

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

**Consolidated Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended September 30, 2023 and 2022

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

**Consolidated Financial Statements Together with
Report of Independent Public Accountants**

SEPTEMBER 30, 2023 AND 2022

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
Girl Scouts of Central Maryland, Inc.

Opinion

We have audited the consolidated statements of financial position of Girl Scouts of Central Maryland, Inc. and subsidiary (GSCM) as of September 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of GSCM as of September 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of GSCM and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GSCM's ability to continue as a going concern for one year after the date that the consolidated financial statements are available for issuance.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 controls. 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal controls 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 GSCM's internal controls. 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GSCM'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 audit, significant audit findings, and certain internal controls-related matters that we identified during the audit.

Owings Mills, Maryland
March 19, 2024

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

**Consolidated Statements of Financial Position
As of September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 83,379	\$ 6,814,792
Investments	21,129,226	15,117,375
Accounts receivable, net	22,701	33,360
Grants receivable	20,182	3,500
Inventory	73,712	86,853
Prepaid expenses and other assets	160,345	164,062
Beneficial interest in perpetual trust	432,627	477,826
Property and equipment, net	1,593,647	2,243,819
Total Assets	\$ 23,515,819	\$ 24,941,587
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 498,573	\$ 450,880
Deferred revenue	124,002	113,153
Line of credit	-	1,200,000
Total Liabilities	622,575	1,764,033
Net Assets		
Without donor restrictions:		
Operating	4,533,393	5,955,926
Board designated capital campaign	5,971,762	5,901,858
Board designated endowment	8,357,541	7,855,013
Total Without Donor Restrictions	18,862,696	19,712,797
With donor restrictions:		
Purpose restricted	1,880,417	1,589,821
Endowment - to be held in perpetuity	2,150,131	1,874,936
Total Net Assets	22,893,244	23,177,554
Total Liabilities and Net Assets	\$ 23,515,819	\$ 24,941,587

The accompanying notes are an integral part of these consolidated financial statements.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Consolidated Statement of Activities and Changes in Net Assets For the Year Ended September 30, 2023 with Comparative 2022 Total

	2023			Total	2022
	Without Donor Restrictions	With Donor Restrictions - Purpose Restricted	With Donor Restrictions - To be Held in Perpetuity		
Revenue and Other Support:					
Public support:					
Contributions	\$ 90,359	\$ 284,257	\$ -	\$ 374,616	\$ 139,974
Grants	-	25,022	-	25,022	-
Employee retention tax credits	457,673	-	-	457,673	-
Federal grant - PPP funds	-	-	-	-	788,885
Fundraising events	95,474	-	-	95,474	168,167
Total public support	643,506	309,279	-	952,785	1,097,026
Revenue:					
Sales of cookies and other products	4,368,704	-	-	4,368,704	3,951,255
Program service fees	293,461	-	-	293,461	777,824
Retail store sales	313,102	-	-	313,102	306,662
Miscellaneous	35,599	-	-	35,599	59,970
Net assets released from restrictions	210,263	(210,263)	-	-	-
Total Revenue and Other Support	5,864,635	99,016	-	5,963,651	6,192,737
Expenses:					
Program Services					
Comprehensive youth development program	4,401,263	-	-	4,401,263	4,561,465
Cost of cookies	1,416,030	-	-	1,416,030	1,119,090
Cost of retail goods sold	142,409	-	-	142,409	130,289
Total Program Services	5,959,702	-	-	5,959,702	5,810,844
Management and general	795,353	-	-	795,353	811,506
Fundraising	444,971	-	-	444,971	365,661
Total Expenses	7,200,026	-	-	7,200,026	6,988,011
Operating Loss Before Operating Investment Income and Depreciation Expense	(1,335,391)	99,016	-	(1,236,375)	(795,274)
Investment income - operating reserve draw	254,704	-	-	254,704	273,547
Depreciation expense	(951,248)	-	-	(951,248)	(343,590)
Operating Loss	(2,031,935)	99,016	-	(1,932,919)	(865,317)
Investment and Other Income					
Interest and dividends, net	35,708	28,332	52,048	116,088	12,114
Income from perpetual trust	-	163,248	-	163,248	(111,411)
Net realized (loss) gain on sale of investments	(211,282)	-	(13,959)	(225,241)	72,059
Net unrealized gain (loss) on investments	1,405,066	-	237,106	1,642,172	(4,015,704)
Total Investment and Other Income	1,229,492	191,580	275,195	1,696,267	(4,042,942)
(Loss) gain of sale of property and equipment	(47,658)	-	-	(47,658)	5,801,851
Nonoperating Income	1,181,834	191,580	275,195	1,648,609	1,758,909
Changes in net assets	(850,101)	290,596	275,195	(284,310)	893,592
Net assets, beginning of year	19,712,797	1,589,821	1,874,936	23,177,554	22,283,962
Net Assets, End of Year	\$ 18,862,696	\$ 1,880,417	\$ 2,150,131	\$ 22,893,244	\$ 23,177,554

