

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)



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GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
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YEARS ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Girl Scouts of Texas Oklahoma Plains, Inc., which comprise the statements of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Texas Oklahoma Plains, Inc., as of September 30, 2022, and the changes in its net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Girl Scouts of Texas Oklahoma Plains, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Texas Oklahoma Plains, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Girl Scouts of Texas Oklahoma Plains, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Texas Oklahoma Plains, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

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

Report on Summarized Comparative Information

We have previously audited the 2021 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 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended **September 30, 2021** is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Worth, Texas
May 16, 2023

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 692,084	\$ 950,615
Contributions Receivable	4,500	43,000
Accounts Receivable, Less Allowance for Doubtful		
Accounts of \$35,655 and \$27,212 in 2022 and 2021	4,030	92,529
Employee Retention Credits Receivable - See Note 13	557,735	903,301
Inventory	258,312	147,688
Prepaid Expenses and Other Assets	149,211	134,720
Short-Term Investments	3,682,465	3,854,253
Property and Equipment, Net	3,368,705	3,300,098
Land Held for Sale	5,000	-
Long-Term Investments	502,266	764,011
Investments Restricted for Endowment	<u>1,100,099</u>	<u>1,100,099</u>
Total Assets	<u>\$ 10,324,407</u>	<u>\$ 11,290,314</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 176,663	\$ 36,507
Lines of Credit	-	300,000
Notes Payable	500,000	500,000
Accrued Expenses	374,099	387,993
Program Certificates Payable	66,537	31,603
Deferred Revenue	<u>107,053</u>	<u>7,930</u>
Total Liabilities	1,224,352	1,264,033
NET ASSETS		
Without Donor Restrictions	7,866,305	8,690,421
With Donor Restrictions	<u>1,233,750</u>	<u>1,335,860</u>
Total Net Assets	<u>9,100,055</u>	<u>10,026,281</u>
Total Liabilities and Net Assets	<u>\$ 10,324,407</u>	<u>\$ 11,290,314</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND OTHER SUPPORT				
Contributions	\$ 181,576	\$ 242,739	\$ 424,315	\$ 445,845
United Way	64,475	187,201	251,676	230,074
Special Events, Net of Direct Costs of \$20,833 and \$23,913 in 2022 and 2021	65,754	-	65,754	49,414
Contributions of Nonfinancial Assets	-	-	-	5,000
Product Sales, Net of Direct Costs of \$4,237,390 and \$3,724,573 in 2022 and 2021	7,402,151	-	7,402,151	6,373,330
Camping Fees	408,828	-	408,828	747,907
Sales of Merchandise, Net of Direct Costs of \$282,607 and \$236,647 in 2022 and 2021	165,726	-	165,726	184,471
Interest and Dividend Income	60,464	23,875	84,339	25,593
Mineral Income	8,161	-	8,161	2,861
Unrealized/Realized Gain (Loss) on Investments	(205,773)	(100,868)	(306,641)	231,252
Gain (Loss) on Sale of Asset	(5,508)	-	(5,508)	(25)
Grant Revenue from COVID Relief Acts - See Note 13	-	-	-	1,736,901
Other Revenue	627	-	627	820
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	455,057	(455,057)	-	-
Total Revenue and Other Support	8,601,538	(102,110)	8,499,428	10,033,443
EXPENSES				
Program Services	7,158,833	-	7,158,833	6,091,199
Total Program Services	7,158,833	-	7,158,833	6,091,199
Support Services:				
Management and General	1,393,131	-	1,393,131	1,541,958
Fundraising	873,690	-	873,690	578,809
Total Supporting Services	2,266,821	-	2,266,821	2,120,767
Total Expenses	9,425,654	-	9,425,654	8,211,966
CHANGE IN NET ASSETS	(824,116)	(102,110)	(926,226)	1,821,477
Net Assets - Beginning of Year	8,690,421	1,335,860	10,026,281	8,204,804
NET ASSETS - END OF YEAR	<u>\$ 7,866,305</u>	<u>\$ 1,233,750</u>	<u>\$ 9,100,055</u>	<u>\$ 10,026,281</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Community Partnership	Outdoor and Property	Girl and Volunteer Experience	Total Program Services	Supporting Services			Total	
					Management and General	Fundraising	Total	2022	2021
Salaries, Benefits, and Taxes	\$ 462,580	\$ 754,304	\$ 2,747,034	\$ 3,963,918	\$ 927,438	\$ 738,774	\$ 1,666,212	\$ 5,630,130	\$ 4,898,871
