
GIRL SCOUTS OF COLORADO
FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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Independent Auditors' Report

Board of Directors
Girl Scouts of Colorado
Denver, Colorado

Opinion

We have audited the financial statements of Girl Scouts of Colorado, a not-for-profit organization, which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Colorado as of September 30, 2022 and 2021, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of Girl Scouts of Colorado and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

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

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

Auditors' Responsibilities For The Audit Of The Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

Emphasis Of Matter

As discussed in Note 2 to the financial statements, in 2022, Girl Scouts of Colorado adopted Accounting Standards Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

RubinBrown LLP

January 20, 2023

GIRL SCOUTS OF COLORADO

STATEMENT OF FINANCIAL POSITION

September 30, 2022 And 2021

Assets

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 7,672,709 | \$ 17,224,007 |
| Accounts receivable | — | 47,500 |
| ERTC receivable | 794,200 | 794,200 |
| Promises to give | 71,875 | 45,875 |
| Prepaid expenses | 259,933 | 125,703 |
| Inventory | 180,768 | 196,207 |
| Investments | 5,824,549 | 10,928 |
| Property and equipment, less accumulated depreciation | 3,485,629 | 2,973,601 |
| Beneficial interests in perpetual trusts | 227,312 | 251,295 |
| Beneficial interests in assets held by others | 17,448,623 | 13,148,013 |
| Total Assets | \$ 35,965,598 | \$ 34,817,329 |

Liabilities And Net Assets

Liabilities

| | | |
|--------------------------|------------------|------------------|
| Accounts payable | \$ 126,748 | \$ 248,876 |
| Accrued expenses | 1,322,520 | 1,191,481 |
| PPP loan | — | 1,689,269 |
| Deferred revenue | 192,136 | 213,754 |
| Total Liabilities | 1,641,404 | 3,343,380 |

Net Assets

| | | |
|----------------------------|-------------------|-------------------|
| Without donor restrictions | 32,325,020 | 29,790,425 |
| With donor restrictions | 1,999,174 | 1,683,524 |
| Total Net Assets | 34,324,194 | 31,473,949 |

| | | |
|---|----------------------|----------------------|
| Total Liabilities And Net Assets | \$ 35,965,598 | \$ 34,817,329 |
|---|----------------------|----------------------|

GIRL SCOUTS OF COLORADO

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|-------------------------------|---------------|
| Revenues And Support | | | |
| Product sales: | \$ 20,394,076 | \$ — | \$ 20,394,076 |
| Cost of sales | (4,541,389) | — | (4,541,389) |
| Troop proceeds | (4,380,670) | — | (4,380,670) |
| Net Product Sales | 11,472,017 | — | 11,472,017 |
| Sales of merchandise: | 589,908 | — | 589,908 |
| Cost of sales | (288,170) | — | (288,170) |
| Net Merchandise Sales | 301,738 | — | 301,738 |
| Special events: | 385,634 | — | 385,634 |
| Less direct expenses | (73,984) | — | (73,984) |
| Net Special Events | 311,650 | — | 311,650 |
| Camp and program service fees | 1,022,350 | — | 1,022,350 |
| Contributions and grants | 3,419,816 | 677,711 | 4,097,527 |
| Contributed nonfinancial assets | 127,551 | — | 127,551 |
| Net assets released from restrictions | 170,056 | (170,056) | — |
| Total Revenues And Support | 16,825,178 | 507,655 | 17,332,833 |
| Expenses | | | |
| Services to troops and girls | 8,702,514 | — | 8,702,514 |
| Council events and camps | 2,037,889 | — | 2,037,889 |
| Management and general | 1,747,877 | — | 1,747,877 |
| Development and fundraising | 667,499 | — | 667,499 |
| Total Expenses | 13,155,779 | — | 13,155,779 |
| Change In Net Assets From Operations | 3,669,399 | 507,655 | 4,177,054 |
| Nonoperating Activities | | | |
| Change in value of beneficial interests in assets held by others | (2,285,313) | (168,022) | (2,453,335) |
| Change in value of beneficial interests in perpetual trusts | — | (23,983) | (23,983) |
| Investment income | 9,723 | — | 9,723 |
| National Girl Scouts defined benefit retirement obligation | (560,214) | — | (560,214) |
| Gain on extinguishment of PPP loan | 1,689,269 | — | 1,689,269 |
| Other income | 11,731 | — | 11,731 |
| Total Nonoperating Activities | (1,134,804) | (192,005) | (1,326,809) |
| Increase In Net Assets | 2,534,595 | 315,650 | 2,850,245 |
| Net Assets, Beginning Of Year | 29,790,425 | 1,683,524 | 31,473,949 |
| Net Assets, End Of Year | \$ 32,325,020 | \$ 1,999,174 | \$ 34,324,194 |

