

Girl Scouts of West Central Florida, Inc.

Financial Statements

September 30, 2020 and 2019



GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of West Central Florida, Inc.
Tampa, Florida

We have audited the accompanying financial statements of Girl Scouts of West Central Florida, Inc. (the Council), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and of cash flows for the years then ended, the statement of functional expenses for the year ended September 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of West Central Florida, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on Summarized Comparative Information

We have previously audited the Council's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PDR CPAs + Advisors

Oldsmar, Florida
January 6, 2021

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,826,816	\$ 1,197,683
Receivables	137,179	164,812
Inventory	228,267	214,343
Prepaid expenses and other assets	223,332	174,830
Total current assets	2,415,594	1,751,668
Property and Equipment, Net	7,062,378	6,111,562
Other Assets		
Assets held for sale	107,427	107,427
Beneficial interest in assets held by others	86,848	84,009
Investments	4,745,584	4,563,024
Total Assets	\$ 14,417,831	\$ 12,617,690
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 131,834	\$ 174,678
Accrued expenses	346,290	704,900
Custodial funds	12,261	8,929
Deferred revenue	16,534	114,444
Current portion of notes payable	22,922	22,080
Total current liabilities	529,841	1,025,031
Payroll Protection Program note payable	870,000	-
Note payable, net of current portion	9,807	32,729
Total liabilities	1,409,648	1,057,760
Net assets		
Without donor restrictions	12,692,199	11,276,824
With donor restrictions	315,984	283,106
Total net assets	13,008,183	11,559,930
Total Liabilities and Net Assets	\$ 14,417,831	\$ 12,617,690

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Revenues and Other Support				
Public support:				
Contributions	\$ 464,766	\$ 80,580	\$ 545,346	\$ 414,297
United Way	159,245	-	159,245	279,483
Government contracts/grants	698,585	-	698,585	731,104
Special events, net of direct costs of \$48,046	198,378	-	198,378	275,046
Program:				
Product sales, net of cost of goods sold of \$4,543,409	6,649,497	-	6,649,497	5,383,853
Girl Scout store, net of cost of goods sold of \$204,446	179,485	-	179,485	276,719
Event fees	216,559	-	216,559	921,043
Other revenue:				
Rental income	32,749	-	32,749	50,452
Interest and dividend income	104,164	3,300	107,464	168,021
Other	74,613	-	74,613	228,078
Net assets released from restrictions	60,661	(60,661)	-	-
Total revenues and other support	<u>8,838,702</u>	<u>23,219</u>	<u>8,861,921</u>	<u>8,728,096</u>
Expenses				
Program services	6,376,768	-	6,376,768	6,810,386
Management and general	972,110	-	972,110	1,181,546
Fundraising	416,846	-	416,846	522,451
Total expenses	<u>7,765,724</u>	<u>-</u>	<u>7,765,724</u>	<u>8,514,383</u>
Change in Net Assets From Operations	1,072,978	23,219	1,096,197	213,713
Other Changes in Net Assets				
Realized and unrealized gains on investments, net	102,397	9,659	112,056	37,084
Gain (loss) on sale of assets	240,000	-	240,000	(3,921)
	<u>342,397</u>	<u>9,659</u>	<u>352,056</u>	<u>33,163</u>
Change in Net Assets	1,415,375	32,878	1,448,253	246,876
Net Assets at Beginning of Year	<u>11,276,824</u>	<u>283,106</u>	<u>11,559,930</u>	<u>11,313,054</u>
Net Assets at End of Year	<u>\$12,692,199</u>	<u>\$ 315,984</u>	<u>\$13,008,183</u>	<u>\$11,559,930</u>

