

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

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

For the Year Ended September 30, 2024

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Consolidated Financial Statements Together with Report of Independent Public Accountants

SEPTEMBER 30, 2024

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7



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 statement of financial position of Girl Scouts of Central Maryland, Inc. and subsidiary (GSCM) as of September 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year 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, 2024, and the changes in their 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 audit 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.

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
May 30, 2025



GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position As of September 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 217,215
Investments	23,734,802
Accounts receivable, net	19,410
Inventory	74,796
Prepaid expenses and other assets	124,658
Beneficial interest in perpetual trust	507,013
Right of use asset - operating	62,712
Property and equipment, net	1,883,059
Total Assets	\$ 26,623,665

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 290,321
Deferred revenue	90,193
Line of credit	2,200,000
Right of use lease obligation - operating	62,712
Total Liabilities	2,643,226

Net Assets

Without donor restrictions:

Operating	3,018,675
Board designated capital campaign	6,273,200
Board designated endowment	9,668,504
Total without donor restrictions	18,960,379

With donor restrictions:

Purpose restricted	2,430,784
Endowment - to be held in perpetuity	2,589,276
Total Net Assets	23,980,439

Total Liabilities and Net Assets	\$ 26,623,665
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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, 2024

	Without Donor Restrictions	With Donor Restrictions - Purpose Restricted	With Donor Restrictions - To be Held in Perpetuity	Total
Revenue and Other Support:				
Public support:				
Contributions	\$ 104,100	\$ 15,165	\$ -	\$ 119,265
Grants	-	36,174	-	36,174
Fundraising events, net	90,484	-	-	90,484
Total public support	194,584	51,339	-	245,923
Revenue:				
Sales of cookies and other products	4,004,209	-	-	4,004,209
Cost of cookies	(1,332,852)	-	-	(1,332,852)
Net sales of cookies and other products	2,671,357	-	-	2,671,357
Retail merchandise sales	258,661	-	-	258,661
Cost of merchandise sales	(100,824)	-	-	(100,824)
Net merchandise sales	157,837	-	-	157,837
Program service fees	381,031	-	-	381,031
Miscellaneous	40,856	-	-	40,856
Net assets released from restrictions	471,701	(471,701)	-	-
Total Revenue and Other Support	3,917,366	(420,362)	-	3,497,004
Expenses:				
Program Services				
Comprehensive youth development program	4,250,530	-	-	4,250,530
Management and general	763,326	-	-	763,326
Fundraising	427,054	-	-	427,054
Total Expenses	5,440,910	-	-	5,440,910
Operating Loss Before Operating Investment Income and Depreciation Expense	(1,523,544)	(420,362)	-	(1,943,906)
Investment income - operating reserve draw	247,524	-	-	247,524
Depreciation expense	(498,703)	-	-	(498,703)
Operating Loss	(1,774,723)	(420,362)	-	(2,195,085)
Investment and Other Income				
Interest and dividends, net	69,388	129,547	-	198,935
Net income from perpetual trust	-	-	74,385	74,385
Net realized gain (loss) on sale of investments	413,115	-	-	413,115
Net unrealized gain on investments	2,211,143	-	364,760	2,575,903
Total Investment and Other Income	2,693,646	129,547	439,145	3,262,338
Gain (loss) on sale of property and equipment	19,942	-	-	19,942
Nonoperating Income	2,713,588	129,547	439,145	3,282,280
Changes in net assets	938,865	(290,815)	439,145	1,087,195
Net assets, beginning of year	18,021,514	2,721,599	2,150,131	22,893,244
Net Assets, End of Year	\$ 18,960,379	\$ 2,430,784	\$ 2,589,276	\$ 23,980,439