GIRL SCOUTS OF COLORADO

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|-------------------------------|----------------------|
| Revenues And Support | | | |
| Product sales: | \$ 16,284,519 | \$ — | \$ 16,284,519 |
| Cost of sales | (4,889,839) | — | (4,889,839) |
| Troop proceeds | (3,688,167) | — | (3,688,167) |
| Net Product Sales | 7,706,513 | — | 7,706,513 |
| Sales of merchandise: | 430,328 | — | 430,328 |
| Cost of sales | (207,890) | — | (207,890) |
| Net Merchandise Sales | 222,438 | — | 222,438 |
| Special events: | 234,478 | — | 234,478 |
| Less direct expenses | (70,836) | — | (70,836) |
| Net Special Events | 163,642 | — | 163,642 |
| Camp and program service fees | 976,640 | — | 976,640 |
| Contributions and grants | 924,492 | 215,610 | 1,140,102 |
| Contributed nonfinancial assets | 48,158 | — | 48,158 |
| Net assets released from restrictions | 56,698 | (56,698) | — |
| Total Revenues And Support | 10,098,581 | 158,912 | 10,257,493 |
| Expenses | | | |
| Services to troops and girls | 8,168,574 | — | 8,168,574 |
| Council events and camps | 1,598,440 | — | 1,598,440 |
| Management and general | 1,419,017 | — | 1,419,017 |
| Development and fundraising | 622,914 | — | 622,914 |
| Total Expenses | 11,808,945 | — | 11,808,945 |
| Change In Net Assets From Operations | (1,710,364) | 158,912 | (1,551,452) |
| Nonoperating Activities | | | |
| Change in value of beneficial interests in assets held by others | 1,620,950 | 165,949 | 1,786,899 |
| Change in value of beneficial interests in perpetual trusts | — | 28,879 | 28,879 |
| Investment income | 3,413 | — | 3,413 |
| National Girl Scouts defined benefit retirement obligation | (561,194) | — | (561,194) |
| Gain on sale of property | 1,290,298 | — | 1,290,298 |
| Gain on extinguishment of PPP loan | 1,248,127 | — | 1,248,127 |
| ERTC income | 794,200 | — | 794,200 |
| Other income | 12,425 | — | 12,425 |
| Total Nonoperating Activities | 4,408,219 | 194,828 | 4,603,047 |
| Increase In Net Assets | 2,697,855 | 353,740 | 3,051,595 |
| Net Assets, Beginning Of Year | 27,092,570 | 1,329,784 | 28,422,354 |
| Net Assets, End Of Year | \$ 29,790,425 | \$ 1,683,524 | \$ 31,473,949 |

GIRL SCOUTS OF COLORADO

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended September 30, 2022

| | Services To Troops And Girls | Council Events And Camps | Total Program Services | Management And General | Development And Fundraising | Total Supporting Services | Total |
|---|------------------------------------|--------------------------------|------------------------------|------------------------------|-----------------------------------|---------------------------------|----------------------|
| Salaries and benefits | \$ 5,831,956 | \$ 1,504,615 | \$ 7,336,571 | \$ 1,047,236 | \$ 485,329 | \$ 1,532,565 | \$ 8,869,136 |
| Supplies and consumables | 307,684 | 327,373 | 635,057 | 173,710 | 109,465 | 283,175 | 918,232 |
| Product costs | 4,541,389 | — | 4,541,389 | — | — | — | 4,541,389 |
| Troop proceeds | 4,380,670 | — | 4,380,670 | — | — | — | 4,380,670 |
| Merchandise cost of sales | 288,170 | — | 288,170 | — | — | — | 288,170 |
| Grants and assistance to girls and troops | 392,826 | — | 392,826 | — | — | — | 392,826 |
| Occupancy | 815,598 | 44,005 | 859,603 | 78,204 | 20,671 | 98,875 | 958,478 |
| Professional services | 145,881 | — | 145,881 | 213,952 | 14,170 | 228,122 | 374,003 |
| Information technologies | 131,411 | 39,821 | 171,232 | 22,496 | 4,704 | 27,200 | 198,432 |
| Travel | 172,219 | 64,282 | 236,501 | 34,960 | 17,996 | 52,956 | 289,457 |
| Depreciation | 266,507 | 4,677 | 271,184 | 31,403 | 18,286 | 49,689 | 320,873 |
| Other | 638,432 | 53,116 | 691,548 | 145,916 | 70,862 | 216,778 | 908,326 |
| Total Expenses | 17,912,743 | 2,037,889 | 19,950,632 | 1,747,877 | 741,483 | 2,489,360 | 22,439,992 |
| Expenses netted against revenue: | | | | | | | |
| Costs of product sales | (4,541,389) | — | (4,541,389) | — | — | — | (4,541,389) |
| Troop proceeds | (4,380,670) | — | (4,380,670) | — | — | — | (4,380,670) |
| Cost of merchandise sales | (288,170) | — | (288,170) | — | — | — | (288,170) |
| Special events direct costs | — | — | — | — | (73,984) | (73,984) | (73,984) |
| Net Expenses | \$ 8,702,514 | \$ 2,037,889 | \$ 10,740,403 | \$ 1,747,877 | \$ 667,499 | \$ 2,415,376 | \$ 13,155,779 |
| Percentage of total expenses | 66% | 16% | 82% | 13% | 5% | 18% | 100% |