The accompanying notes are an integral part of this consolidated financial statement.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Consolidated Statement of Activities and Changes in Net Assets For the Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions - Purpose Restricted	With Donor Restrictions - To be Held in Perpetuity	Total
Revenue, Gains, and Other Support:				
Public support:				
Contributions	\$ 101,332	\$ 38,642	\$ -	\$ 139,974
Grants	-	-	-	-
Federal grant - PPP funds	788,885	-	-	788,885
Fundraising events	168,167	-	-	168,167
Total public support	<u>1,058,384</u>	<u>38,642</u>	<u>-</u>	<u>1,097,026</u>
Revenue:				
Sales of cookies and other products	3,951,255	-	-	3,951,255
Program service fees	777,824	-	-	777,824
Retail store sales	306,662	-	-	306,662
Miscellaneous	59,970	-	-	59,970
Net assets released from restrictions	284,499	(284,499)	-	-
Total Revenue, Gains, and Other Support	<u>6,438,594</u>	<u>(245,857)</u>	<u>-</u>	<u>6,192,737</u>
Expenses:				
Program Services				
Comprehensive youth development program	4,561,465	-	-	4,561,465
Cost of cookies	1,119,090	-	-	1,119,090
Cost of retail goods sold	130,289	-	-	130,289
Total Program Services	<u>5,810,844</u>	<u>-</u>	<u>-</u>	<u>5,810,844</u>
Management and general	811,506	-	-	811,506
Fundraising	365,661	-	-	365,661
Total Expenses	<u>6,988,011</u>	<u>-</u>	<u>-</u>	<u>6,988,011</u>
Operating Loss Before Operating Investment Income and Depreciation Expense	<u>(549,417)</u>	<u>(245,857)</u>	<u>-</u>	<u>(795,274)</u>
Investment income - operating reserve draw	273,547	-	-	273,547
Depreciation expense	(343,590)	-	-	(343,590)
Operating Loss	<u>(619,460)</u>	<u>(245,857)</u>	<u>-</u>	<u>(865,317)</u>
Investment and Other Income				
Interest and dividends, net	(32,901)	2,773	42,242	12,114
Loss from perpetual trust	-	-	(111,411)	(111,411)
Net realized gain on sale of investments	66,356	-	5,703	72,059
Net unrealized depreciation on investments	(3,502,747)	-	(512,957)	(4,015,704)
Total Investment and Other Income	<u>(3,469,292)</u>	<u>2,773</u>	<u>(576,423)</u>	<u>(4,042,942)</u>
Gain of sale of property and equipment	5,801,851	-	-	5,801,851
Nonoperating Income	<u>2,332,559</u>	<u>2,773</u>	<u>(576,423)</u>	<u>1,758,909</u>
Changes in net assets	1,713,099	(243,084)	(576,423)	893,592
Net assets, beginning of year	17,999,698	1,832,905	2,451,359	22,283,962
Net Assets, End of Year	<u>\$ 19,712,797</u>	<u>\$ 1,589,821</u>	<u>\$ 1,874,936</u>	<u>\$ 23,177,554</u>

The accompanying notes are an integral part of this consolidated financial statement.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2023, with Comparative 2022 Total**