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support			
Public support:			
Contributions	\$ 300,297	\$ 114,000	\$ 414,297
United Way	279,483	-	279,483
Government contracts/grants	731,104	-	731,104
Special events, net of direct costs of \$129,691	275,046	-	275,046
Program:			
Product sales, net of cost of goods sold of \$4,293,974	5,383,853	-	5,383,853
Girl Scout store, net of cost of goods sold of \$384,107	276,719	-	276,719
Event fees	921,043	-	921,043
Other revenue			
Rental income	50,452	-	50,452
Interest and dividend income	164,286	3,735	168,021
Other	228,078	-	228,078
Net assets released from restrictions	93,428	(93,428)	-
Total revenues and other support	<u>8,703,789</u>	<u>24,307</u>	<u>8,728,096</u>
Expenses			
Program services	6,810,386	-	6,810,386
Management and general	1,181,546	-	1,181,546
Fundraising	522,451	-	522,451
Total expenses	<u>8,514,383</u>	<u>-</u>	<u>8,514,383</u>
Change in Net Assets From Operations	189,406	24,307	213,713
Other Changes in Net Assets			
Realized and unrealized gains on investments, net	36,823	261	37,084
Loss on sale of assets	(3,921)	-	(3,921)
	<u>32,902</u>	<u>261</u>	<u>33,163</u>
Change in Net Assets	222,308	24,568	246,876
Net Assets at Beginning of Year	<u>11,054,516</u>	<u>258,538</u>	<u>11,313,054</u>
Net Assets at End of Year	<u>\$11,276,824</u>	<u>\$ 283,106</u>	<u>\$11,559,930</u>

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Program Services	Management and General	Fundraising	Total	
				2020	2019
Labor expenses					
Salaries	\$ 3,008,948	\$ 375,836	\$ 246,895	\$ 3,631,679	\$ 3,827,128
Employee benefits	876,404	112,663	66,815	1,055,882	1,027,228
Payroll taxes	237,856	28,921	20,206	286,983	315,983
Total salaries and related expenses	4,123,208	517,420	333,916	4,974,544	5,170,339
Other expenses					
Supplies	408,674	5,319	12,507	426,500	626,527
Building expense	369,303	42,716	39	412,058	460,431
Professional fees	177,926	83,894	7,744	269,564	333,243
Special assistance	76,554	-	23,632	100,186	258,685
Insurance	148,883	81,366	-	230,249	232,255
Grant subreceptent	190,184	-	-	190,184	162,706
Travel	82,177	2,384	2,475	87,036	148,441
Print and publications	122,655	1,001	3,966	127,622	169,966
Communications	128,714	26,488	16,977	172,179	170,073
Equipment	78,650	6,744	3,950	89,344	97,854
Staff development	50,631	24,576	2,667	77,874	89,777
Miscellaneous	31,131	1,505	724	33,360	66,431
Bank fees	53,082	16,748	2,651	72,481	87,869
Bad debt expense	56,673	-	-	56,673	45,848
Postage and shipping	80,630	2,451	5,598	88,679	56,449
Total other expenses	2,055,867	295,192	82,930	2,433,989	3,006,555
Total expenses before depreciation	6,179,075	812,612	416,846	7,408,533	8,176,894
Depreciation	197,693	159,498	-	357,191	337,489
Total expenses	\$ 6,376,768	\$ 972,110	\$ 416,846	\$ 7,765,724	\$ 8,514,383

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,448,253	\$ 246,876
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	357,191	337,489
Bad debt expense	56,673	45,848
Loss (gain) on sale of property and equipment	(240,000)	3,921
Realized and unrealized gains on investments	(132,571)	(62,887)
(Increase) decrease In:		
Receivables	(29,040)	(68,666)
Prepaid expenses and other assets	(48,502)	(51,558)
Inventory	(13,924)	9,010
Increase (decrease) In:		
Accounts payable	(42,844)	(31,959)
Accrued expenses	(358,610)	351,403
Custodial funds	3,332	4,253
Deferred revenue	(97,910)	(25,706)
Net cash provided by operating activities	902,048	758,024
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	240,000	-
Purchase of property and equipment	(1,308,007)	(1,319,961)
Purchase of investments	(6,936,151)	(6,735,717)
Proceeds from sale of investments	6,883,323	8,160,019
Net cash (used in) provided by investing activities	(1,120,835)	104,341
Cash Flows from Financing Activities:		
Proceeds from new note payable	870,000	-
Payments on note payable	(22,080)	(21,268)
Net cash provided by (used in) financing activities	847,920	(21,268)
Net Increase in Cash and Cash Equivalents	629,133	841,097
Cash and Cash Equivalents at Beginning of Year	1,197,683	356,586
Cash and Cash Equivalents at End of Year	\$ 1,826,816	\$ 1,197,683
Supplemental Cash Flow Information:		
Cash paid during the year for interest	\$ 1,678	\$ 2,490

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE A - NATURE OF ORGANIZATION

Girl Scouts of West Central Florida, Inc. (the Council) is a nonprofit organization incorporated in Florida on October 1, 2007 for the purpose of administering Girl Scouting in Hillsborough, Polk, Pinellas, Pasco, Citrus, Marion, Sumter, and Hernando counties. The Council administers Girl Scouting throughout its jurisdiction in accordance with the bylaws and policies of the Council and the charter requirements of the Girl Scouts of the United States of America (GSUSA).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying 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 (US GAAP).