GIRL SCOUTS OF COLORADO

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended September 30, 2021

| | Services To Troops And Girls | Council Events And Camps | Total Program Services | Management And General | Development And Fundraising | Total Supporting Services | Total |
|---|------------------------------------|--------------------------------|------------------------------|------------------------------|-----------------------------------|---------------------------------|----------------------|
| Salaries and benefits | \$ 5,474,748 | \$ 1,014,362 | \$ 6,489,110 | \$ 879,120 | \$ 473,765 | \$ 1,352,885 | \$ 7,841,995 |
| Supplies and consumables | 287,093 | 389,081 | 676,174 | 42,582 | 122,318 | 164,900 | 841,074 |
| Product costs | 4,889,839 | — | 4,889,839 | — | — | — | 4,889,839 |
| Troop proceeds | 3,688,167 | — | 3,688,167 | — | — | — | 3,688,167 |
| Merchandise cost of sales | 207,890 | — | 207,890 | — | — | — | 207,890 |
| Grants and assistance to girls and troops | 82,874 | — | 82,874 | — | — | — | 82,874 |
| Occupancy | 881,869 | 8,840 | 890,709 | 47,832 | 28,212 | 76,044 | 966,753 |
| Professional services | 203,656 | — | 203,656 | 182,474 | 5,739 | 188,213 | 391,869 |
| Information technologies | 304,645 | 69,081 | 373,726 | 54,130 | 3,606 | 57,736 | 431,462 |
| Travel | 119,119 | 41,464 | 160,583 | 3,460 | 2,925 | 6,385 | 166,968 |
| Depreciation | 268,535 | 4,712 | 273,247 | 31,642 | 18,426 | 50,068 | 323,315 |
| Other | 546,035 | 70,900 | 616,935 | 177,777 | 38,759 | 216,536 | 833,471 |
| Total Expenses | 16,954,470 | 1,598,440 | 18,552,910 | 1,419,017 | 693,750 | 2,112,767 | 20,665,677 |
| Expenses netted against revenue: | | | | | | | |
| Costs of product sales | (4,889,839) | — | (4,889,839) | — | — | — | (4,889,839) |
| Troop proceeds | (3,688,167) | — | (3,688,167) | — | — | — | (3,688,167) |
| Cost of merchandise sales | (207,890) | — | (207,890) | — | — | — | (207,890) |
| Special events direct costs | — | — | — | — | (70,836) | (70,836) | (70,836) |
| Net Expenses | \$ 8,168,574 | \$ 1,598,440 | \$ 9,767,014 | \$ 1,419,017 | \$ 622,914 | \$ 2,041,931 | \$ 11,808,945 |
| Percentage of total expenses | 69% | 14% | 83% | 12% | 5% | 17% | 100% |

GIRL SCOUTS OF COLORADO

STATEMENT OF CASH FLOWS For The Years Ended September 30, 2022 And 2021

| | 2022 | 2021 |
|---|---------------------|----------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 2,850,245 | \$ 3,051,595 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 320,873 | 323,315 |
| Gain on sale of property | — | (1,290,298) |
| Gain on extinguishment of PPP loan | (1,689,269) | (1,248,127) |
| Unrealized gains on investments | (13,621) | — |
| Change in value of beneficial interests in perpetual trusts | 23,983 | (28,879) |
| Change in value of beneficial interests in assets held by others | 2,453,335 | (1,786,899) |
| Contributions received for endowment | (29,529) | (14,170) |
| Contributions received for capital outlays | (389,794) | (945) |
| Changes in assets and liabilities: | | |
| Accounts receivable | 47,500 | (24,329) |
| ERTC receivable | — | (794,200) |
| Promises to give | (26,000) | (24,000) |
| Prepaid expenses | (134,230) | 38,433 |
| Inventory | 15,439 | (33,568) |
| Accounts payable | (122,128) | (40,739) |
| Accrued expenses | 131,039 | (48,914) |
| Deferred revenue | (21,618) | 37,656 |
| Net Cash Provided By (Used In) Operating Activities | 3,416,225 | (1,884,069) |
| Cash Flows From Investing Activities | | |
| Purchases of property and equipment | (832,901) | (146,732) |
| Proceeds from liquidation of perpetual trust | — | 11,273 |
| Purchases of investments | (5,800,000) | (3) |
| Contributions to beneficial interests | (6,840,194) | (431,225) |
| Distributions from beneficial interests in assets held by others | 86,249 | 20,228 |
| Proceeds from sale of property and equipment | — | 10,893,298 |
| Net Cash Provided By (Used In) Investing Activities | (13,386,846) | 10,346,839 |
| Cash Flows From Financing Activities | | |
| PPP loan proceeds | — | 1,689,269 |
| Proceeds from contributions received for endowment | 29,529 | 14,170 |
| Proceeds from contributions received for capital outlays | 389,794 | 945 |
| Net Cash Provided By Financing Activities | 419,323 | 1,704,384 |
| Net Increase (Decrease) In Cash And Cash Equivalents | (9,551,298) | 10,167,154 |
| Cash And Cash Equivalents, Beginning Of Year | 17,224,007 | 7,056,853 |
| Cash And Cash Equivalents, End Of Year | \$ 7,672,709 | \$ 17,224,007 |

GIRL SCOUTS OF COLORADO
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 And 2021

1. Operations

Program - Membership And Services To Troops

Research shows girls learn best in an all-girl, girl-led and girl-friendly environment like Girl Scouts of Colorado (Girl Scouts). Girl Scouts strives to provide a safe, no-limits place, designed specifically with her in mind, where she practices different skills, explores her potential and takes on leadership positions.

The Girl Scouts program is a girl-led leadership experience where girls discover, connect and take action through badge-earning, civic engagement, outdoor experiences and travel. It is a life-long leadership journey that progresses as girls grow. Through the Girl Scout Leadership Experience, the girls in Girl Scouts are developing leadership skills through everyday actions big and small across the four program pillars: Science, Technology, Engineering and Math; Outdoor; Life Skills and Entrepreneurship.

Participating in Girl Scouts is proven to help girls thrive in five key ways as they:

- Develop a strong sense of self
- Display positive values
- Seek challenges and learn from setbacks
- Form and maintain healthy relationships and
- Identify and solve problems in the community

Girl Scouts helps girls prepare themselves for a lifetime of leadership and achieve these outcomes through events and activities held across the state, outdoor programs, highest awards programs, outreach programs and volunteer training.