	2023				2022 Total
	Program Services	Supporting Services			
		Management and General	Fundraising	Total	
Salaries	\$ 2,204,574	\$ 402,454	\$ 225,159	\$ 2,832,187	\$ 2,865,414
Employee health and retirement benefits	582,874	106,406	59,530	748,810	819,544
Payroll taxes and other related expenses	165,907	30,287	16,944	213,138	221,184
Cost of cookies	1,416,030	-	-	1,416,030	1,119,090
Cost of retail goods sold	142,409	-	-	142,409	130,289
Supplies	182,543	33,324	18,644	234,511	319,672
Occupancy	209,959	38,329	21,444	269,732	275,983
Professional services and fees	350,553	63,995	35,803	450,351	465,930
Equipment rental and maintenance	105,441	19,249	10,769	135,459	136,611
Insurance	153,700	28,058	15,698	197,456	193,654
Travel	56,518	10,318	5,772	72,608	87,662
Specific assistance to individuals	44,458	-	-	44,458	51,780
Printing, promotions and publications	15,442	2,819	1,577	19,838	17,809
Postage	18,182	3,319	1,857	23,358	11,123
Advertising	6,717	1,226	686	8,629	11,176
Telephone	65,776	12,008	6,718	84,502	83,534
Licenses and fees	29,922	5,462	3,056	38,440	38,259
Miscellaneous	92,382	16,865	9,435	118,682	95,376
Staff and key volunteer development	29,140	5,320	2,976	37,436	30,279
Interest	87,175	15,914	8,903	111,992	13,642
	<u>5,959,702</u>	<u>795,353</u>	<u>444,971</u>	<u>7,200,026</u>	<u>6,988,011</u>
Depreciation	740,451	135,172	75,625	951,248	343,590
Total	<u>\$ 6,700,153</u>	<u>\$ 930,525</u>	<u>\$ 520,596</u>	<u>\$ 8,151,274</u>	<u>\$ 7,331,601</u>

The accompanying notes are an integral part of this consolidated financial statement.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2022**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 2,272,273	\$ 408,895	\$ 184,246	\$ 2,865,414
Employee health and retirement benefits	649,898	116,949	52,697	819,544
Payroll taxes and other related expenses	175,399	31,563	14,222	221,184
Cost of cookies	1,119,090	-	-	1,119,090
Cost of retail goods sold	130,289	-	-	130,289
Supplies	253,500	45,617	20,555	319,672
Occupancy	218,854	39,383	17,746	275,983
Professional services and fees	369,483	66,488	29,959	465,930
Equipment rental and maintenance	108,333	19,494	8,784	136,611
Insurance	153,568	27,634	12,452	193,654
Travel	69,516	12,509	5,637	87,662
Specific assistance to individuals	51,780	-	-	51,780
Printing, promotions and publications	14,123	2,541	1,145	17,809
Postage	8,821	1,587	715	11,123
Advertising	8,862	1,595	719	11,176
Telephone	66,243	11,920	5,371	83,534
Licenses and fees	30,339	5,460	2,460	38,259
Miscellaneous	75,644	13,603	6,129	95,376
Staff and key volunteer development	24,011	4,321	1,947	30,279
Interest	10,818	1,947	877	13,642
	<u>5,810,844</u>	<u>811,506</u>	<u>365,661</u>	<u>6,988,011</u>
Depreciation	278,653	42,502	22,435	343,590
Total	<u>\$ 6,089,497</u>	<u>\$ 854,008</u>	<u>\$ 388,096</u>	<u>\$ 7,331,601</u>

The accompanying notes are an integral part of this consolidated financial statement.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	\$ (284,310)	\$ 893,592
Adjustment to reconcile changes in net assets to net cash from operating activities:		
Depreciation	951,248	343,590
Net realized and unrealized (gain) loss on investments	(1,416,931)	3,943,645
Reinvested dividend earnings	1,737,503	319,137
Net unrealized (gain) loss from perpetual trust	(69,469)	111,411
PPP loan forgiveness	-	(788,885)
Loss (gain) on sale of property and equipment	47,658	(5,801,851)
Effect of changes in operating assets and liabilities:		
Accounts receivable	10,659	(14,531)
Grants receivable	(16,682)	11,123
Inventory	13,141	14,452
Prepaid expenses and other assets	3,717	53,266
Accounts payable and accrued expenses	47,693	120,826
Deferred revenue	10,849	(5,935)
Net Cash from (used by) Operating Activities	1,035,076	(800,160)
Cash Flows from Investing Activities		
Proceeds from sale of investments	2,415,371	2,030,801
Purchase of investments	(8,747,794)	(2,221,392)
Dividends received from perpetual trust	114,668	-
Purchase of property and equipment	(348,734)	(209,293)
Proceeds from sale of property and equipment	-	5,901,858
Net Cash (used by) from Investing Activities	(6,566,489)	5,501,974
Cash Flows from Financing Activities		
(Payments on) proceeds from line of credit, net	(1,200,000)	1,200,000
Net change in cash and cash equivalents	(6,731,413)	5,901,814
Cash and cash equivalents, beginning of year	6,814,792	912,978
Cash and Cash Equivalents, End of Year	\$ 83,379	\$ 6,814,792
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 111,992	\$ 13,642