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, 2024**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 2,054,810	\$ 375,114	\$ 209,863	\$ 2,639,787
Employee health and retirement benefits	601,491	109,804	61,432	772,727
Payroll taxes and other related expenses	169,014	30,854	17,262	217,130
Supplies	160,217	29,248	16,363	205,828
Occupancy	235,662	42,449	23,748	301,859
Professional services and fees	393,425	69,362	38,806	501,593
Equipment rental and maintenance	94,114	17,819	9,969	121,902
Insurance	162,179	29,606	16,564	208,349
Travel	53,066	9,687	5,420	68,173
Specific assistance to individuals	55,373	-	-	55,373
Printing, promotions and publications	6,114	1,116	624	7,854
Postage	11,623	2,122	1,187	14,932
Advertising	6,340	1,157	648	8,145
Telephone	55,905	10,206	5,710	71,821
Licenses and fees	28,130	5,135	2,873	36,138
Miscellaneous (a)	63,507	11,594	6,486	81,587
Staff and key volunteer development	43,163	7,880	4,408	55,451
Interest	56,397	10,173	5,691	72,261
	<u>4,250,530</u>	<u>763,326</u>	<u>427,054</u>	<u>5,440,910</u>
Depreciation	467,927	19,735	11,041	498,703
Total	<u>\$ 4,718,457</u>	<u>\$ 783,061</u>	<u>\$ 438,095</u>	<u>\$ 5,939,613</u>

(a) consist of bad debt expense and bank and credit card charges.

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

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows For the Year Ended September 30, 2024

Cash Flows from Operating Activities

Changes in net assets	\$ 1,087,195
Adjustment to reconcile changes in net assets to net cash from operating activities:	
Depreciation	165,680
Net realized and unrealized (gain) on investments	(2,989,018)
Reinvested dividend earnings	446,458
Loss (gain) on sale of property and equipment	(19,942)
Effect of changes in operating assets and liabilities:	
Accounts receivable	3,291
Grants receivable	20,182
Inventory	(1,084)
Prepaid expenses and other assets	35,687
Accounts payable and accrued expenses	(208,252)
Deferred revenue	(33,809)
Net Cash from Operating Activities	<u>(1,493,612)</u>

Cash Flows from Investing Activities

Purchase of investments	(63,018)
Net dividends/distributions from perpetual trust	(74,386)
Proceeds from sale of equipment	39,885
Purchase of property and equipment	(475,033)
Net Cash from Investing Activities	<u>(572,552)</u>

Cash Flows from Financing Activities

Proceeds from line of credit	3,100,000
Payments on line of credit	(900,000)
Net Cash from Financing Activities	<u>2,200,000</u>

Net change in cash and cash equivalents	133,836
Cash and cash equivalents, beginning of year	83,379
Cash and Cash Equivalents, End of Year	<u>\$ 217,215</u>

Supplemental Disclosure of Cash Flow Information

Interest paid	<u>\$ 72,261</u>
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The accompanying notes are an integral part of this consolidated financial statement.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

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, 2024 consisted of money markets.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents (continued)

Cash includes bank accounts held by Girl Scout troops and other groups such as service units under the federal identification number of the Council. Bank accounts held by troops and groups are under the federal identification number but are not under the control of the Council. The Council has no signature authority over and will not access the funds in these accounts as long as a troop or group is functioning according to Girl Scout policies and procedures. Individual troops and groups have the responsibility to use funds in their control for the purpose of Girl Scouting as determined by the members and adult volunteers. If a troop or group is about to disband, the troop may use the funds to pay for a final group activity or to donate to groups or projects considered worthwhile. If a troop or group disbands without making a determination as to the final distribution of funds, the funds will revert to the Council for a holding period in case the troop re-forms, or members of the troop join another troop. After this time, if funds are not claimed, they will be considered a donation to the Council. The amount held in cash and cash equivalents was \$9,274 as of September 30, 2024.

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.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

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 year ended September 30, 2024, 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, 2024.

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 credit losses based on a review of all outstanding amounts. The allowance is based on historical experience, current economic conditions and management's review of subsequent collections. The allowance for credit losses recorded on accounts receivable was \$4,000 as of September 30, 2024.

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.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is comprised of program-related merchandise held for sale in the Council shop and is stated at the at the lower of cost, as determined by First In First Out basis, or net realizable value.

Right of Use Asset and Liability

The Council records a right of use asset related to equipment used in operations. The right of use asset is being amortized over the term of the lease. As of September 30, 2024, the present value of the asset was \$62,712. The lease liability represents the discounted future commitments for the Council's equipment lease. The term of the lease is assessed as the non-cancellable period of the lease, plus an extension options the Council is reasonably certain to exercise. The lease liability is discounted using the Council's estimated borrowing rate of 4.15% based on the weighted average treasury rate.

Property and Equipment

Property and equipment 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.

The Council reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended September 30, 2024.

