

GIRL SCOUTS OF NORTHEASTERN NEW YORK, INC.

**Financial Statements
as of September 30, 2022
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

January 26, 2023

To the Board of Directors of
Girl Scouts of Northeastern New York, Inc.:

Opinion

We have audited the accompanying financial statements of Girl Scouts of Northeastern New York, Inc. (a New York not-for-profit corporation), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Northeastern New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continued)

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Northeastern New York Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Northeastern New York Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Girl Scouts of Northeastern New York Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co., LLP

GIRL SCOUTS OF NORTHEASTERN NEW YORK, INC.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,055,136	\$ 619,531
Investments	4,952,995	6,441,699
Accounts receivable, net	34,196	2,434
Pledges receivable, net	249,664	323,224
Inventory, net	26,920	22,171
Prepaid expenses and other current assets	<u>63,378</u>	<u>69,615</u>
Total current assets	6,382,289	7,478,674
PROPERTY AND EQUIPMENT, net	<u>2,422,285</u>	<u>2,616,867</u>
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	<u>3,749,213</u>	<u>4,725,959</u>
	<u>\$ 12,553,787</u>	<u>\$ 14,821,500</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Lines-of-credit	\$ 389,334	\$ 504,334
Accounts payable	71,563	35,088
Accrued liabilities	270,463	131,312
Due to Girl Scouts of USA	6,187	100
Deferred revenue	<u>209,967</u>	<u>113,950</u>
Total current liabilities	<u>947,514</u>	<u>784,784</u>
NET ASSETS:		
Without donor restrictions -		
Undesignated	7,055,487	8,492,752
Board designated	<u>254,105</u>	<u>260,053</u>
Total net assets without donor restrictions	7,309,592	8,752,805
With donor restrictions	<u>4,296,681</u>	<u>5,283,911</u>
Total net assets	<u>11,606,273</u>	<u>14,036,716</u>
	<u>\$ 12,553,787</u>	<u>\$ 14,821,500</u>

The accompanying notes are an integral part of these statements.

GIRL SCOUTS OF NORTHEASTERN NEW YORK, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
SUPPORT AND REVENUE:				
Product sales revenue, net				
Cookie sales revenue, net	\$ 2,206,453	\$ -	\$ 2,206,453	1,869,068
Magazine & nut sales revenue, net	231,986	-	231,986	197,421
Sale of merchandise, net	70,148	-	70,148	66,849
Total product sales revenue, net	2,508,587	-	2,508,587	2,133,338
Interest and dividends	117,919	1,136	119,055	95,353
Contributions of cash and other financial assets	21,602	300,150	321,752	365,267
Contributions of nonfinancial assets	24,606	-	24,606	15,349
Program service fees	357,073	-	357,073	293,670
Paycheck Protection Program forgiveness	-	-	-	1,107,891
Net assets released from restrictions or reclassified	302,648	(302,648)	-	-
Total support and revenue	3,332,435	(1,362)	3,331,073	4,010,868
EXPENSES:				
Program expenses	2,942,928	-	2,942,928	2,690,516
Administrative expenses	570,507	-	570,507	478,156
Fundraising expenses	301,892	-	301,892	260,544
Total expenses	3,815,327	-	3,815,327	3,429,216
CHANGE IN NET ASSETS FROM OPERATIONS	(482,892)	(1,362)	(484,254)	581,652
NON-OPERATING REVENUE (EXPENSE):				
Investment earnings, net				
Investment fees	(27,596)	-	(27,596)	(29,590)
Realized gains on sales of investments, net	140,058	-	140,058	65,252
Unrealized gains (losses) on investments, net	(1,080,521)	(9,457)	(1,089,978)	570,193
Gain on sale of property and equipment	5,000	-	5,000	6,900
Gain (loss) on beneficial interests in perpetual trusts, net	-	(976,746)	(976,746)	346,190
Miscellaneous revenue	2,738	335	3,073	14,979
Total non-operating revenue (expense), net:	(960,321)	(985,868)	(1,946,189)	973,924
CHANGE IN NET ASSETS	(1,443,213)	(987,230)	(2,430,443)	1,555,576
NET ASSETS - beginning of year	8,752,805	5,283,911	14,036,716	12,481,140
NET ASSETS - end of year	\$ 7,309,592	\$ 4,296,681	\$ 11,606,273	\$ 14,036,716

The accompanying notes are an integral part of these statements.