The accompanying notes are an integral part of these consolidated financial statements.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

1. DESCRIPTION OF ORGANIZATION

Girl Scouts of Central Maryland, Inc. (GSCM) is a tax-exempt, charitable corporation organized to provide an informal educational program to help girls achieve the highest ideals of character, conduct, patriotism, and service. GSCM is chartered by the Girl Scouts of the United States of America to operate in Baltimore City and five counties in central Maryland – Baltimore, Howard, Harford, Carroll, and Anne Arundel.

On August 15, 2006, GSCM acquired a 100% membership interest in 4806 Seton Drive LLC (the LLC), a real estate entity. The LLC owns land and a building used in the operation of GSCM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of GSCM and its wholly-owned subsidiary 4806 Seton Drive LLC (collectively, the Council). All intercompany accounts and transactions are eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements of the Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid demand deposits with an original maturity of three months or less. Cash equivalents as of September 30, 2023 and 2022 consisted of money markets.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at their fair value. To adjust the carrying value of these investments, the change in fair value is charged or credited to change in net assets. The Council invests in a professionally managed portfolio that contains common shares and bonds of publicly traded companies, U.S. Government obligations and mutual funds. Such investments are exposed to various risks such as interest rate, market, and credit.

Fair Value Measurement

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation techniques used by the Council to measure fair value during the years ended September 30, 2023 and 2022, maximized the use of observable inputs and minimized the use of unobservable inputs. There have been no changes in the methodologies used as of September 30, 2023.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

When an active market for an identical asset is not available, alternative pricing sources and models utilizing market observable input are used. The Council determines whether the market for a financial instrument is active or inactive based on security's daily volume and other market trading statistics. Inactivity of the market is evidenced by factors including decreased trade volumes, stale transaction prices and transaction prices that varied significantly either over time or among market makers.

Accounts Receivable

Accounts receivable are carried at billed amounts less an estimate made for uncollectible receivables based on a review of all outstanding amounts on a monthly basis and past experience. The Council uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific receivables. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for doubtful accounts recorded on accounts receivable was \$4,000 as of September 30, 2023 and 2022.

Grants Receivable

Grants receivable are valued at management's estimates of the amount that will ultimately be collected. Grants are reported at fair value at the date the promise is received. Conditional promises to give and grants are recognized when the conditions on which they depend are substantially met. The Council uses the allowance method to estimate uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises to give. There was no allowance on grants receivable as of September 30, 2023 and 2022 as management believes amounts are fully collectible.

Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment over \$3,000 is reported at cost, or if donated, at fair value on the date received. Equipment under capital lease is recorded at the present value of all lease payments. Depreciation is provided on the straight-line method over the estimated useful lives of the depreciable assets. Amortization on assets acquired under capital leases is included with depreciation expense on owned assets. Land and construction in progress are non-depreciable assets.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

Deferred revenue consists of registration fees, membership fees, program fees, and rental income as these are deemed exchange transactions and are recognized as earned. Deferred registration fees, program fees, and rental income are recognized at the time of service. Deferred membership fees are recognized over the membership period.

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired. The Operating Reserve Fund is used for the general operations of the Council and has a distribution policy. Annually, upon request of the CEO to the Finance Committee, the Council shall be granted a draw on the Operating Reserve to fund ongoing operations of the Council, provided the GSUSA required reserve amount will still be met. The draw amount shall be calculated as follows: up to four percent (4%) of all Operating Reserve funds based on the average of a trailing three-year balance calculated as of June 30, each year, with a one-year lag for budgeting purposes. During the years ended September 30, 2023 and 2022, \$254,704 and \$273,547, respectively, were drawn from the fund.

The Board of Directors also established the Capital Campaign fund to preserve a portion of the fund principle earned through the sale of the Ilchester property on September 30, 2022, for future capital spending. The balance in this capital campaign fund was \$5,971,762 and \$5,901,858 as of September 30, 2023 and 2022.

