51,882	6,160	58,042	170,081	156,679
Bad Debt	-	-	24,008	24,008	-	-	-	24,008	52,664
Miscellaneous	5,264	22,359	23,665	51,288	129,883	9	129,892	181,180	142,955
Total Expenses									
Before Depreciation	894,081	1,216,483	9,607,884	11,718,448	1,575,051	475,646	2,050,697	13,769,145	13,651,926
Depreciation	21,216	206,776	85,609	313,601	19,211	4,803	24,014	337,615	481,638
Total Expenses	\$ 915,297	\$ 1,423,259	\$ 9,693,493	\$ 12,032,049	\$ 1,594,262	\$ 480,449	\$ 2,074,711	\$ 14,106,760	\$ 14,133,564
Less: Costs Included with Revenues in the Statement of Activities	\$ -	\$ -	\$ (5,355,341)	\$ (5,355,341)	\$ -	\$ (68,485)	\$ (68,485)	\$ (5,423,826)	\$ (5,396,308)
Total Expenses	\$ 915,297	\$ 1,423,259	\$ 4,338,152	\$ 6,676,708	\$ 1,594,262	\$ 411,964	\$ 2,006,226	\$ 8,682,934	
2018 Totals	\$ 958,745	\$ 1,610,908	\$ 4,319,767	\$ 6,889,420	\$ 1,451,166	\$ 396,670	\$ 1,847,836		\$ 8,737,256

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

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 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. 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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

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.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 22, 2020, which is the date the combined financial statements were available to be issued. The Council drew \$2,000,000 on its line of credit on January 14, 2020 and paid ABC Bakers the entire proceeds on January 22, 2020. The line of credit will be paid back the 1st week of February 2020.

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, 2018, from which the summarized information was derived.

Change in Accounting Principle

In August 18, 2016, FASB issued Accounting Standard Update (ASU) 2016-14, *Not for Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented except presentation of liquidity for the year ended September 30, 2018.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	2019	2018
Land	\$ 158,770	\$ 158,770
Buildings and Improvements	9,544,316	9,058,835
Furniture and Equipment	1,050,844	1,406,314
Vehicles	207,747	217,159
Total	<u>10,961,677</u>	<u>10,841,078</u>
Less: Accumulated Depreciation	<u>(7,537,839)</u>	<u>(7,971,136)</u>
Total Property and Equipment	<u>\$ 3,423,838</u>	<u>\$ 2,869,942</u>

NOTE 3 INVESTMENTS

Short-term investments consist of the following:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 749,082	\$ 749,082	\$ 524,457	\$ 524,457
Total	<u>\$ 749,082</u>	<u>\$ 749,082</u>	<u>\$ 524,457</u>	<u>\$ 524,457</u>

Long-term investments consist of the following:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 1,369,913	\$ 1,369,913	\$ 940,573	\$ 940,573
Fixed Income Mutual Funds	669,098	679,933	1,186,663	1,204,131
Equity Mutual Funds	494,977	454,187	556,739	493,351
Total	<u>2,533,988</u>	<u>\$ 2,504,033</u>	<u>2,683,975</u>	<u>\$ 2,638,055</u>
Investments Held in Trusts	326,071		339,726	
Total	<u>\$ 2,860,059</u>		<u>\$ 3,023,701</u>	

Reconciliation:

	2019	2018
Long-Term Investments	\$ 1,759,960	\$ 1,880,126
Investments Restricted for Endowment (see Note 4)	1,100,099	1,143,575
Total Long-Term Investments	<u>\$ 2,860,059</u>	<u>\$ 3,023,701</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

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, 2019 and 2018 are as follows:

	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>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ -	\$ 1,157,107	\$ 1,157,107
Interest Earned	-	23,762	23,762
Contributions	-	-	-
Realized/Unrealized Loss	-	47,589	47,589
Management Fees	-	(6,948)	(6,948)
Appropriation for Expenditure	-	(77,935)	(77,935)
Balance - End of Year	<u>\$ -</u>	<u>\$ 1,143,575</u>	<u>\$ 1,143,575</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, 2019 and 2018.

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 \$283,157, 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 4.25% in 2019 and 2018. 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, 2019.