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.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 year ended September 30, 2024, \$247,524 was 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 \$6,273,200 as of September 30, 2024.

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 net assets with donor restrictions. 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.

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

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue (continued)

Earned revenue consists primarily of product sales consisting of program cookie and other product sales, program service fees, and other revenues which includes sale of Girl Scout merchandise. Revenue related to program product sales and sale of Girl Scout merchandise is recognized at a point in time, when the sale takes place and the performance obligation is satisfied. Revenue related to program service fees received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, and are recognized over time.

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 6,177 volunteers have given a significant number of hours to the Council's program services and fundraising campaigns during the year ended September 30, 2024.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets and in the statement 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.

Cookie Program Activity Credits

As a program reward, the Council issues credits to members who sell a certain number of cookies, which are redeemable for program and membership fees and Girl Scout merchandise. The value of these credits is recorded as an expense of cookie program sales. Unredeemed and available credits are reflected in the financial statements as accrued payables. Credits expire within a specified time period and are charged back to accrued expenses upon expiration.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed as incurred. Advertising costs were \$8,145 for the year ended September 30, 2024.

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.

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, 2024, 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, 2024 the statute of limitations for fiscal years 2021 through 2024 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the GSCM's files tax returns.

Implemented Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*. The objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. This standard is effective for periods beginning after December 15, 2022, and was implemented by the Council in fiscal year 2024. Its implementation did not have a significant impact on the financial statements.

Liquidity and Availability of Resources

The following reflects the Council's financial assets as of the consolidated statements of financial position date of September 30, 2024, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources (continued)

	<u>Amounts</u>
Cash and cash equivalents	\$ 217,215
Investments	23,734,802
Receivables	19,410
	<u>23,971,427</u>
Less: net assets with donor restrictions not available for general expenditure:	
Board designated capital campaign	6,273,200
Board designated endowment	9,668,504
Purpose restricted - capital campaign	872,090
Purpose restricted - other	1,558,694
Endowment - to be held in perpetuity	2,589,276
	<u>30,961,664</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 3,009,663</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.

Also, to help manage liquidity needs, the Council has a line of credit in the amount of \$3,000,000 as of September 30, 2024 as discussed in more detail in Note 5. As of the year ended September 30, 2024, \$800,000 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.

Subsequent Events

The Council evaluated the accompanying consolidated financial statements for subsequent events and transactions through May 30, 2025, 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.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

3. INVESTMENTS

The following is a description of the valuation methodology used for assets measured at fair value as of September 30, 2024:

Money market funds, fixed income, U.S. equities, Non-U.S. equities, and marketable equity securities: 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.

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, 2024:

Description	Total	Level 1	Level 2	Level 3
Money market funds	\$ 3,992	\$ 3,992	\$ -	\$ -
Certificates of deposit	872,093	872,093	-	-
Fixed income	6,633,535	6,633,535	-	-
U.S. equities	7,427,009	7,427,009	-	-
Non-U.S. equities	2,524,973	2,524,973	-	-
U.S. treasury securities	6,273,200	6,273,200	-	-
	23,734,802	23,734,802	-	-
Beneficial interest in perpetual trust	507,013	-	-	507,013
Total Investments	\$ 24,241,815	\$ 23,734,802	\$ -	\$ 507,013

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

3. INVESTMENTS (continued)

As of September 30, 2024, investments held by the Council were for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Capital Campaign - Board designated	\$ 6,273,200
Capital Campaign - Donor restricted	872,090
Operating Reserve	4,437,882
Conservation Easement Endowment	9,668,505
21st Century Endowment	2,483,125
Total	\$ 23,734,802

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 year ended September 30, 2024, there were no transfers in or out, and no purchases or sales of Level 3 financial instruments.

For the year ended September 30, 2024, investment income consisted of the following:

	<u>Amount</u>
Interest and dividends	\$ 594,782
Realized and unrealized gains	2,989,018
Investment fees	(73,938)
Investment income, net	\$ 3,509,862

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of September 30, 2024:

	<u>Amount</u>	<u>Estimated Useful Life</u>
Land	\$ 543,132	N/A
Land improvements	303,673	20 years
Buildings and improvements	8,036,267	5-25 years
Equipment	525,640	3-20 years
Construction in progress	59,317	N/A
Total	9,468,029	
Less: accumulated depreciation	7,584,970	
Property and Equipment, Net	\$ 1,883,059	

Depreciation expense for the year ended September 30, 2024 was \$498,703.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

4. 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. The outstanding balance on the line of credit was \$2,200,000 as of September 30, 2024, compared to a zero balance as of September 30, 2023. The interest rate as of September 30, 2024 was 7.25%. Interest expense on the line of credit was \$72,261 for the year ended September 30, 2024. The line of credit matures in July 2025. 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. This requirement was not met for fiscal year ended September 30, 2024, and the Council obtained an extension of the due date.