Net assets with donor restrictions are those whose use by the Council has been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Endowments are net assets with donor restrictions that are restricted by donors or designated by the Council to be maintained by the Council in perpetuity.

Support and Revenue

Contributions received are recorded as without donor restrictions, or with donor restrictions support, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted support is reported as an increase in with donor restrictions net assets. The Council recognizes grants and contributions when an unconditional promise to give is received. Conditional promises to give, with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restriction.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue (continued)

Revenue from special events is recognized upon the occurrence of the event.

Revenue from cookie sales is recognized at the time of cash receipt, which coincides with delivery of cookies. Sales of cookies revenue is shown net of the amount of proceeds retained by the troops, which was \$802,257 and \$689,251 for the years ended September 30, 2023 and 2022, respectively. Revenue from product sales, program service fees and retail sales are recognized when earned as they are exchange transactions. Revenue from unconditional program grants is recognized at the date the grant is received. Revenue from certain conditional program grants and contracts is recognized when the condition of the program grants and contracts is met, which is usually when the expense is incurred.

Contributed Non-Financial Assets

Donated assets and services are recorded at fair value at the date of the donor's unconditional promise to give. The value of donated time by volunteers for assisting with program services has not been reported in the accompanying consolidated financial statements, as these donated services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America. Approximately 6,392 and 6,556 volunteers have given a significant number of hours to the Council's program services and fundraising campaigns during the years ended September 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of the Council. Shared costs are allocated based on time and effort.

Advertising

Advertising costs are expensed as incurred. Advertising costs were \$8,629 and \$11,176 for the years ended September 30, 2023 and 2022, respectively.

Income Tax

GSCM is a not-for-profit organization exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code and is recognized as such by the Internal Revenue Service. 4806 Seton Drive LLC is a single member LLC wholly owned by GSCM. Accordingly, all activity is reported under GSCM's name, and the LLC assumes the same tax status as GSCM.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The GSCM performed an evaluation of uncertain tax positions as of September 30, 2023, and determined that there were no matters that would require recognition in the consolidated financial statements or which may have any effect on its tax-exempt status. As of September 30, 2023 the statute of limitations for fiscal years 2020 through 2023 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the GSCM's files tax returns.

Reclassifications

Certain amounts reported in the 2022 financial statements have been reclassified to conform to the 2023 presentation. The reclassification had no effect on the changes in the net assets as of September 30, 2022.

The following reflects the Council's financial assets as of the consolidated statements of financial position date of September 30, 2023 and 2022, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 83,379	\$ 6,814,792
Investments	21,129,226	15,117,375
Receivables	42,883	36,860
	<u>21,255,488</u>	<u>21,969,027</u>
Less: net assets with donor restrictions not available for general expenditure:		
Board designated capital campaign	5,971,762	5,901,858
Board designated endowment	8,357,541	7,855,013
Purpose restricted - capital campaign	1,067,043	954,641
Purpose restricted - other	813,374	635,180
Endowment - to be held in perpetuity	2,150,131	1,874,936
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 3,709,011</u>	<u>\$ 5,382,579</u>

The Council manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. Management performs monthly cash forecasting.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources (continued)

Also, to help manage liquidity needs, the Council has a line of credit in the amount of \$3,000,000 as of September 30, 2023 as discussed in more detail in Note 5. As of the year ended September 30, 2023, \$3,000,000 remained available on the Council's line of credit.

The Council's Board of Directors has designated a portion of its unrestricted resources for endowment and other purposes. Those amounts are identified as board-designated in the accompanying consolidated statements of financial position. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

Change in Accounting Estimate

During fiscal year 2023, the Council completed a detailed review and inventory of its property and equipment records and updated the useful life estimates of its asset classes as necessary. Based on this review and updated useful lives, the Council identified assets that should have been fully depreciated prior to fiscal year 2023. The change in estimate resulted in additional depreciation expense of \$793,243 recorded in fiscal year 2023 to correct the net asset balances.

Subsequent Events

The Council evaluated the accompanying consolidated financial statements for subsequent events and transactions through March 19, 2024, the date these consolidated financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying consolidated financial statements or require additional disclosure.

3. INVESTMENTS

The following is a description of the valuation methodology used for assets measured at fair value as of September 30, 2023 and 2022:

Money market funds, fixed income, U.S. equities, Non-U.S. equities, marketable equity securities, mutual funds and exchange traded funds: Valued at the closing price reported on the active market on which the fund is traded and are rendered Level 1.