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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	\$ 2,087,802	\$ 2,087,802	\$ -	\$ -
Cash and Cash Equivalents	31,193	-	-	-
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
Total Investments	<u>\$ 3,609,141</u>	<u>\$ 3,294,791</u>	<u>\$ -</u>	<u>\$ 283,157</u>

The level within the standard's fair value hierarchy in which the fair value measurements fall at September 30, 2018 is as follows:

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 1,465,029	\$ 1,465,029	\$ -	\$ -
Cash and Cash Equivalents	27,471	-	-	-
Fixed Income Mutual Funds	1,186,663	1,186,663	-	-
Equity Mutual Funds	556,740	556,740	-	-
Investments Held in Trusts	312,255	15,205	-	297,050
Total Investments	<u>\$ 3,548,158</u>	<u>\$ 3,223,637</u>	<u>\$ -</u>	<u>\$ 297,050</u>

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

	2019	2018
Beginning Balance	\$ 297,050	\$ 293,138
Realized and Unrealized Gains	(2,856)	14,861
Investment Income, Net	1,657	1,620
Sales of Investments (Distributions)	(12,694)	(12,569)
Ending Balance	<u>\$ 283,157</u>	<u>\$ 297,050</u>

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

Reconciliation:	2019	2018
Short-Term Investments	\$ 749,082	\$ 524,457
Long-Term Investments	1,759,960	1,880,126
Investments Restricted for Endowment	1,100,099	1,143,575
Total	<u>\$ 3,609,141</u>	<u>\$ 3,548,158</u>

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NOTE 6 DESIGNATED NET ASSETS

Net assets designated by the Board are as follows:

	2019	2018
Operating Reserves	\$ -	\$ 1,668,331
Camp Repairs and Improvements	-	76,500
Total	<u>\$ -</u>	<u>\$ 1,744,831</u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2019	2018
<u>Subject to Expenditure for Specific Purpose:</u>		
Program Services	\$ 222,496	\$ 470,511
Time Restrictions	40,000	34,101
Unappropriated Endowment Earnings	-	43,476
Total	<u>262,496</u>	<u>548,088</u>
<u>Endowments:</u>		
Subject to the Council's Spending Policy - General Endowment	689,513	689,513
Subject to Endowment Trust Spending and Appropriation Approval	<u>227,390</u>	<u>227,390</u>
Total Subject to Council or Trust Spending Policy	<u>916,903</u>	<u>916,903</u>
Not Subject to Spending Policy or Appropriation:		
Camperships, Scholarships & Innovative Programs	58,196	58,196
Scholarships and Capital Improvements	<u>125,000</u>	<u>125,000</u>
Total	<u>183,196</u>	<u>183,196</u>
Total Endowment	<u>1,100,099</u>	<u>1,100,099</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,362,595</u>	<u>\$ 1,648,187</u>

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NOTE 8 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 \$231,364 and \$219,713 for the years ended September 30, 2019 and 2018, respectively. Future minimum lease payments at September 30, 2019 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 240,830
2021	177,262
2022	98,835
2023	98,519
Thereafter	22,422
Total	<u>\$ 637,868</u>

NOTE 9 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 \$386,862 and \$384,093 during the years ended September 30, 2019 and 2018, 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, 2019 and 2018, the Council matched employee contributions up to 3% of eligible compensation, which totaled \$43,493 and \$56,875, respectively.

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NOTE 10 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, 2019 and 2018. The loss of this supplier or a significant reduction in product availability could have a material adverse effect on the Council.

NOTE 11 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.

NOTE 12 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, 2019:

Cash and Cash Equivalents	\$ 591,762
Contributions Receivable	42,000
Accounts Receivable, Net	123,252
Short-Term Investments	749,082
Long-Term Investments	1,759,960
Less: Amounts Restricted by Donors	(262,496)
Add: Estimated Endowment Distribution	80,000
Total	<u>\$ 3,083,560</u>

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 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.

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NOTE 13 LINES OF CREDIT

During the year ended September 30, 2019 the Council maintained a line of credit with a financial institution having an available balance of \$2,000,000. The line bears interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus 1.5% (6.50% as of year end), and matures on August 6, 2020. As of September 30, 2019 and 2018, no amounts were outstanding against the line of credit.

During the year ended September 30, 2019 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% (6.50% as of year end), and matures onGS December 18, 2020. As of September 30, 2019 and 2018, \$700,000 and \$-0- were outstanding, respectively.