Cost of Product Sales	-	-	4,237,389	4,237,389	-	-	-	4,237,389	3,724,574
Cost of Merchandise Sales	-	-	282,607	282,607	-	-	-	282,607	236,647
Camping Expense	23,912	255,846	44,688	324,446	839	5,066	5,905	330,351	261,236
Special Events Expenses	-	-	-	-	-	16,854	16,854	16,854	23,913
Program Supplies	431	775	683,220	684,426	12,397	1,680	14,077	698,503	550,817
Technology	13,792	24,665	70,704	109,161	49,132	11,141	60,273	169,434	171,142
Office Expenses	14,936	46,834	149,594	211,364	68,249	12,485	80,734	292,098	299,033
Occupancy	28,324	418,597	262,737	709,658	43,148	12,596	55,744	765,402	659,795
Maintenance	86	15,204	333	15,623	-	30	30	15,653	28,562
Printing and Publications	784	959	50,700	52,443	2,503	2,764	5,267	57,710	87,333
Travel	10,310	27,000	75,782	113,092	55,584	20,496	76,080	189,172	186,085
Training and Conferences	784	2,726	17,800	21,310	49,672	21,644	71,316	92,626	50,535
Specific Assistance	79,905	4,182	60,056	144,143	440	-	440	144,583	84,156
Insurance	10,400	129,281	58,575	198,256	29,713	7,428	37,141	235,397	199,690
Accounting	-	-	-	-	32,650	-	32,650	32,650	33,857
Legal	-	-	-	-	252	-	252	252	18,053
Taxes	-	6,423	-	6,423	-	-	-	6,423	879
Other Professional Fees	7,926	127,330	44,972	180,228	54,957	35,449	90,406	270,634	250,485
Bad Debt	-	-	28,291	28,291	-	-	-	28,291	17,623
Miscellaneous	119	2,688	16,680	19,487	49,947	85	50,032	69,519	54,670
Total Expenses Before Depreciation	654,289	1,816,814	8,831,162	11,302,265	1,376,921	886,492	2,263,413	13,565,678	11,837,956
Depreciation	15,330	288,963	72,271	376,564	16,210	4,052	20,262	396,826	359,144
Total Expenses	<u>\$ 669,619</u>	<u>\$ 2,105,777</u>	<u>\$ 8,903,433</u>	<u>\$ 11,678,829</u>	<u>\$ 1,393,131</u>	<u>\$ 890,544</u>	<u>\$ 2,283,675</u>	<u>\$ 13,962,504</u>	<u>\$ 12,197,100</u>
Less: Costs Included with Revenues in the Statement of Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,519,996)</u>	<u>\$ (4,519,996)</u>	<u>\$ -</u>	<u>\$ (16,854)</u>	<u>\$ (16,854)</u>	<u>\$ (4,536,850)</u>	<u>\$ (3,985,134)</u>
Total Expenses	<u>\$ 669,619</u>	<u>\$ 2,105,777</u>	<u>\$ 4,383,437</u>	<u>\$ 7,158,833</u>	<u>\$ 1,393,131</u>	<u>\$ 873,690</u>	<u>\$ 2,266,821</u>	<u>\$ 9,425,654</u>	
2021 Totals	<u>\$ 443,948</u>	<u>\$ 1,724,189</u>	<u>\$ 3,923,062</u>	<u>\$ 6,091,199</u>	<u>\$ 1,541,958</u>	<u>\$ 578,809</u>	<u>\$ 2,120,767</u>		<u>\$ 8,211,966</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (926,226)	\$ 1,821,477
Adjustment to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	396,826	359,144
Bad Debt Expense	28,291	17,623
Realized/Unrealized Gain on Investments	306,641	(231,252)
(Gain) Loss on Sale of Asset	5,508	25
Contributions Restricted for Long-Term Purposes	-	(98,500)
Forgiveness of PPP Loan Under Covid Relief Acts - See Note 13	-	(833,600)
(Increase) Decrease in Operating Assets:		
Contributions Receivable	38,500	14,661
Accounts Receivable	60,208	(65,524)
Employee Retention Credits Receivable - See Note 13	345,566	(903,301)
Inventory	(110,624)	68,531
Prepaid Expenses and Other Assets	(14,491)	5,996
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	140,156	(11,490)
Deferred Revenue	99,123	7,930
Accrued Expenses	(13,894)	(1,137)
Program Certificates Payable	34,934	(457,096)
Net Cash Provided (Used) by Operating Activities	<u>390,518</u>	<u>(306,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(475,941)	(373,224)
Proceeds from Sale of Assets	-	-
Purchase of Investments	(198,431)	(717,351)
Proceeds from Sale of Investments	325,323	569,647
Net Cash Used by Investing Activities	<u>(349,049)</u>	<u>(520,928)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Purposes	-	98,500
Proceeds from Lines of Credit	1,700,000	1,000,000
Payments on Lines of Credit	(1,700,000)	(1,000,000)
Proceeds from SBA EIDL Loan	-	350,000
Payments on SBA EIDL Loan	(300,000)	-
Proceeds from CARES Act Funding - See Note 13	-	833,600
Net Cash Provided (Used) by Financing Activities	<u>(300,000)</u>	<u>1,282,100</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(258,531)	454,659
Cash and Cash Equivalents - Beginning of Year	<u>950,615</u>	<u>495,956</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 692,084</u></u>	<u><u>\$ 950,615</u></u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Interest Paid	<u><u>\$ 16,214</u></u>	<u><u>\$ 22,301</u></u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