Certificates of deposit: Valued at cost plus accrued interest which approximates fair value and are rendered Level 1.

U.S. treasury securities: Valued at the last reported sales price on the day of valuation and are rendered Level 1.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

3. INVESTMENTS (continued)

Corporate bonds: Valued at the closing price for identical or similar assets in inactive markets and are rendered Level 2.

Beneficial interest in perpetual trust: The beneficial interest in perpetual trust held by a third party is maintained by Baltimore Community Foundation (BCF) and is comprised solely of BCF pooled investment and is not managed by the Council. Investments are valued based on the value provided by BCF.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, the fair value hierarchy of the Council's investments at fair value as of September 30, 2023 and 2022:

Description	2023			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 1,138,615	\$ 1,138,615	\$ -	\$ -
Certificates of deposit	832,563	832,563	-	-
Fixed income	5,251,233	5,251,233	-	-
U.S. equities	5,844,273	5,844,273	-	-
Non-U.S. equities	2,090,780	2,090,780	-	-
U.S. treasury securities	5,971,762	5,971,762	-	-
	<u>21,129,226</u>	<u>21,129,226</u>	-	-
Beneficial interest in perpetual trust	432,627	-	-	432,627
Total Investments	\$ 21,561,853	\$ 21,129,226	\$ -	\$ 432,627

Description	2022			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 662,579	\$ 662,579	\$ -	\$ -
Marketable equity securities	179,396	179,396	-	-
Mutual funds, equity	6,720,132	6,720,132	-	-
Corporate bonds, fixed income	812,872	-	812,872	-
Mutual funds, fixed income	4,407,761	4,407,761	-	-
Exchange traded funds	2,334,635	2,334,635	-	-
	<u>15,117,375</u>	<u>14,304,503</u>	<u>812,872</u>	-
Beneficial interest in perpetual trust	477,826	-	-	477,826
Total Investments	\$ 15,595,201	\$ 14,304,503	\$ 812,872	\$ 477,826

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

3. INVESTMENTS (continued)

As of September 30, 2023 and 2022, investments held by the Council were for the following purposes:

Purpose	2023	2022
Capital Campaign	\$ 7,038,805	\$ -
Operating Reserve	3,648,572	5,337,669
Conservation Easement Endowment	8,357,541	7,855,012
21st Century Endowment	2,084,308	1,924,694
Total	\$ 21,129,226	\$ 15,117,375

Changes in Fair Value of Level 3 Assets

Financial instruments classified as Level 3 in the fair value hierarchy represent the Council's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. For the years ended September 30, 2023 and 2022, there were no transfers in or out, and no purchases or sales of Level 3 financial instruments.

For the years ended September 30, 2023 and 2022, investment income consisted of the following:

	2023	2022
Interest and dividends	\$ 589,967	\$ 251,253
Realized and unrealized gains	1,416,931	(3,943,645)
Investment fees	(55,927)	(77,003)
Investment income, net	\$ 1,950,971	\$ (3,769,395)

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of September 30, 2023 and 2022:

	2023	2022	Estimated Useful Life
Land	\$ 543,132	\$ 543,132	N/A
Land improvements	303,673	424,723	20 years
Buildings and improvements	7,232,220	7,141,845	5-25 years
Equipment	452,563	1,529,257	3-20 years
Construction in progress	501,292	359,682	N/A
Total	9,032,880	9,998,639	
Less: accumulated depreciation	7,439,233	7,754,820	
Property and Equipment, Net	\$ 1,593,647	\$ 2,243,819	

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

4. PROPERTY AND EQUIPMENT, NET (continued)

Depreciation expense for the years ended September 30, 2023 and 2022, was \$951,248 and \$343,590, respectively.

On September 30, 2022, the Council completed the sale of its Camp Ilchester property for \$6,000,000. The property was recorded at the net book value of \$94,481 prior to the sale. The Council received \$5,901,858 for the sale of the property, net of selling costs, and recognized a gain on the sale of the property of \$5,798,209 for the year ended September 30, 2022, included in gain on sale of property and equipment in the accompanying consolidated statements of activities and changes in net assets.