Nature Of Operations

Girl Scouts is chartered by Girl Scouts of the United States of America (GSUSA) to provide Girl Scouting to all the girls in the State of Colorado. Girl Scouts is dedicated to providing a premier leadership opportunity for building girls of courage, confidence and character, who make the world a better place. Girl Scouts' revenues and other support are derived principally from contributions, product program and merchandise sales, camp and program service fees and investment income.

2. Summary Of Significant Accounting Policies

Basis Of Presentation

Financial statement presentation follows generally accepted accounting principles (GAAP) for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, Girl Scouts is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Basis Of Accounting

The financial statements of Girl Scouts have been prepared on the accrual basis of accounting.

Cash And Cash Equivalents

Girl Scouts considers all highly liquid, short-term investments with original maturities of three months or less, which are available for Girl Scouts' operating needs, to be cash equivalents.

Girl Scouts invests its excess cash with financial institutions with strong credit ratings and has established guidelines related to diversification and maturities that maintain safety and liquidity. At times, such amounts may be in excess of Federal Deposit Insurance Corporation insurance amounts of \$250,000 per financial institution.

At September 30, 2022, Girl Scouts' cash accounts exceeded federally insured limits by approximately \$6,974,000.

Inventory

Inventories are stated at cost. Inventories consist of merchandise that is available to girls, volunteers and parents through Girl Scouts' retail store, events and at camp. Revenue earned from merchandise is used to further the Girl Scout program.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Investments And Investment Return

Investments in mutual funds and government agency bonds having a readily determinable fair value are carried at fair value. The basis for determining fair value is described in Note 13. Investment income includes dividends, interest and realized and unrealized gains and losses on investments carried at fair value. Gains and losses on sales of investments are generally determined on a specific cost identification method.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of financial position.

Investment income is reflected in the statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property And Equipment

Property and equipment is recorded at cost or, if donated, at the approximate fair value of the donation, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over estimated useful lives ranging from 3 to 40 years. Girl Scouts capitalizes all fixed asset purchases over \$2,500 with an estimated useful life greater than 1 year. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is included in the statements of activities.

Property and equipment purchased with donor-restricted contributions or received as a gift is considered with donor restrictions. The restriction is released when the property and equipment is placed in service.

Girl Scouts reviews the carrying value 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. No impairment loss has been recognized in the years ended September 30, 2022 or 2021.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements *(Continued)*

PPP Loan

At September 30, 2021, Girl Scouts had a loan that was part of the Paycheck Protection Program (the PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and administered by the U.S. Small Business Administration (the SBA). That loan was subsequently forgiven on February 10, 2022. See Note 16 for additional information.

Contributions And Grants

Contributions and grants, including unconditional promises to give due in future periods, are recognized as support in the period received. Conditional promises to give, that is, those with measurable performance or other barriers, are recognized as support when the conditions upon which they depend are met.

Promises to give are reported at the amount management expects to collect on balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Those balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the promise to give. Allowances for uncollectible promises to give are provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. No allowance was deemed necessary at September 30, 2022 or 2021.

Government contracts and grants are reported as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at September 30, 2022, conditional contributions relating to these contracts and grants totaling \$100,000 have not been recognized in the accompanying financial statements but expect to be recognized in full in the year ended September 30, 2023. There were no such conditional contributions at September 30, 2021.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Contributed Goods And Services

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which was first effective and adopted by Girl Scouts on October 1, 2021. Girl Scouts receives gifts in-kind, such as rent, legal services and other services that require specialized skills. In-kind contribution revenue is recognized when Girl Scouts has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of gifts-in-kind revenue is limited to circumstances in which Girl Scouts takes constructive possession of the gifts in-kind and Girl Scouts is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). Gifts in-kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. In-kind contributions included in the statements of activities are comprised of the following:

| | 2022 | 2021 |
|----------|-------------------|------------------|
| Rent | \$ 78,000 | \$ — |
| Legal | 46,151 | 48,158 |
| Catering | 3,400 | — |
| | <u>\$ 127,551</u> | <u>\$ 48,158</u> |

Legal and catering services are valued based on current rates of legal and catering services. Rent is based on actual rent expense in the contract. All contributed nonfinancial goods and services are used in operations.

Contributions of services are recognized as revenue at their estimated fair values only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. Many individuals volunteer their time and perform a variety of tasks that assist Girl Scouts with specific assistance programs and fundraising events. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under GAAP.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Revenue Recognition

Revenue from camp and program services and special event fees are deferred and recognized over the periods in which the events and programs occur. The transaction price is allocated to each event or service sold and is the amount of consideration to which Girl Scouts expects to be entitled in exchange for transferring services to the customer. All revenue is recognized at the point in time in which the services are provided to the customer, and each service represents a single performance obligation. Sales discounts are included in the related net revenues, if applicable, and are not material. Deferred revenue consists of special event ticket sales and fees for camp programs occurring in the next year. Product sales revenue for the fall product program sale and the cookie program activity is presented as gross sales less the related costs of sales and proceeds retained by the troops. Special event revenue is presented as gross revenues from special events less the costs directly related to the event. Revenue from sales of merchandise are presented as gross revenues from merchandise sales less the costs of sales. No consideration is variable as there are no price changes for volume purchasing and any increases or decreases in services are at stand-alone selling prices of those goods or services.

Operating And Nonoperating Activities

Operating results in the statements of activities reflect all transactions except those items associated with the defined benefit retirement plan, investments and beneficial interests, gains on sales of property, gains on extinguishment of PPP loans, Employee Retention Tax Credit (the ERTC) income and other income.