GIRL SCOUTS OF NORTHEASTERN NEW YORK, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**
(With Comparative Totals for 2021)

	Program Services					Supporting Services			Total	
	Advocacy	Camps	Product and Retail Sales	Membership and Customer Care	Adult Learning	Total Program Services	Management and General	Fundraising		
Salaries and wages	\$ 230,709	\$ 158,282	\$ 316,173	\$ 646,993	\$ -	\$ 1,352,157	\$ 253,831	\$ 189,708	\$ 1,795,696	\$ 1,621,106
Fringe benefits	73,774	50,614	101,103	206,859	-	432,380	53,584	44,044	530,008	489,555
Supplies and recognition awards	4,487	45,076	204,968	12,370	2,912	269,813	1,855	-	271,668	127,527
Depreciation	35,380	24,273	48,487	99,220	-	207,360	25,698	21,123	254,181	405,487
Contract services	21,916	15,036	30,034	61,484	839	129,309	17,364	13,098	159,771	94,567
Maintenance and repairs	22,691	15,466	30,894	63,219	-	132,270	12,056	3,176	147,502	67,294
Insurance	13,241	9,080	19,266	37,116	-	78,703	22,247	7,901	108,851	100,780
Rent and utilities	28,690	8,267	18,769	33,791	-	89,517	14,602	41	104,160	71,708
Travel and transportation	6,155	39,333	10,123	17,300	-	72,911	5,115	335	78,361	67,103
Advertising	9,123	5,750	8,397	23,505	-	46,775	15,600	-	62,375	100,126
Licenses and fees	240	165	329	674	-	1,408	58,491	-	59,899	68,753
Telephone	7,790	3,987	7,964	16,296	-	36,037	16,923	3,888	56,848	51,943
Miscellaneous	5,344	(971)	25,266	-	-	29,639	14,811	15	44,465	36,120
Professional service fees	-	-	-	-	371	371	28,425	-	28,796	31,536
Small equipment purchases	331	2,599	1,311	929	-	5,170	12,863	10,200	28,233	22,482
Camperships and other awards	3,997	2,677	5,347	10,941	-	22,962	3,612	75	26,649	10,670
Conferences, conventions, meetings, courses	1,753	2,799	1,837	3,927	-	10,316	4,986	1,025	16,327	4,664
Printing, publications, and subscriptions	1,343	1,739	1,570	2,837	-	7,489	2,454	5,101	15,044	10,368
Interest	1,526	1,047	2,091	4,279	-	8,943	2,609	-	11,552	18,680
Office supplies and equipment lease	1,351	394	960	1,656	-	4,361	1,664	350	6,375	4,749
Postage and shipping	173	146	1,004	1,180	-	2,503	225	1,818	4,546	10,432
Staff recruitment	-	2,350	-	-	-	2,350	1,120	-	3,470	11,702
Information technology	31	22	43	88	-	184	372	(6)	550	1,864
	\$ 470,045	\$ 388,131	\$ 835,936	\$ 1,244,694	\$ 4,122	\$ 2,942,928	\$ 570,507	\$ 301,892	\$ 3,815,327	\$ 3,429,216

The accompanying notes are an integral part of these statements.

GIRL SCOUTS OF NORTHEASTERN NEW YORK, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,430,443)	\$ 1,555,576
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Unrealized (gains)/losses on beneficial interests in perpetual trusts, net	976,746	(346,190)
Realized and unrealized (gains)/losses on investments	949,920	(635,445)
Depreciation	254,181	405,487
Gain on sale of property and equipment	(5,000)	(6,900)
Paycheck Protection Program forgiveness	-	(553,900)
Changes in:		
Accounts receivable	(31,762)	60,437
Pledges receivable	73,560	(2,653)
Inventory	(4,749)	36,237
Prepaid expenses and other current assets	6,237	27,834
Accounts payable	36,475	(443,985)
Accrued expenses	139,151	(139,424)
Due to Girl Scouts of USA	6,087	(16,315)
Deferred revenue	96,017	70,199
	<u>66,420</u>	<u>10,958</u>
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investment securities	(178,664)	(144,990)
Proceeds on sales and maturities of investment securities	717,448	234,386
Purchases of property and equipment	(59,599)	(26,435)
Proceeds on sale of property and equipment	5,000	6,900
	<u>484,185</u>	<u>69,861</u>
Net cash flow from investing activities		
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings on lines-of-credit	516,000	924,700
Repayments on lines-of-credit	(631,000)	(1,008,926)
	<u>(115,000)</u>	<u>(84,226)</u>
Net cash flow from financing activities		
CHANGE IN CASH AND CASH EQUIVALENTS	435,605	(3,407)
CASH AND CASH EQUIVALENTS - beginning of year	<u>619,531</u>	<u>622,938</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,055,136</u>	<u>\$ 619,531</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 11,558</u>	<u>\$ 18,048</u>

The accompanying notes are an integral part of these statements.