5. LINE OF CREDIT

The Council has a line of credit in the amount of \$3,000,000 with a bank at a variable interest rate equal to the prime rate plus 1.00%. The line of credit is secured by a security interest in all deposits and investments maintained by the Council with the bank. Principal is due and payable in full on the maturity date. There was no outstanding balance on the line of credit as of September 30, 2023. The outstanding balance on the line of credit was \$1,200,000 as of September 30, 2022. The interest rate as of September 30, 2023 and 2022 was 7.25%. Interest expense on the line of credit was \$111,993 and \$13,642 for the years ended September 30, 2023 and 2022, respectively. The line of credit matured in January 2024. The Council is in the process of renewing the line of credit.

This note has a financial covenant that requires audited financials to be provided 180 days after the Council's year-end.

6. NOTES PAYABLE

During the year ended September 30, 2021, the Council received a Paycheck Protection Program (PPP) loan in the amount of \$788,885. The PPP loan was received from the U.S. Federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress. The terms of the loan required the proceeds to be spent on eligible expenses, which were primarily payroll related costs. Part or all could be forgiven based on meeting certain conditions as set forth in the loan agreement. Any portion of the PPP loan that was not forgiven must be repaid over two years after a six-month deferral period at an interest rate of 1%.

During fiscal year 2022, the Council submitted its application for forgiveness for the PPP loan to the financial institution issuing the loan and received full forgiveness. In fiscal year 2022, the Council recognized the entire PPP loan received of \$788,885 as a Federal grant related to eligible expenses incurred.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were available for the following purposes as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Endowment earnings	\$ 797,081	\$ 605,501
Capital campaign	1,067,043	954,641
Capital improvements	16,293	29,679
Total	\$ 1,880,417	\$ 1,589,821

8. ENDOWMENTS

Interpretation of Relevant Law

The Board of Directors of the Council has interpreted the Maryland enacted version of the 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 classifies as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions (purpose restriction), until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the Council and the donor-restricted endowment fund,
- General economic conditions,
- The possible effects of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Council, and
- The investment policies of the Council.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

8. ENDOWMENTS (continued)

Return Objective and Risk Parameters

The long-term goal of the net assets with donor restrictions in perpetuity is to achieve appreciation of assets without exposure to undue risk, as defined herein. The portfolio is expected to support the maintenance and operation of capital improvements and to support various educational and other programs undertaken by the Council as part of its exempt purpose.

Board Designated Endowment

The Conservation Easement Fund Endowment was established to preserve a portion of the fund principal and to develop a stream of income to support capital improvements and capital maintenance at all Council owned camp sites and program facilities.

Within any fiscal year, total distributions from the fund shall be limited to the annual average earnings of the fund, including appreciation, over a three-year period using the 12-quarter rolling average annual earnings of the last three years. Such calculation shall be performed as of five months prior to the beginning of the fiscal year.

Earnings of the Conservation Easement Fund that are distributable but unused by the Council in any given fiscal year shall be retained in the fund. Ten percent of such unused earnings, plus any additional earnings or appreciation on such unused earnings, shall be added back to the principal amount. The remainder of the unused earnings shall be available for distribution in future years and shall not be added back to principal.

During the years ended September 30, 2023 and 2022, \$381,206 and \$144,833, respectively, were drawn from the fund for use.

Beneficial Interest in Perpetual Trust

The Council is the sole beneficiary of a designated endowment fund held in trust by a foundation. The annual income from the fund is available for maintenance, as defined, of the Clementine Peterson Activity Center. Unexpended income available to the Council is reported as net assets with donor restrictions for purpose.

Spending policy

The trusted endowment fund is managed using the total return concept of endowment management. The amount available for grant making is calculated annually based on a spending policy rate of 5%, which is applied to a 12-quarter trailing average market value of the fund. These funds are considered with donor restrictions and available for use by the Council.

Investment income in excess of the 5% spending rate is considered with donor restrictions held in perpetuity as a component of the fund's principal balance.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

8. ENDOWMENTS (continued)

Beneficial Interest in Perpetual Trust (continued)

The components of the trusted endowment fund to be held in perpetuity, reported at fair value, were as follows as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Original endowment	\$ 250,000	\$ 250,000
Cumulative net investment earnings in excess of 5%	182,627	227,826
Total	\$ 432,627	\$ 477,826

There were distributions of \$114,668 from the fund during fiscal year 2023. There were no distributions from the fund during fiscal year 2022.