The Council presents information regarding its financial position and activities according to two classes of net assets described as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include allocation of functional expenses, asset lives, and fair value measurement of investments.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Council's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

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

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Cash and Cash Equivalents Accounts

For purposes of the statements of cash flows, the Council considers all operating bank accounts consisting of highly liquid investments with an original maturity of three months or less as cash. Cash and cash equivalents held in the investment accounts are not considered cash for the purposes of the statements of cash flows.

Financial instruments which potentially subject the Council to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally insured limits. From time to time throughout the years ended September 30, 2020 and 2019, the Council's cash balance may have exceeded the federally insured limit. However, the Council has not experienced and does not expect to incur any losses in such accounts.

Receivables

Receivables consist mainly of grants receivable that are due from various granting agencies as well as amounts due from various troops for cookie sales. Receivables are stated at the amount that management expects to collect from outstanding balances. Management monitors the collection of its receivable balances on an ongoing basis. The Council provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts when, in management's estimation, it is probable that the receivable is not collectible. The Council has determined that all amounts are collectible; accordingly, no allowance for potentially uncollectible accounts has been recorded at September 30, 2020 and 2019.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Beneficial Interest in Assets Held by Others

The Organization established accounts with the Community Foundation of Tampa Bay which are included within net assets with donor restrictions. The Organization's interest in the assets held by the Community Foundation of Tampa Bay is recorded at fair value and included in the accompanying statements of financial position. Earnings on these funds are earmarked to be distributed on a periodic basis to the Council and are recorded as revenue without donor restrictions in the accompanying statements of activities. As of September 30, 2020 and 2019, the fair value of these assets was \$86,848 and \$84,009, respectively. Unrealized gains and losses are included in the statements of activities under other changes in net assets.

Investments

Investments include marketable debt and equity securities and are stated at fair market value in the statements of financial position. Investment income or loss (including gains or losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Inventories

The Council maintains an inventory of Girl Scouting related equipment, uniforms, and badges for sale. The inventory is stated at the lower of cost or market on an average cost basis.

Property and Equipment

Property and equipment expenditures in excess of \$1,500 are capitalized at cost when purchased or, if donated, at estimated fair value. Improvements and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives with a range of three to thirty years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies net assets with donor restrictions at that time.

Assets Held for Sale

Assets held for sale consists of real property that was previously held for use in the Council's operations.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of Long-Lived Assets

The Council evaluates its long-lived assets (including assets held for sale) for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Council evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Revenue Recognition

Certain grants received by the Council are considered conditional contributions since the grant agreements require the Council to perform services, incur expenses or meet contract objectives in order to earn the grant funding. Advance payments received under these grants, if any, are deferred until earned. Revenue is earned and recognized in the financial statements when eligible expenses are incurred, services performed or grant objectives met.

Other grants and contributions without conditions are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Unconditional promises to give are reported at present value at the date the promise is received to the extent estimated to be collected by the Council. Other conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire during the fiscal year in which the contributions are 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.

Revenues from cookie sales, program fees, retail store sales and sponsorships are considered exchange transactions. Revenues from exchange transactions are recognized when control of the goods and services are transferred to the Council's customers or program participants in an amount that reflects the consideration the Council expects to be entitled to in exchange for those goods or services. Payments received in advance of the transaction are recorded as deferred revenue.

Revenues from program fees and sponsorships are recognized at the conclusion of the individual event or activity. Revenues from cookie sales and retail store sales are recognized at the point in time when the customer takes possession of the goods being sold.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Premises, Services, and Materials

Donated materials are recorded as support at their fair value at the date of donation. Contributions of services are recorded as support at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The value of contributed services meeting the requirements for recognition in the financial statements is recorded as unrestricted support at the date of the donation. There were no significant donated goods and services for the years ended September 30, 2020 and 2019, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Council, but these services do not meet the criteria for recognition as contributed services under US GAAP.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Council. These functions are defined as follows:

- Program services - the costs associated with the Council's efforts to achieve the stated mission and goals.
- Management and general - the costs of operating the Council's offices, including gathering, processing, and maintaining financial information.
- Fundraising - the costs associated with soliciting contributions or holding special events for the benefit of the Council.