5. LEASE OBLIGATION

During the year ended September 30, 2024, the Council entered into an equipment lease agreement. The lease commenced in July 2024 with a five-year term. The lease requires monthly payments of \$1,165 per month. The total rent expenses was \$3,809 for the year ended September 30, 2024 and was included in occupancy expense in the accompanying statement of functional expenses.

The future minimum payments under the lease were as follows as of September 30, 2024:

<u>Years Ending September 30</u>	<u>Amount</u>
2025	\$ 13,980
2026	13,980
2027	13,980
2028	13,980
2029	13,980
Total	<u>69,900</u>
Less: interest expense	7,188
Present Value of Net Minimum Lease Payment	<u>\$ 62,712</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were available for the following purposes as of September 30, 2024:

	<u>Amount</u>
Endowment earnings	\$ 839,872
Capital campaign	872,090
Other programs	718,822
Total	<u>\$ 2,430,784</u>

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

7. 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.

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.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

7. ENDOWMENTS (continued)

Board Designated Endowment (continued)

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 year ended September 30, 2024, \$869,474 was 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 without 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.

The components of the trusted endowment fund to be held in perpetuity, reported at fair value, were as follows as of September 30, 2024:

	Amount
Original endowment	\$ 250,000
Cumulative net investment earnings in excess of 5%	257,013
Total	\$ 507,013

There were distributions of \$26,756 from the fund during the year ended September 30, 2024.

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

7. ENDOWMENTS (continued)

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, 2024:

	<u>Amount</u>
21st Century Endowment	\$ 2,082,263
Clementine Peterson Activity Fund	<u>507,013</u>
Total	<u>\$ 2,589,276</u>

Changes in the endowment fund net assets, including assets held in the perpetual trust, were as follows for the year ended September 30, 2024:

	<u>Net Assets Without Donor Restriction - Board Designated</u>	<u>Net Assets With Donor Restrictions (Purpose)</u>	<u>With Donor Restrictions - To be Held in Perpetuity</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 8,357,541	\$ 797,081	\$ 2,150,131	\$ 11,304,753
Investment income	2,180,437	129,547	440,840	2,750,824
Distributions	(869,474)	(86,756)	(1,695)	(957,925)
Endowment Net Assets, End of Year	<u>\$ 9,668,504</u>	<u>\$ 839,872</u>	<u>\$ 2,589,276</u>	<u>\$ 13,097,652</u>

GIRL SCOUTS OF CENTRAL MARYLAND, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements September 30, 2024

8. 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 In observance of our firm's 20th year anniversary trip, our offices will operate with limited staff from Monday, June 9th until Thursday, June 12th. Due to the reduced staff onsite, if you require assistance before we resume to normal operations on June 13th, please submit your request to us via email to customerservice@sbandcompany.com, including a telephone number if you prefer a returned call. We will relay the message to the appropriate person to respond to your message within 24 hours effective July 31, 2010. As of September 30, 2024, the NGSCR was 89.5% funded. 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 \$312,432 for the year ended September 30, 2024.

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 \$108,425 for the year ended September 30, 2024.

9. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2024, the Council made payments to Girl Scouts of the USA (GSUSA), totaling \$55,373, for membership dues for girls and adult volunteers with a demonstrated need for financial assistance, inventory, software licenses and web hosting fees.

The Council's Board of Directors is committed to the financial success of the Council and regularly makes contributions to the Council. During the year ended September 30, 2024, board members gave \$19,776.

10. CONTINGENCIES

The Council is a party to various claims and litigation arising out of the ordinary course of conducting its business. As of September 30, 2024, management is of the opinion that the ultimate settlement of all litigation outstanding will not have a material effect on the financial position or results of the operations as of and for the year ended September 30, 2024.