Net Assets

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

- *Net Assets Without Donor Restrictions* - Net assets without donor restrictions are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, board-designated funds as described in Note 6.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

- *Net Assets With Donor Restrictions* - Net assets with donor restrictions are subject to donor- or certain grantor-imposed restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Functional Allocation Of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| Expense | Method Of Allocation |
|--------------------------|-----------------------------|
| Salaries and benefits | Time and effort |
| Supplies and consumables | Time and effort |
| Occupancy | Square footage |
| Professional services | Full-time equivalent |
| Information technologies | Full-time equivalent |
| Travel | Time and effort |
| Depreciation | Square footage |
| Other | Time and effort |

Tax Status

Girl Scouts is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Girl Scouts is subject to federal and state income tax on any unrelated business taxable income.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Use Of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Legal Contingencies

Girl Scouts is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of Girl Scouts.

3. Availability Of Financial Assets And Liquidity

The following represents Girl Scouts' financial assets available for general expenditures within one year at September 30, 2022 and 2021:

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Financial assets at year end: | | |
| Cash and cash equivalents | \$ 7,672,709 | \$ 17,224,007 |
| Accounts receivable | — | 47,500 |
| ERTC receivable | 794,200 | 794,200 |
| Promises to give | 71,875 | 45,875 |
| Investments | 5,824,549 | 10,928 |
| Total Financial Assets | 14,363,333 | 18,122,510 |
| Less amounts not available to be used within one year: | | |
| Purpose-restricted net assets | 662,887 | 174,609 |
| Long-term promises to give | — | 3,500 |
| Restricted cash | 77,624 | 38,647 |
| Financial Assets Available To Meet General Expenditures Over The Next 12 Months | \$ 13,622,822 | \$ 17,905,754 |

As of September 30, 2022 and 2021, Girl Scouts had \$13,622,822 and \$17,905,754, respectively, in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements *(Continued)*

In addition to the items above, as noted in Note 5, Girl Scouts maintains a board-designated fund at Rose Community Foundation and is able to access such funds to help meet operating expenses. At September 30, 2022 and 2021, the board-designated fund had a balance of \$10,510,879 and \$11,936,268, respectively (Note 6).

During 2022, Girl Scouts created a second board-designated fund with the proceeds from the sale of Magic Sky Ranch. This second board-designated fund is also at Rose Community Foundation and is intended for funding capital projects. At September 30, 2022, the second board-designated fund had a balance of \$5,900,643 (Note 6).

In addition, Girl Scouts has a \$3,000,000 line of credit available from February 1 through April 30 and a \$1,000,000 line of credit available from May 1 through January 31 to meet cash flow needs. The line of credit is unsecured, carries an interest rate at the bank's index rate (6.25% at September 30, 2022) and matures in March 2023. As of September 30, 2022 and 2021, there is \$1,000,000 available under the line of credit.

4. Promises To Give

Promises to give consist of:

| | 2022 | 2021 |
|------------------------------|------------------|------------------|
| Anschutz | \$ 25,000 | \$ 25,000 |
| Amazon STEM | 3,500 | 14,000 |
| VF Foundation | 5,000 | — |
| Women of Distinction Pledges | 25,250 | — |
| Other | 13,125 | — |
| United Way - Mesa County | — | 1,875 |
| United Way - Weld County | — | 5,000 |
| | \$ 71,875 | \$ 45,875 |

Promises to give are collectible as follows:

| | 2022 | 2021 |
|-----------------------------------|------------------|------------------|
| Pledges due in less than one year | \$ 71,875 | \$ 42,375 |
| Pledges due in 1 - 5 years | — | 3,500 |
| | \$ 71,875 | \$ 45,875 |

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

5. Beneficial Interests In Assets Held By Others

Girl Scouts has transferred assets to Rose Community Foundation and the Community First Foundation (the Funds) and retained a beneficial interest in those assets. With both foundations, Girl Scouts has granted variance power to the Funds, which allows the Funds to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Funds' Boards of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of Girl Scouts.

In accordance with FASB Accounting Standards Codification (ASC) 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the transfers were not considered to be contributions from Girl Scouts to the foundations, but rather were accounted for as reciprocal transfers between Girl Scouts and the foundations. Therefore, the amounts held at the foundations totaling \$17,448,623 and \$13,148,013 at September 30, 2022 and 2021, respectively, are reflected in the statement of financial position as beneficial interests in assets held by others. These amounts include both board-designated funds (Note 6) and net assets with donor restrictions.

Distributions of the Funds' assets are restricted for various purposes.

At September 30, 2022, Girl Scouts was also the beneficiary of two perpetual trusts. One trust was liquidated during the year ended September 30, 2021. Girl Scouts records these trusts at fair market value in the amount of split interest as designated by the donors, ranging from 5% to 25%. The fair value of these assets at September 30, 2022 and 2021 was \$227,312 and \$251,295, respectively.

6. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of:

| | <u>2022</u> | <u>2021</u> |
|------------------------------|----------------------|----------------------|
| Undesignated | \$ 12,427,869 | \$ 14,880,556 |
| Board-designated funds | 16,411,522 | 11,936,268 |
| Land, property and equipment | 3,485,629 | 2,973,601 |
| | <u>\$ 32,325,020</u> | <u>\$ 29,790,425</u> |

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

The board-designated funds consist of amounts held at Rose Community Foundation as described in Notes 3 and 5.