Advertising

Advertising costs are expensed as incurred and were approximately \$69,000 and \$84,000, respectively, for the years ended September 30, 2020 and 2019.

Income Tax Status

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Uncertain Tax Positions

The Council accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Council has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Council has determined that such tax position does not result in an uncertainty requiring recognition. The Council is not currently under examination by any taxing jurisdiction. The Council’s federal returns are generally open for examination for three years following the date filed.

Troops' Accounts and Activities

The accompanying financial statements do not include financial data for individual Girl Scout troops. Bank accounts held by troops are under the Council's federal identification number but not under the control of the Council. The Council has no signature authority nor does it access troop accounts, in accordance with the Council's established policies and procedures, other than for the purposes of closing dormant or forfeited accounts after an extended period of inactivity, and to process ACH payments to pay for product sales or event reimbursement or financial assistance. Annually, troops are required to report to the Council the balance in their accounts and the sources and uses of funds since the last reporting date.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative total amounts. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2019 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Not for Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguished a donor-imposed condition from a donor-imposed restriction. The Council adopted ASU 2018-08 effective October 1, 2019 and determined that the adoption did not result in a material change to how it accounts for revenue from contributions and grants.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance uses a principles-based approach for determining revenue recognition and establishes a five-step approach for the recognition of revenue. Topic 606 applies to the Council since a portion of the Council's revenues are generated from providing goods and services that are considered exchange transactions. Management has determined that the adoption of ASU 2014-09 did not result in a material change to the timing of when the Council's revenue is recognized and there was no cumulative effect adjustment recorded to opening net assets as of October 1, 2019 upon adoption of the standard.

NOTE C - AVAILABILITY AND LIQUIDITY

The following represents the Council's financial assets as of the financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,826,816	\$ 1,197,683
Receivables	137,179	164,812
	<u>1,963,995</u>	<u>1,362,495</u>
Less financial assets unavailable for general expenditures within one year due to:		
Donor restricted contributions for program activities	80,580	59,575
Designated for capital projects	-	875,000
	<u>-</u>	<u>875,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,883,415</u>	<u>\$ 427,920</u>

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE C - AVAILABILITY AND LIQUIDITY - CONTINUED

As part of the Council's liquidity management, it invests cash for long-term purposes in a variety of investments as described in **NOTE E**. These investments are available to meet the Council's liquidity requirements as determined by Council management.

NOTE D - RECEIVABLES

Grants receivable are included in receivables on the statements of financial position and at September 30, 2020 consist of five grants receivable totaling \$95,263. Grants receivable at September 30, 2019 consist of three grants receivable totaling \$135,116.

NOTE E - INVESTMENTS

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 value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Investments consist of the following at September 30:

	2020		2019	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 294,455	\$ 294,455	\$ 232,067	\$ 232,067
Bonds	1,473,195	1,533,069	1,398,258	1,441,829
Mutual funds	820,574	855,681	667,792	705,241
Equities	<u>1,837,344</u>	<u>2,062,379</u>	<u>1,943,152</u>	<u>2,183,887</u>
Total	<u><u>\$4,425,568</u></u>	<u><u>\$4,745,584</u></u>	<u><u>\$4,241,269</u></u>	<u><u>\$4,563,024</u></u>

The following schedule summarizes the investment return for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 107,464	\$ 168,021
Unrealized (loss)/gain on investments	(1,738)	34,116
Realized gain on investments	134,309	28,771
Net investment fees	<u>(20,515)</u>	<u>(25,803)</u>
	<u>112,056</u>	<u>37,084</u>
Total	<u><u>\$ 219,520</u></u>	<u><u>\$ 205,105</u></u>

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE E - INVESTMENTS - CONTINUED

With regard to its invested assets, the Council has an investment policy with an overall objective of supporting the activities of the Council while providing long-term growth of assets at a level of risk deemed acceptable by the Council's Board of Directors. The Council funds its cash flow needs from investments rather than borrowing, which led to the creation of both short and long-term components of the Council's investment portfolio. The short-term component consists of highly liquid investments, while the long-term component consists primarily of equities. The Council maintains a prudent and diversified portfolio management by a third-party investment firm, subject to oversight by a Finance Committee staffed by volunteer professionals.