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, 2022 and 2021. 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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

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.

Contributions of Nonfinancial Assets

Donated goods are recognized as revenue at their estimated fair value during the period received. Donated services are recognized as revenue at their estimated fair value, if both of the following criteria are met: the services require special skills and the services are provided by individuals possessing those skills; and the services would typically need to be purchased, if not donated. Although the Foundation may utilize the services of outside volunteers, the fair value of these services have not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Revenue Recognition

The Council's program revenue is recognized as follows for each individual stream of revenue:

Product Sales

The Council sells Girl Scout cookies and Fall products consisting of nuts, candies, and magazines. Each package of cookies and Fall product sale item has a distinctive price they sell to customers for. Revenue is recognized at a point in time upon receipt of delivery of each product to the customer.

Sale of Merchandise

The Council sells Girl Scout merchandise at 5 different retail shop locations as well as online. Each item is assigned a distinctive price at which it is sold to customers. Revenue is recognized at a point in time upon receipt of in store purchase by customer or deliver to customer for online sales.

Camp Fees

The Council will hold camps for Girl Scouts to attend and participate in certain events and activities throughout their time at the camp. Rates are structured based on the camp location and camp package chosen by each girl scout. Revenue is recognized over time as the camp service or event occurs and is provided to each Girl Scout in attendance.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Income Taxes

The Council has been granted exempt status relative to federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (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

On March 6, 2023, Girl Scouts of Texas Oklahoma Plains, Inc. sold Camp Boothe Oaks for proceeds of \$289,000.

On April 4, 2023, Girl Scouts of Texas Oklahoma Plains, Inc. sold its Amarillo office for a purchase price of \$775,000.

Management evaluated subsequent events through May 16, 2023, which is the date the combined financial statements were available to be issued.

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021, from which the summarized information was derived.

Recent Accounting Guidance

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires nonprofits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. No cumulative-effect adjustment in net assets was recorded as a result of the adoption.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	2022	2021
Land	\$ 227,105	\$ 227,105
Buildings and Improvements	10,125,270	9,829,516
Furniture and Equipment	1,171,944	1,113,860
Vehicles	230,944	215,564
Construction in Progress	44,921	5,791
Total	11,800,184	11,391,836
Less: Accumulated Depreciation	(8,426,479)	(8,091,738)
Total Property and Equipment	<u>\$ 3,373,705</u>	<u>\$ 3,300,098</u>

GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

NOTE 3 INVESTMENTS

Short-term investments consist of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 3,682,465	\$ 3,682,465	\$ 3,854,253	\$ 3,854,253
Total	<u>\$ 3,682,465</u>	<u>\$ 3,682,465</u>	<u>\$ 3,854,253</u>	<u>\$ 3,854,253</u>

Long-term investments consist of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 115,003	\$ 115,003	\$ 76,798	\$ 76,798
Fixed Income Mutual Funds	462,064	531,245	553,326	561,572
Equity Mutual Funds	695,031	742,105	844,855	666,557
Total	1,272,098	<u>\$ 1,388,353</u>	1,474,979	<u>\$ 1,304,927</u>
Investments Held in Trusts	330,267		389,131	
Total	<u>\$ 1,602,365</u>		<u>\$ 1,864,110</u>	

<u>Reconciliation:</u>	2022	2021
Long-Term Investments	\$ 502,266	\$ 764,011
Investments Restricted for Endowment (see Note 4)	1,100,099	1,100,099
Total Long-Term Investments	<u>\$ 1,602,365</u>	<u>\$ 1,864,110</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.

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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, 2022 and 2021 are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ -	\$ 1,186,225	\$ 1,186,225
Interest Earned	-	23,875	23,875
Contributions	-	-	-
Realized/Unrealized Loss	-	(100,868)	(100,868)
Management Fees	-	(9,133)	(9,133)
Appropriation for Expenditure	-	-	-
Balance - End of Year	<u>\$ -</u>	<u>\$ 1,100,099</u>	<u>\$ 1,100,099</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ -	\$ 1,100,099	\$ 1,100,099
Interest Earned	-	18,110	18,110
Contributions	-	-	-
Realized/Unrealized Loss	-	207,887	207,887
Management Fees	-	(9,280)	(9,280)
Appropriation for Expenditure	-	(130,591)	(130,591)
Balance - End of Year	<u>\$ -</u>	<u>\$ 1,186,225</u>	<u>\$ 1,186,225</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 stock, 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, 2022 and 2021.

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 \$286,777, 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 2022 and 2021. 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.

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NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Investments Held in Trusts (Continued)

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, 2022.

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 3,797,468	\$ 3,797,468	\$ -	\$ -
Fixed Income Mutual Funds	462,064	462,064	-	-
Equity Mutual Funds	695,029	695,029	-	-
Investments Held in Trusts	330,269	43,490	-	286,777
Total Investments	<u>\$ 5,284,830</u>	<u>\$ 4,998,051</u>	<u>\$ -</u>	<u>\$ 286,777</u>

The level within the standard's fair value hierarchy in which the fair value measurements fall at September 30, 2021 is as follows:

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 3,899,717	\$ 3,899,717	\$ -	\$ -
Fixed Income Mutual Funds	553,326	553,326	-	-
Equity Mutual Funds	844,855	844,855	-	-
Investments Held in Trusts	389,130	44,649	-	344,481
Subtotal	5,687,028	5,342,547	-	344,481
Cash and Cash Equivalents	31,335	-	-	-
Total Investments	<u>\$ 5,718,363</u>	<u>\$ 5,342,547</u>	<u>\$ -</u>	<u>\$ 344,481</u>

The Council had no transfers in or out of Level 3 investments for the either the year ended 2022 or 2021.

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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2022	2021
<u>Subject to Expenditure for Specific Purpose:</u>		
Program Services	\$ 133,651	\$ 109,629
Time Restrictions	-	40,000
Unappropriated Endowment Earnings	-	86,132
Total	<u>133,651</u>	<u>235,761</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><u>\$ 1,233,750</u></u>	<u><u>\$ 1,335,860</u></u>

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 \$181,727 and \$250,204 for the years ended September 30, 2022 and 2021, respectively. Future minimum lease payments at September 30, 2022 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 160,699
2024	87,499
2025	65,271
2026	67,407
2027	67,407
Thereafter	61,790
Total	<u><u>\$ 510,073</u></u>