During 2022, the changes in the board-designated funds consisted of \$6,776,399 in contributions and investment loss of \$2,301,145. There were no distributions for operations or other specific purposes from the board-designated funds in 2022.

During 2021, the changes in the board-designated fund consisted of \$400,161 in contributions and investment income of \$1,619,677. There were no distributions for operations or other specific purposes from the board-designated fund in 2021.

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Time Restricted | | |
| Unconditional promises to give | \$ 71,875 | \$ 45,875 |
| Purpose Restricted | | |
| Endowed funds income available for expenditure | 51,344 | 240,293 |
| Capital outlay | 173,128 | 171,313 |
| Activities in Routt County | 15,728 | 32,768 |
| Other: | | |
| Sisterhood of Support | 61,537 | 60,000 |
| Dream Lab | 362,500 | — |
| AT&T STEM patch program | 24,888 | 25,000 |
| Union Pacific Foundation | — | 12,500 |
| Debbie Haskins | 14,135 | 12,180 |
| Johnson and Johnson | — | 9,565 |
| Girls Love State Parks | — | 7,090 |
| CollegeInvest | 71,083 | — |
| Other | 128,744 | 48,274 |
| Total Other | 662,887 | 174,609 |
| Total Purpose Restricted | 903,087 | 618,983 |
| Beneficial Interests In Perpetual Trusts | 227,312 | 251,295 |
| Endowed Funds, The Income Of Which Is Available To Support: | | |
| Disabled campership | 5,000 | 5,000 |
| Capital replacement | 120,954 | 120,954 |
| Activities in Routt County | 27,000 | — |
| Traveling leaders | 105,745 | 105,595 |
| Camp programs | 86,535 | 86,535 |
| Denver Metro outreach | 300,000 | 300,000 |
| Stephanie A. Foote Leadership Prize | 57,263 | 56,175 |
| Girl Scouts Adventure Fund | 25,090 | 25,090 |
| Camping scholarships | 28,136 | 26,845 |
| Doris M. Knudsen Sterling | 41,177 | 41,177 |
| Total Endowed Funds | 796,900 | 767,371 |
| | \$ 1,999,174 | \$ 1,683,524 |

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

| | 2022 | 2021 |
|-----------------------------------|-------------------|------------------|
| Endowment earnings appropriated | \$ 49,149 | \$ 19,450 |
| Time restrictions accomplished | 6,875 | 21,875 |
| Liquidation of perpetual trust | — | 11,273 |
| Purpose restrictions accomplished | 114,032 | 4,100 |
| | <u>\$ 170,056</u> | <u>\$ 56,698</u> |

7. Endowment

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Girl Scouts' endowment includes only endowment funds with donor restrictions.

Girl Scouts' governing body has interpreted the State of Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, Girl Scouts retains in perpetuity: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the 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 endowment funds with donor restrictions is classified as purpose restricted and is appropriated for expenditure by Girl Scouts in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Girl Scouts considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

1. Duration and preservation of the fund
2. Purposes of Girl Scouts and the endowment funds with donor restrictions
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Girl Scouts
7. Investment policies of Girl Scouts

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

At September 30, 2022 and 2021, the following is Girl Scouts' endowment investments by type of fund:

| | With Donor Restrictions | | |
|------------------------------------|-------------------------|-------------------|-------------------|
| | Earnings | Principal | Total |
| <u>2022 donor-restricted funds</u> | <u>\$ 51,344</u> | <u>\$ 796,900</u> | <u>\$ 848,244</u> |

| | With Donor Restrictions | | |
|------------------------------------|-------------------------|-------------------|---------------------|
| | Earnings | Principal | Total |
| <u>2021 donor-restricted funds</u> | <u>\$ 240,293</u> | <u>\$ 767,371</u> | <u>\$ 1,007,664</u> |

Changes in endowment investments for the years ended September 30 are as follows:

| | With Donor Restrictions | | |
|--|-------------------------|------------|--------------|
| | Earnings | Principal | Total |
| Endowment net assets, beginning of year | \$ 240,293 | \$ 767,371 | \$ 1,007,664 |
| Net investment return | (139,800) | — | (139,800) |
| Contributions | — | 29,529 | 29,529 |
| Appropriations | (49,149) | — | (49,149) |

| | | | |
|---|------------------|-------------------|-------------------|
| Endowment Investments - September 30, 2022 | \$ 51,344 | \$ 796,900 | \$ 848,244 |
|---|------------------|-------------------|-------------------|

| | With Donor Restrictions | | |
|--|-------------------------|------------|------------|
| | Earnings | Principal | Total |
| Endowment net assets, beginning of year | \$ 120,789 | \$ 753,201 | \$ 873,990 |
| Net investment return | 138,954 | — | 138,954 |
| Contributions | — | 14,170 | 14,170 |
| Appropriations | (19,450) | — | (19,450) |

| | | | |
|---|-------------------|-------------------|---------------------|
| Endowment Investments - September 30, 2021 | \$ 240,293 | \$ 767,371 | \$ 1,007,664 |
|---|-------------------|-------------------|---------------------|

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Girl Scouts has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At September 30, 2022, deficiencies of this nature exist in three donor-restricted endowment funds, which together have an original gift value of approximately \$112,400, a current fair value of approximately \$104,700, and a deficiency of \$7,700. These deficiencies resulted from unfavorable financial market fluctuations and, as provided under UPMIFA, continued appropriation for certain purposes that were deemed prudent by the Girl Scouts' Board. Girl Scouts plans to recover their losses over the next year. There were no such deficiencies at September 30, 2021.