NOTE F - FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for investments measured at fair value at September 30, 2020 and 2019:

Cash and cash equivalents: The carrying amounts reported in the statements of financial position approximate the fair value due to the short maturities of those investments.

Bonds: Valued using quoted market prices and/or other observable market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry standard models that consider various assumptions including time value and yield curve as well as other relevant economic measures.

Mutual funds: Valued at the closing prices reported on the applicable exchange on which the fund is traded.

Equities: Comprised of common stock valued at the closing price reported in the active market in which the individual securities are traded.

Beneficial interest in assets held by others: The investments are managed by an unrelated third party and are valued based upon the third-party information without adjustment. The Organization does not develop nor are they provided with the quantitative inputs used to develop the fair market values.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE F - FAIR VALUE MEASUREMENTS - CONTINUED

The following is a summary of the levels within the fair value hierarchy for the Council's assets measured at fair value on a recurring basis as of September 30, 2020 and 2019:

<u>Assets by Designated Type</u>	<u>September 30, 2020</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 294,455	\$ 294,455	\$ -	\$ -
Bonds	1,533,069	-	1,533,069	-
Mutual funds	855,681	855,681	-	-
Equities	2,062,379	2,062,379	-	-
Beneficial interest in assets held by others	86,848	-	-	86,848
Total fair value	<u>\$ 4,832,432</u>	<u>\$ 3,212,515</u>	<u>\$ 1,533,069</u>	<u>\$ 86,848</u>

<u>Assets by Designated Type</u>	<u>September 30, 2019</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 232,067	\$ 232,067	\$ -	\$ -
Bonds	1,441,829	-	1,441,829	-
Mutual funds	705,241	705,241	-	-
Equities	2,183,887	2,183,887	-	-
Beneficial interest in assets held by others	84,009	-	-	84,009
Total fair value	<u>\$ 4,647,033</u>	<u>\$ 3,121,195</u>	<u>\$ 1,441,829</u>	<u>\$ 84,009</u>

The following is a reconciliation of the Council's level 3 investments:

	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	\$ 84,009	\$ 83,376
Investment income	727	831
Net appreciation (realized/unrealized)	3,198	598
Grant disbursements	(1,086)	(796)
	<u>\$ 86,848</u>	<u>\$ 84,009</u>

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE G - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property and equipment consisted of the following at September 30:

	2020	2019
Land	\$ 1,295,730	\$ 1,294,830
Buildings and improvements	10,313,090	8,014,760
Furnishings, equipment, and vehicles	1,948,580	1,998,898
Land and leasehold improvements	658,456	483,376
Livestock	28,275	28,275
Construction in progress	-	1,302,132
	14,244,131	13,122,271
Less accumulated depreciation	(7,181,753)	(7,010,709)
Total	\$ 7,062,378	\$ 6,111,562

Depreciation expense was \$357,191 and \$337,489 for the years ended September 30, 2020 and 2019, respectively.

At September 30, 2019, the Council had construction in process of \$1,302,132. The construction in progress was for improvements and repairs to various properties owned by the Council. During 2020, the construction projects were completed and placed into service.

NOTE H - NOTE PAYABLE

Note payable consists of the following at September 30:

	2020	2019
Note payable to bank, bearing interest at 3.75% fixed rate, due in monthly installments of \$1,980 including interest, maturing February 2022, and secured by a vehicle	\$ 32,729	\$ 54,809
Less current portion	(22,922)	(22,080)
	\$ 9,807	\$ 32,729

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE H - NOTE PAYABLE - CONTINUED

Future maturities of the note payable for each of the following years ending September 30, are as follows:

<u>Years Ending</u> <u>September 30,</u>	<u>Debt Service</u>
2021	\$ 22,922
2022	<u>9,807</u>
	<u>\$ 32,729</u>

NOTE I - ENDOWMENT

The Council's endowment (the Fund) consists of three individual funds held by the Community Foundation of Tampa Bay (CFTB) and a permanent endowment created through a Council-wide pledge campaign. The endowments held by CFTB were established by the Council for a variety of purposes and are held by a third-party trustee. As such, the Council has no direct influence over the investment policies governing the funds held with CFTB, but has a separate investment policy for the funds managed exclusively by the Council. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Council has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 of a permanent nature (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 funds that are not classified in net assets with donor restrictions of a permanent nature is classified as net assets with donor restrictions of a temporary nature until those amounts are appropriated for expenditure by the Council in accordance with the calculation provided in the donor agreement as calculated by CFTB.

**GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE I - ENDOWMENT - CONTINUED

In accordance with FUPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds that are overseen by the Council:

- (1) The duration and preservation of the fund
- (2) The purposes of the Council and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Council
- (7) The investment policies of the Council

For the years ended September 30, 2020 and 2019, the Council has elected not to add appreciation for cost of living or other spending policies, due to inflation and other economic conditions, to its permanently restricted endowment.

Summary of endowment assets:

Net Assets by Designated Type	September 30, 2020		
	Without Donor	With Donor	Total
	Restrictions	Restrictions	
Donor-restricted endowment funds	\$ -	\$ 235,404	\$ 235,404
Total	\$ -	\$ 235,404	\$ 235,404

Net Assets by Designated Type	September 30, 2019		
	Without Donor	With Donor	Total
	Restrictions	Restrictions	
Donor-restricted endowment funds	\$ -	\$ 223,531	\$ 223,531
Total	\$ -	\$ 223,531	\$ 223,531

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE I - ENDOWMENT - CONTINUED

Changes in endowment net assets for the years ended September 30 include:

<u>September 30, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 223,531	\$ 223,531
Grant disbursements	-	(1,086)	(1,086)
Investment income	-	3,300	3,300
Realized and unrealized gains on investments	-	9,659	9,659
Endowment net assets, end of year	\$ -	\$ 235,404	\$ 235,404

<u>September 30, 2019</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 220,331	\$ 220,331
Grant disbursements	-	(796)	(796)
Investment income	-	3,735	3,735
Realized and unrealized gains on investments	-	261	261
Endowment net assets, end of year	\$ -	\$ 223,531	\$ 223,531

In regards to the Council's permanently restricted endowment fund, all investment income and appreciation of the endowment is considered permanently restricted and added to the original value of the gift until the endowment reaches donor directed level in accordance with the donor agreement.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE J – RETIREMENT PLANS

The Council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The plan covers substantially all of the employees of various Girl Scout 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.

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2020. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan’s funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million for calendar years 2021 and 2022 to \$26 million starting in calendar year 2023 until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). Aggregate annual contributions made in fiscal years 2019 and 2020 were \$32.2 million and \$32.2 million, respectively. Aggregate contributions to be made in fiscal 2021 are expected to be \$32.2 million.

Net Plan assets available and Plan liabilities are as follows:

	2020	2019
Fair value of Plan assets	\$ 459,200,000	\$ 422,900,000
Accumulated liability of the Plan	\$ 717,100,000	\$ 688,300,000
Plan funded ratio	64%	61%

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Contributions made by the Council in fiscal years 2020 and 2019 were \$506,025 and \$506,953, respectively. These contributions were not greater than 5% of total plan contributions during 2020 and 2019.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE J – RETIREMENT PLANS – CONTINUED

The Council also maintains a 401(k)-retirement plan, in which the council will make a matching contribution not to exceed 2% of each individual's salary. The amount contributed to the 401(k) plan during 2020 and 2019 was \$34,790 and \$36,809, respectively.

NOTE K - RELATED PARTY TRANSACTIONS

The Council is a chartered member of GSUSA. As part of being a chartered member, the Council collects and passes through membership fees on behalf of GSUSA. The total paid to GSUSA by the Council for membership dues collected on behalf of GSUSA in 2020 and 2019 was \$58,755 and \$196,505, respectively. The Council purchases a majority of its merchandise inventory from GSUSA. In 2020 and 2019, approximately 76% and 85%, respectively, of the Council's merchandise inventory purchases were from GSUSA.

As part of the Council's product sales program, a portion of proceeds from the sale of items is retained by the troops and groups participating in the program. The amount of proceeds retained per troop or group varies and is based on the number of items sold by that particular troop or group. In 2020 and 2019, troops and groups retained approximately \$1,900,000 and \$1,600,000, respectively, in the Council's product sales program.