GIRL SCOUTS OF NORTHEASTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

1. THE ORGANIZATION

Girl Scouts of Northeastern New York, Inc. (GSNENY) is a not-for-profit organization chartered by Girl Scouts of the USA. GSNENY offers an information education program for girls ages 5 to 18 in the upstate New York counties of Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Warren, Washington, and a portion of St. Lawrence.

GSNENY provides opportunities in an accepting and nurturing environment for girls to build character and skill for success in the real world. In partnership with committed adult volunteers, girls develop qualities that should serve them all their lives, like leadership, strong values, social conscience, and conviction about their own potential and self-worth.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for periods beginning after June 15, 2021. The ASU does not change the recognition and measurement requirements for contributed nonfinancial assets, but rather provides enhancements over the presentation and disclosure of these items.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include bank demand deposit accounts and money market accounts. GSNENY's cash balances may at times exceed federally insured limits. GSNENY has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Accounts Receivable

Accounts receivable primarily includes amounts due from grantors and GSNENY's share of revenue due from various troops relating to cookie sales. Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on review of outstanding amounts and historical collection percentages. Accounts receivable are written off when deemed uncollectible, and recoveries of accounts receivable previously written off are recorded when received. The allowance for doubtful accounts was \$20,006 and \$20,242 at September 30, 2022, and 2021, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is not charged on outstanding accounts receivable.

Pledges Receivable

Pledges receivable represent unconditional promises to give by donors. Pledges receivable that are expected to be collected during the next year are recorded at net realizable value. Pledges receivable expected to be collected after one year are recorded at fair value, which is measured as the present value of estimated future cash flows discounted at an adjusted risk-free rate. Amortization of the discount is reflected as contributions. Pledges receivable are also net of an estimate made for doubtful accounts based on review of outstanding items. The allowance for doubtful accounts was \$10,000 at both September 30, 2022, and 2021.

Pledges receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. There were no amounts written off during the years ended September 30, 2022 and 2021. Pledges receivable are considered to be past due if any portion of the receivable balance has been outstanding for more than 90 days.

Investments

All investments are stated at fair value. Fair value is determined using quoted market prices. All realized and unrealized gains and losses are reported directly in the accompanying statement of activities within investment income. Interest income is recognized on the accrual basis. Dividends are recorded on the ex-dividend date and purchases and sales of securities are recorded on a trade date basis (the date the order to buy or sell is executed).

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

Inventory

GSNENY's inventory consists of Girl Scout merchandise for sale and is valued at the lower of average cost or net realizable value. The reserve for obsolete inventory was \$16,500 as of both September 30, 2022, and 2021.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or at fair value if acquired by donation, net of accumulated depreciation computed on a straight-line basis over the estimated useful lives of the respective assets, which range from 3 to 39 years. Total depreciation expense was \$254,181 and \$405,486 for the years ended September 30, 2022 and 2021, respectively.

Estimated useful lives are as follows:

	<u>Years</u>
Land and improvements	15 years
Building and improvements	15 – 39 years
Furniture and equipment	5 – 10 years
Vehicles	5 years
Computer hardware and software	3 – 5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Repairs and maintenance are charged to operations as incurred while significant additions and improvements with a cost of \$1,000 or greater and an estimated useful life of more than one year are capitalized. When assets are sold, retired, or otherwise disposed of, the applicable costs and accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized.

Impairment of Long-Lived Assets

GSNENY assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2022 and 2021.

Beneficial Interests in Perpetual Trust

GSNENY is the irrevocable beneficiary of perpetual charitable trusts held by trustees. The beneficial interests in the trusts is reported at their fair value, which is estimated as the fair value of the underlying trust assets. Distributions of income from the trust assets are without donor restrictions. The value of beneficial interests in the trusts is adjusted annually for the change in their estimated fair values. Those changes in value are reported as increases or decreases in permanently restricted net assets because the trust assets will never be distributed to GSNENY.

Due to Girl Scouts of USA

Amounts due to Girl Scouts of the United States of America (GSUSA) represent amounts owed for membership merchandise purchased.