Girl Scouts has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under Girl Scouts' policies, endowment assets are invested in a manner that seeks to obtain the best possible yield on its investments, which is consistent with its goals of preserving principal and maintaining liquidity.

To satisfy its long-term rate of return objectives, Girl Scouts relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Girl Scouts targets a diversified asset allocation that consists of permitted income investments, equity investments and other investments as determined appropriate by Girl Scouts' asset allocation formula.

The funds may make distributions annually, provided that the aggregate amount of all such distributions during the calendar year does not exceed five percent of average net fair market value for such year, from the funds for the benefit of Girl Scouts. For all other endowment funds, Girl Scouts has the policy of appropriating for distribution any net investment income earned by the funds to be expended in accordance with the individual donor restrictions of each fund. In establishing the distribution policy, Girl Scouts considered the long-term expected return on its endowment. This is consistent with Girl Scouts' objective to maintain the purchasing power of the endowment assets held in perpetuity and to provide additional real growth through new gifts.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements *(Continued)*

8. Property And Equipment

Property and equipment consists of:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|---------------------|---------------------|
| Land and improvements | \$ 1,106,473 | \$ 1,106,473 |
| Buildings and improvements | 5,167,722 | 4,612,880 |
| Furniture, equipment and vehicles | 3,014,483 | 2,925,559 |
| Construction in progress | 366,809 | 177,674 |
| | <u>9,655,487</u> | <u>8,822,586</u> |
| Less accumulated depreciation | <u>(6,169,858)</u> | <u>(5,848,985)</u> |
| | <u>\$ 3,485,629</u> | <u>\$ 2,973,601</u> |

Depreciation expense was \$320,873 and \$323,315 for the years ended September 30, 2022 and 2021, respectively.

During 2016, Girl Scouts entered into an agreement with another not-for-profit organization to build a facility on the Tomahawk Ranch property. Per the terms of the agreement, Girl Scouts received \$180,000 from the not-for-profit organization to cover partial costs of the facility, which the other not-for-profit organization will be allowed to use when not being used by Girl Scouts. In the event Girl Scouts terminates the agreement, Girl Scouts will be required to pay \$152 for every month left on the 99-year agreement. At September 30, 2022 and 2021, the deferred revenue related to this agreement was \$168,182 and \$170,000, respectively.

On September 29, 2021, Girl Scouts sold Magic Sky Camp for \$10,893,298 and recognized a gain of \$1,290,298 in the year ended September 30, 2021.

During 2022, Girl Scouts entered into a construction contract to build out space in the property for which the Girl Scouts has entered into a lease for its Dream Lab. The original contract amount approximates \$625,000. No costs have been capitalized or accrued as of September 30, 2022.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

9. Promotional Rewards

Girl Scouts issues promotional rewards to girls as an incentive for selling cookies. These promotional rewards may only be used for Girl Scouts-related products. Beginning in 2013, Girl Scouts changed its policy regarding promotional rewards allowing them to have an expiration date 10 years after issuance. Prior to 2013, the promotional rewards expired after one year. Management developed an estimate for the liability of outstanding promotional rewards based on previous years' redemption rates. The promotional rewards liability was \$692,763 and \$604,779 as of September 30, 2022 and 2021, respectively, and is included in accrued expenses on the statement of financial position.

10. Operating Leases

Rent expense, which is included in occupancy expense on the statements of functional expenses, primarily relates to leases for office space, copiers and printers with expiration dates through February 2033. Total rent expense for the years ended September 30, 2022 and 2021 was \$443,730 and \$365,479, respectively. Future minimum lease payments under noncancellable operating leases that have remaining terms in excess of one year are as follows at September 30, 2022:

| Year | Amount |
|--------------|---------------------|
| 2023 | \$ 259,779 |
| 2024 | 225,538 |
| 2025 | 187,184 |
| 2026 | 175,470 |
| 2027 | 166,225 |
| Thereafter | 974,672 |
| Total | \$ 1,988,868 |

11. Pension And Other Postretirement Benefit Plans

Defined Contribution Plan

Girl Scouts has a 403(b) defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of Girl Scouts' contributions to the plan. The contribution approved was 2% for the years ended September 30, 2022 and 2021. Pension expense was \$72,338 and \$57,809 for the years ended September 30, 2022 and 2021, respectively.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Defined Benefit Plan

Girl Scouts participates in the National Girl Scout Council Retirement Plan (NGSCRPlan or Plan), a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of GSUSA voted to freeze NGSCRPlan to new entrants and to freeze future benefit accruals for all current participants under NGSCRPlan effective July 31, 2010. NGSCRPlan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in NGSCRPlan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Net plan assets grew during the year and are greater than the actuarial present value of accumulated plan benefits as of January 1, 2022. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCRPlan the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCRPlan has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of GSUSA approved to lower the contributions from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2021 and 2022 were \$32.7 million and \$32.2 million, respectively. Aggregate contributions to be made in fiscal 2023 are expected to be \$27.55 million.

For the years ended September 30, 2022 and 2021, the total actuarial required payments and actual payments made by Girl Scouts were \$560,214 and \$561,194, respectively. The future costs associated with funding this unfunded liability will be subject to market conditions and accrued actuarial evaluations.

12. Troop/Group Fund Accounts

Bank accounts for each troop/group are established under Girl Scouts' tax identification number. All funds are maintained for the beneficial interest of the girls within the respective troop/group. These funds are not under the financial control of Girl Scouts and have not been included in the financial statements.