NOTE L - CONCENTRATION RISK

The Council received approximately 71% and 57% of its operating funds from the program-related sale of cookie products during 2020 and 2019, respectively. Due to licensing restrictions imposed by GSUSA, only two national suppliers are authorized to produce Girl Scout cookie products. This limited amount of suppliers may represent a business risk to the Council, and any adverse change in a supplier's ability to provide an adequate amount of goods for resale may have a negative impact on the Council's operations.

NOTE M – OPERATING LEASES

The Council leases office equipment under non-cancelable operating leases. Lease expense for each of the years ended September 30, 2020 and 2019 was approximately \$70,000.

Future minimum payments due on the leases are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2021	\$ 43,610
2022	20,272
2023	11,452
2024	10,092
2025	<u>2,523</u>
	<u>\$ 87,949</u>

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE N - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Temporary restrictions:		
Restricted contributions for programs	\$ 80,580	\$ 59,575
Permanent restrictions:		
Scholarship fund endowment	14,205	14,686
Endowment	<u>221,199</u>	<u>208,845</u>
Total net assets with permanent restrictions	235,404	223,531
Total net assets with donor restrictions	<u>\$ 315,984</u>	<u>\$ 283,106</u>

Net assets of \$60,661 and \$93,428 were released from restrictions during the years ended September 30, 2020 and 2019, respectively, by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

NOTE O - SELF-INSURANCE

The Council is self-insured for certain losses related to unemployment compensation and medical claims losses. The expected ultimate costs for claims incurred are recognized as liabilities in the accompanying statements of financial position and are estimated based principally on an analysis of historical claims data and estimates of claims incurred but not reported. Losses are accrued and charged to operations when it is probable that a loss has been incurred and the amount can be reasonably estimated. The Council maintains third-party stop-loss insurance policies to cover health insurance liability costs in excess of predetermined retained amounts. Costs related to the administration of the plans and related claims are expensed as incurred. At September 30, 2020 and 2019, self-insurance related liabilities of approximately \$106,000 and \$78,000, respectively, were included in accrued liabilities in the accompanying statements of financial position. The Council had approximately \$137,000 and \$59,000 on deposit to cover claims at September 30, 2020 and 2019, respectively, which are included in prepaid expenses in the accompanying statements of financial position.

NOTE P- PAYROLL PROTECTION PROGRAM NOTE PAYABLE

In April 2020 The Council received a loan under the Paycheck Protection Program (PPP) in the amount of \$870,000. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans to qualifying entities. The loan and accrued interest are forgivable as long as the loan proceeds are used for qualifying expenses as described in the CARES Act. The loan accrues interest at 1% and was originally payable in eighteen monthly installments of principle and interest commencing seven months after the loan date if the loan, in whole or in part, was not forgiven under provisions of the PPP. The loan is a program of the U.S. Small Business Administration (SBA) and is administered by The Council's bank (lender).

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE P - PAYROLL PROTECTION PROGRAM NOTE PAYABLE - CONTINUED

In June 2020, the Paycheck Protection Program Flexibility Act was enacted which extended the deferral period for payments of principle, interest and fees on PPP loans. The revised deferral period includes the loan forgiveness covered period which can be up to 24 weeks plus an additional 10 months. If any portion of the PPP loan is not forgiven, repayment of the unforgiven portion will commence after the SBA notifies the lender of the unforgiven loan amount and remits the forgiven loan amount to the lender. If the Council elects not to apply for forgiveness, repayment of the loan will commence ten months after the end of The Council's loan forgiveness program.

The Council currently intends to use the entire loan amount for qualifying expenses and apply for forgiveness of the entire loan. It is not possible, as of the date of these financial statements, to determine with certainty that the loan, in whole or in part, will be eligible for forgiveness. The timing of the repayment of any unforgiven loan amount is subject to a number of factors as described above and Management has deemed forgiveness to be probable. Accordingly, the Council has included the entire loan amount as a long-term liability in the accompanying statements of financial position.

NOTE Q - CONTINGENCY

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of its report. As such, it is uncertain as to the full magnitude that the pandemic will have on The Council's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, The Council is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year ended September 30, 2021.

NOTE R - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 6, 2021, the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosures in the financial statements.