Deferred Revenue

Deferred revenue represents advances received from girls for which the GSNENY has not yet fulfilled its contractual and grant obligations related to camp rentals and programs. Deferred revenue is recognized as revenue when these obligations have been satisfied.

Financial Reporting

Net assets, revenues, public and other support, and gains and losses are classified based on 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 – which include resources which are available for the support of the GSNENY's operating activities and not subject to donor or restrictions. The Board of Directors have designated approximately \$254,100 and \$260,100 for girl scout financial assistance as of September 30, 2022 and 2021, respectively, from net assets without donor restrictions.

Net Assets With Donor Restrictions – which include amounts that have donor-imposed restrictions that expire when the donor-imposed restrictions have been satisfied by actions of GSNENY. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. GSNENY reports contributions restricted by donors 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract Revenue Recognition

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when or as performance obligations are satisfied

The majority of the GSNENY revenue is generated by selling products (cookies, magazines, nuts, and merchandise) to the general public. GSNENY also receives revenues through camping fees generated through the operation of several summer camp scouting programs. In addition, GSNENY receives income from sponsoring events.

Cookie, magazine/nut, and merchandise sale – GSNENY records the sale of products upon delivery to the customer, which is when the performance obligation is satisfied, and collection of payment is expected. Product sales revenue is reported net of the cost of goods sold.

Camping fees and other program revenues – Revenues from camping fees and events are recognized at the point in time when the event happens. Payment of the fee by each participant is expected at the time of registration. Any amounts received in advance are deferred.

Contributions, Grants, and Fundraising

GSNENY recognizes contributions and sponsorships, and grants when cash, securities, or other assets are received. Conditional contributions and grants, that is, those with measurable performance or other barrier and a right of return, are not recognized until those conditions on which they depend have been met.

Support arising from donated services is recognized if the services received require specialized skills, are provided by the individual possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to GSNENY's program services and fundraising activities; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Donated goods are considered contributions of nonfinancial assets. GSNENY defers to the donor to determine fair market value on the date of donation. All donated items are accepted and utilized in accordance with the intent to follow the donor's wishes, in accordance with GSNENY's Gift Acceptance Policy.

GSNENY accepted in-kind contributions in the following categories during the years ended June 30:

	<u>2022</u>	<u>2021</u>
Auction items	\$ 4,587	\$ 7,112
Equipment	16,676	895
Food	671	-
Supplies	<u>2,672</u>	<u>7,342</u>
	<u>\$ 24,606</u>	<u>\$ 15,349</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions, Grants, and Fundraising (Continued)

GSNENY utilizes donor-designated goods or services designated as “silent auctions” as part of events held with the purpose of generating revenue. The donor authorizes GSNENY to sell the auction items at a price determined by the organization. Items not sold as part of the auction are returned to the donor or sold at a future event at the donor’s discretion.

GSNENY received equipment, i.e. durable goods, for utilization during its operations. Goods received in a given calendar year are valued and credited to the donor at the time of donation and are utilized for the lifetime of the asset. Donated equipment is used for purposes as defined by the donor but without restriction to a department or location.

Donated items designated as “food” are utilized as part of Troop or Council activities or events. These donations are for consumption during events and are not maintained as part of any valued inventory. Donated food is not utilized for the direct purpose of generating revenues for operations.

GSNENY received and utilized non-durable goods or “supplies” for operational events or programs during the calendar year. Value is determined at the time of donation.

Functional Allocation of Expenses

Expenses that are directly identifiable are charged to programs. Expenses related to more than one function are charged to program services and other functions using specific allocation methods. Management and general include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of GSNENY. The expenses that are allocated based on time and effort include salaries, benefits and payroll taxes, contract services, depreciation, insurance, and telephone. The expenses that are allocated based upon square footage include information technology, maintenance, and repairs, rent and utilities, office supplies and equipment lease, postage and shipping, and telephone.

Advertising

Advertising costs are expensed as incurred and amounted to \$62,375 and \$100,126 during the years ended September 30, 2022 and 2021, respectively.

Income Taxes

GSNENY is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an entity that is not a private foundation.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class and functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with GSNENY’s financial statements as of and for the year ended September 30, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy

Fair value is defined 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 and generally accepted accounting principles provide a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodology used for GSNENY's assets measured at fair value is to value the investments at quoted market prices on the last business day of the fiscal year.