13. Disclosures About Fair Value Of Assets And Liabilities

ASC Topic 820, *Fair Value Measurements* (Topic 820), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

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

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset
- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities consist of a bond fund. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and these securities are classified within Level 2 of the valuation hierarchy.

Beneficial Interests In Assets Held By Others

The carrying amounts of financial assets required to be measured at fair value on a recurring basis include investments held by the Funds, the fair values of which are based upon information determined and reported by the Funds. The fair values of investments held by the Funds include Levels 1, 2 and 3; however, Girls Scouts' pro rata share of the pooled investments is not quoted in active markets and is, therefore, classified as Level 3 in the fair value hierarchy.

Beneficial Interests In Perpetual Trusts

Beneficial interests in perpetual trusts held by others are valued using the fair values of the assets in the trusts as a practical expedient unless facts and circumstances indicate that the fair values of the assets in the trusts differ from the fair values of the beneficial interests. Perpetual trusts held by others are classified within Level 3 of the fair value hierarchy.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements *(Continued)*

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis, and the levels within the fair value hierarchy in which the fair value measurements fall at September 30, 2022 and 2021:

| | 2022 | | | |
|---|-------------------------------|---|---|--|
| | Fair Value Measurements Using | | | |
| | | Quoted Prices In Active Markets For Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | Fair Value | | | |
| Investments: | | | | |
| Money market | \$ 4,836,180 | \$ — | \$ 4,836,180 | \$ — |
| Government agency bond | 977,678 | — | 977,678 | — |
| Bond fund | 10,691 | 10,691 | — | — |
| Beneficial interests in perpetual trusts | 227,312 | — | — | 227,312 |
| Beneficial interests in assets held by others | 17,448,623 | — | — | 17,448,623 |
| Total | \$ 23,500,484 | \$ 10,691 | \$ 5,813,858 | \$ 17,675,935 |

| | 2021 | | | |
|---|-------------------------------|---|---|--|
| | Fair Value Measurements Using | | | |
| | | Quoted Prices In Active Markets For Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | Fair Value | | | |
| Investments: | | | | |
| Bond fund | \$ 10,928 | \$ 10,928 | \$ — | \$ — |
| Beneficial interests in perpetual trusts | 251,295 | — | — | 251,295 |
| Beneficial interests in assets held by others | 13,148,013 | — | — | 13,148,013 |
| Total | \$ 13,410,236 | \$ 10,928 | \$ — | \$ 13,399,308 |

There were no significant transfers between Levels 1, 2 or 3 during the years ended September 30, 2022 and 2021.

During the years ended September 30, 2022 and 2021, there were no changes in the methods and/or assumptions utilized to derive the fair values of the Girl Scouts' assets.

14. Concentrations

Approximately 76% and 85% of operating revenues were received from one funding stream during the years ended September 30, 2022 and 2021, respectively. Approximately 20% and 24% of expenses were product cost of sales purchased from one vendor for the years ended September 30, 2022 and 2021, respectively.

15. Related Party Transactions

Girl Scouts is a chartered council of the national organization, GSUSA. Girl Scouts collects a \$25 annual fee per girl, and this money is deposited into a specific bank account which GSUSA is able to access. Girl Scouts acts as a pass-through entity collecting dues on behalf of GSUSA, and this revenue is never recorded on the books of Girl Scouts. There was \$11,292 and \$7,604 due to GSUSA as of September 30, 2022 and 2021, respectively, which is included in accounts payable.

16. PPP Loans

On March 9, 2021, Girl Scouts received proceeds of \$1,689,269 under a promissory note entered into between Girl Scouts and Vectra Bank pursuant to the PPP established under the CARES Act and administered by the SBA. During February 2022, Girl Scouts was notified of loan forgiveness by the SBA. The amount forgiven was \$1,689,269, which is recorded as a gain on the extinguishment of PPP Loan in the 2022 statement of activities.

On April 7, 2020, Girl Scouts received proceeds of \$1,248,127 under a promissory note entered into between Girl Scouts and BBVA Bank pursuant to the PPP established under the CARES Act and administered by the SBA. The amount forgiven was \$1,248,127, which was recorded as a gain on the extinguishment of PPP Loan in the 2021 statement of activities.

17. Employee Retention Tax Credit

The CARES Act provided an ERTC, which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

The Consolidated Appropriations Act of 2021 extended and expanded the availability of the ERTC through December 31, 2021. However, certain provisions apply only after December 31, 2020. This new legislation amends the ERTC to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before December 31, 2021. During 2021, a maximum of \$10,000 in qualified wages for each employee per calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer in 2021 is \$7,000 per employee per calendar quarter.

Girl Scouts recognizes the ERTC when the conditions for earning it are substantially met.

Girl Scouts qualified for the credit beginning on January 1, 2021 and received credits for qualified wages through March 31, 2021. During the year ended September 30, 2021, Girl Scouts recognized \$794,200 as ERTC income. At both September 30, 2022 and 2021, the ERTC receivable is \$794,200.

18. Subsequent Events

During December 2022, Girl Scouts terminated its office building lease early. The early termination fee is 45% of the outstanding lease commitment as of March 1, 2023, which totals approximately \$204,000.

Additionally, during December 2022, Girl Scouts amended its retail lease to extend the term of the lease through February 2026 as well as add additional space to the existing lease. The amended lease terms add approximately \$47,000 in future lease payments.

Management evaluates subsequent events through the date that the financial statements are available for issue, which is the date of the Independent Auditors' Report.