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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 \$364,716 and \$334,056 during the years ended September 30, 2022 and 2021, 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 IRC. This plan covers full-time employees of the Council who elect to participate. During the years ended September 30, 2022 and 2021, the Council matched employee contributions up to 3% of eligible compensation, which totaled \$59,785 and \$55,920, 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 22% and 21% of total expenditures as of September 30, 2022 and 2021, respectively. 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, 2022 **and** 2021:

	2022	2021
Cash and Cash Equivalents	\$ 692,084	950,615
Contributions Receivable	4,500	43,000
Accounts Receivable, Net	4,030	92,529
Employee Retention Credits Receivable - See Note 13	557,735	903,301
Short-Term Investments	3,682,465	3,854,253
Long-Term Investments	502,266	764,011
Less: Amounts Restricted by Donors	(133,651)	(235,761)
Add: Estimated Endowment Distribution	50,000	50,000
Total	<u>\$ 5,359,429</u>	<u>\$ 6,421,948</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 \$2.6 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 AND LINE OF CREDIT

During the year ended September 30, 2022, the Council maintained a line of credit with a financial institution having an available balance of \$2,600,000. The line bore interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus 1.25%. During the fiscal year, this line of credit was extended, establishing a new rate of interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus .75% rate (7% as of year end), and matures on August 31, 2023. As of September 30, 2022 **and** 2021, no amounts were outstanding against the line of credit.

As of September 30, 2021, \$300,000 was outstanding as part of a line of credit. The Council paid off this balance in full during the year ended September 30, 2022.

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NOTE 12 NOTES PAYABLE AND LINE OF CREDIT (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. On July 22, 2021, the loan was modified to increase the amount by \$350,000 for a total of \$500,000. The loan bears interest at a fixed rate of 2.75% per annum, with fixed payments of \$2,210 per month beginning thirty 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, 2022.

Future minimum payments on notes payable at September 30, 2022 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 26,520
2024	26,520
2025	26,520
2026	26,520
2027	26,520
Thereafter	367,400
Total	<u>\$ 500,000</u>

NOTE 13 GRANT REVENUE FROM COVID RELIEF ACTS

On March 19, 2021, 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"). 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, 2021, of PPP loan funds for which the performance barriers have been met. The Council was notified on December 13, 2021 that the PPP loan was forgiven by the SBA including all related unpaid interest.

Certain funding programs from the government under certain Covid Relief Acts are recognized when all conditions of such such programs are fulfilled or there is reasonable assurance that they will be fulfilled. The Council complied with the conditions of the Employee Retention Tax Credit (ERC) funding in the amount of \$903,301 for the applicably eligible quarters of 2020 and 2021. Grants related to the Employee Retention Tax Credit are classified as Grant Revenue from Covid Relief Acts in the Statement of Activities and Employee Retention Credit Receivable in the Statement of Financial Position. The Council recognized the entire \$903,301 as revenue in the year ending September 30, 2021.

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NOTE 14 REVENUE RECOGNITION

The following table shows the Council's revenue disaggregated according to the timing of the transfer of goods or services:

	2022	2021
<u>Revenue Recognized Over a Period of Time:</u>		
Camp Fees	\$ 408,828	\$ 747,907
Total Revenue Recognized Over a Period of Time	<u>\$ 408,828</u>	<u>\$ 747,907</u>
<u>Revenue Recognized at a Point in Time:</u>		
Product Sales, Net	\$ 7,402,151	\$ 6,373,330
Sale of Merchandise	165,726	184,471
Total Revenue Recognized at a Point in Time	<u>\$ 7,567,877</u>	<u>\$ 6,557,801</u>

NOTE 15 CONTRACT ASSETS AND LIABILITIES

The Council's contract assets and liabilities consist of:

	2022	2021	2020
<u>Accounts Receivable:</u>			
Product Sales, Net	\$ 3,741	\$ 25,944	\$ 35,087
Total Accounts Receivable	<u>\$ 3,741</u>	<u>\$ 25,944</u>	<u>\$ 35,087</u>
<u>Liabilities:</u>			
Program Certificates Payable	\$ 66,537	\$ 31,603	\$ 488,699
	22,976	2,250	-
	30,170	3,301	-
Deferred Revenue	1,382	2,380	-
Total Liabilities	<u>\$ 121,065</u>	<u>\$ 39,534</u>	<u>\$ 488,699</u>