GSNENY has financial instruments in the accompany financial statements including cash and equivalents and investments including money market funds, non-publicly traded funds, equities, and U.S. government notes and bonds. The carrying value of cash and equivalents and investments in money market funds, non-publicly traded funds, equities, and U.S. government notes and bonds are a reasonable approximation of fair value due to the short-term nature of the instruments are considered a level 1 measurement. The fair value of the beneficial interests in perpetual trusts is determined to be a level 2 measurement using the market approach as the carrying amount of these investments approximates fair value based on the value of similar assets at which GSNENY could invest.

3. LIQUIDITY

GSNENY's financial assets available within one year to meet cash needs for general expenditures. The following reflects GSNENY's financial assets as of the statement of 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>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 1,055,136	\$ 619,531
Investments	4,952,995	6,441,699
Accounts receivable, net	<u>34,196</u>	<u>2,434</u>
Total financial assets	6,042,327	7,063,664
Less: those unavailable for general expenditures within one year, due to:		
Board designated	(254,105)	(260,053)
Net assets with donor restrictions	<u>(547,468)</u>	<u>(557,952)</u>
Financial assets available to meet cash need for general expenditure within one year	<u>\$ 5,240,754</u>	<u>\$ 6,245,659</u>

3. LIQUIDITY (CONTINUED)

As part of GSNENY's liquidity management, GSNENY has a policy to structure their financial assets to be available as their general expenditures, other liabilities, and other obligations as they come due. GSNENY's ability to meet its cash needs is dependent on timely collection of its accounts receivable and grants receivable. GSNENY employs procedures specifically designed to collect from these payers as quickly as possible. However, the timeliness of payment from these payers varies and is sometimes difficult to predict. Due to these factors, GSNENY has lines-of-credit available (Note 8), which can be drawn upon. In addition, GSNENY could also manage vendor relationships to extend payment terms where possible. Investment reserves could be used by GSNENY with Board approval if a shortage in liquidity occurred.

4. PLEDGES RECEIVABLE

A summary of pledges receivable, net, are expected to be received as follows:

During the years ending September 30,	
2023	\$ 67,295
2024	55,194
2025	50,000
2026	50,000
2027	50,000
Thereafter	<u>-</u>
	272,489
Less: discount to present value	(12,825)
Less: allowance for doubtful pledges	<u>(10,000)</u>
Total pledges receivable, net	<u>\$ 249,664</u>

5. INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments are measured at fair value on a recurring basis using the following input levels as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 4,925,700	\$ -	\$ -	\$ 4,925,700
U.S. government notes and bonds	27,295	-	-	27,295
Beneficial interest in perpetual trusts	<u>-</u>	<u>3,749,213</u>	<u>-</u>	<u>3,749,213</u>
	<u>\$ 4,952,995</u>	<u>\$ 3,749,213</u>	<u>\$ -</u>	<u>\$ 8,702,208</u>

5. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Investments are measured at fair value on a recurring basis using the following input levels as of September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 6,383,498	\$ -	\$ -	\$ 6,383,498
U.S. government notes and bonds	32,939	-	-	32,939
Beneficial interest in perpetual trusts	-	4,725,959	-	4,725,959
Corporate bonds	-	25,262	-	25,262
	<u>\$ 6,416,437</u>	<u>\$ 4,751,221</u>	<u>\$ -</u>	<u>\$ 11,167,658</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 171,316	\$ 171,316
Building and improvements	5,264,953	5,242,178
Furniture and equipment	868,836	852,801
Vehicles	423,738	461,538
Computer hardware and software	757,212	715,734
Construction-in-progress	<u>1,690</u>	<u>22,380</u>
	7,487,745	7,465,947
Less: Accumulated depreciation	<u>(5,065,460)</u>	<u>(4,849,080)</u>
	<u>\$ 2,422,285</u>	<u>\$ 2,616,867</u>

7. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

GSNENY is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, GSNENY has the irrevocable right to receive distributions and the income earned (net of brokerage fees) on the trust assets in perpetuity, some of which is restricted for specific uses. The fair value of the beneficial interests in a trust is recognized as an asset and as a contribution with donor restrictions at the date the trust is established. GSNENY's estimate of fair value is based on fair value information received from the trustees. These assets are not subject to the control or direction of GSNENY.

7. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS (Continued)

The following table summarizes the trusts' activity for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Beneficial interests in perpetual trusts - beginning of year	\$ 4,725,959	\$ 4,379,769
Change in beneficial interests in perpetual trusts	(791,887)	548,017
Amounts distributed to GSNENY	<u>(184,859)</u>	<u>(201,827)</u>
	<u>\$ 3,749,213</u>	<u>\$ 4,725,959</u>

8. LINES-OF-CREDIT

GSNENY has a \$3,000,000 working capital line-of-credit with NBT Bank, of which \$0 and \$55,000 was outstanding as of September 30, 2022 and 2021, respectively. The line-of-credit is renewable September 30, 2023. Interest is variable and charged at the 30-day average SOFR plus 1.86448%. As of September 30, 2021, interest was charged at the one-month LIBOR rate plus 1.75%.