Endowments with Donor Restrictions

The 21st Century Endowment was funded by a grant to the Council. Funds available for distribution from the endowment fund are limited to investment income on the endowment investments as defined in the grant agreement. Investment income in excess of distributions must be retained as endowment principal.

Spending policy

Within any given fiscal year, total distributions from the endowment fund are limited to the lesser of the total earnings of the fund, including appreciation, during the preceding fiscal year or 5% of the average fund principal during the preceding fiscal year. No distributions are made if the market value of the remaining assets drops below the initial contribution amount. Earnings of the fund in excess of amounts distributable are retained and added to principal for the purposes of preserving and/or enhancing the purchasing power of future permitted distributions.

Net assets with donor restrictions in perpetuity consist of investments held in perpetuity and consisted of the following as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
21st Century Endowment	\$ 1,717,504	\$ 1,397,110
Clementine Peterson Activity Fund	432,627	477,826
Total	\$ 2,150,131	\$ 1,874,936

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

8. ENDOWMENTS (continued)

Endowments with Donor Restrictions (continued)

Changes in the endowment fund net assets, including assets held in the perpetual trust, were as follows for the years ended September 30, 2023:

	2023			
	Net Assets Without Donor Restriction - Board Designated	Net Assets With Donor Restrictions (Purpose)	With Donor Restrictions - To be Held in Perpetuity	Total
Endowment Net Assets, Beginning of Year	\$ 7,855,013	\$ 605,501	\$ 1,874,936	\$ 10,335,450
Investment income	883,735	191,580	275,195	1,350,510
Distributions	(381,207)	-	-	(381,207)
Endowment Net Assets, End of Year	<u>\$ 8,357,541</u>	<u>\$ 797,081</u>	<u>\$ 2,150,131</u>	<u>\$ 11,304,753</u>

Changes in the endowment fund net assets, including assets held in the perpetual trust, were as follows for the years ended September 30, 2022:

	2022			
	Net Assets Without Donor Restriction - Board Designated	Net Assets With Donor Restrictions (Purpose)	With Donor Restrictions - To be Held in Perpetuity	Total
Endowment Net Assets, Beginning of Year	\$ 9,892,615	\$ 602,728	\$ 2,451,359	\$ 12,946,702
Investment (loss) income	(1,892,769)	2,773	(576,423)	(2,466,419)
Distributions	(144,833)	-	-	(144,833)
Endowment Net Assets, End of Year	<u>\$ 7,855,013</u>	<u>\$ 605,501</u>	<u>\$ 1,874,936</u>	<u>\$ 10,335,450</u>

9. COMMITMENTS AND CONTINGENCIES

State of Maryland Capital Project Grants

In June 2016, the Council received a conditional State of Maryland Capital Project grant from a state bond bill for up to \$250,000 to be used for renovations and capital improvements on the Urban Program and STEM Center. The grant required the Council to expend funds for work or services by June 1, 2023. The Council recognized revenue of \$84,127 related to this grant during the fiscal year ended September 30, 2023. The Council did not recognize any revenue related to this grant during the fiscal year ended September 30, 2022. There are no amounts remaining on grant as of September 30, 2023 as the grant ended on June 1, 2023.

The Council has matched 100% of the grant as of September 30, 2023 and 2022.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2023 and 2022

10. RETIREMENT PLAN

The Council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory, multiemployer, defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the plan effective July 31, 2010. As of September 30, 2023 and 2022, the NGSCR was 83% and 78% funded, respectively. The plan covers substantially all of the employees of various Girl Scouts councils who were eligible to participate in the plan prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010, are based on years of service and salary levels.

Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for the Council as a standalone operation. The Council's pension expense was \$330,294 and \$383,880 for the years ended September 30, 2023 and 2022, respectively.

The Council sponsors a 403(b) Thrift Plan (the Plan) which covers substantially all of the employees of GSCM who are eligible to participate in the Plan. Participants who satisfy the age and service requirements of the Plan may elect to defer up to 100% of their compensation, subject to the IRS limitations, and direct that deferral to the Plan as a salary reduction contribution. Employer matching contributions are discretionary and are made to the Plan on behalf of the participant provided that they satisfy the eligibility requirements of the Plan. The Council made a discretionary contribution in the amount of \$75,038 and \$61,590 for the years ended September 30, 2023 and 2022, respectively.