GSNENY also has a \$1,000,000 capital improvements line-of-credit with NBT Bank, of which \$389,334 and \$449,334 was outstanding as of September 30, 2022 and 2021, respectively. The line-of-credit is renewable September 30, 2023. Interest is charged at the one-year weekly average T-Bill rate plus 1.75% with this fixed rate expiring in January 2023.

Both lines-of-credit are secured by the NBT Financial Group investment account. The borrowings under the lines-of-credit must not exceed 70% of the account value. In connection with the lines-of-credit, the GSNENY is required to meet certain reporting requirements. The working capital line-of-credit requires GSNENY to maintain a zero balance for 30 consecutive days during the loan year.

9. OPERATING LEASES

GSNENY is committed under noncancelable operating leases for commercial space, internet services, and equipment. The leases require monthly payments ranging from \$125 to \$1,175 and expire at various times ranging from December 2022 through January 2026. Rental expense under these leases was approximately \$28,000 and \$27,700 for the years ended September 30, 2022 and 2021. Future minimum lease payments for the next five years are as follows as of September 30:

2023	\$ 14,409
2024	9,292
2025	8,167
2026	2,597
2027	-
Thereafter	-
	<u>\$ 34,466</u>

10. RETIREMENT PLANS

GSNENY maintains a 403(b) plan covering substantially all employees. Employer voluntary contributions are equal to \$25 per month, per employee, and are made for employees who contribute a minimum of \$100 per month and meet certain eligibility requirements. Total annual employer contributions are limited to \$300 per year, per employee. GSNENY expense related to the plan was approximately \$50,600 and \$10,100 for the years ended September 30, 2022 and 2021, respectively.

GSNENY 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.

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 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 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 were made in fiscal year 2023 are expected to be \$27.55 million. GSNENY expense related to this Plan was approximately \$199,800 and \$209,900 for the years ended September 30, 2022 and 2021, respectively.

11. NET ASSETS, WITHOUT DONOR RESTRICTIONS, DESIGNATED BY THE BOARD

Net assets without donor restrictions, designated by the Board are available for the following uses as of September 30:

	<u>2022</u>	<u>2021</u>
Financial assistance	\$ <u>254,105</u>	\$ <u>260,053</u>
	<u>\$ 254,105</u>	<u>\$ 260,053</u>

On November 4, 2011, the Board of Directors established a Board designated scholarship fund (financial assistance) totaling \$500,000, which after board resolution has been extended to be used through 2022. Additionally in 2022, the Board of Directors approved the establishment of a Board Designated Scholarship Fund with an initial amount designated of \$50,000 for the year ending September 30, 2023.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following:

	<u>2022</u>	<u>2021</u>
Capital campaign	379,448	\$ 346,224
Maintaining and improving GSNENY's facilities for outdoor activities	71,010	113,839
Various GSNENY programs	43,167	44,046
Beneficial interest in perpetual trusts	3,749,213	4,725,959
Net assets, held in perpetuity	<u>53,843</u>	<u>53,843</u>
	<u>\$ 4,296,681</u>	<u>\$ 5,283,911</u>

13. PAYCHECK PROTECTION ARRANGEMENT

In April 2020, GSNENY entered into an arrangement with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act) under which GSNENY received \$553,900. In February 2021, GSNENY entered into another agreement with a bank under PPP round 2 and received \$553,991. These arrangements were evidenced by loan agreements including provisions whereby the loan balances could be fully or partially forgiven based on GSNENY's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the bank in accordance with the requirements of the PPP Program.

GSNENY elected to account for its PPP arrangements as conditional contributions for the year ended September 30, 2021, meaning that revenue is recorded as the conditions meeting the requirements for forgiveness are met. GSNENY applied for forgiveness of both PPP loans and was approved in full for each. As such, GSNENY recognized a total of \$1,107,891 as revenue during the year ended September 30, 2021, and this is recorded as Paycheck Protection Program forgiveness in the statement of activities. For the year ended September 30, 2022, there was no continuation of the program and consequently no PPP forgiveness revenue.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 26, 2023, which is the date the financial statements were available to be issued.