

GIRL SCOUTS OF NORTHEASTERN NEW YORK, INC.

**Financial Statements
as of September 30, 2023
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

January 10, 2024

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, 2023, 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, 2023, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Girl Scouts of Northeastern New York, Inc. adopted Accounting Standards Codification 842, *Leases*, as of October 1, 2022. Our opinion is not modified with respect to that matter.

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.

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INDEPENDENT AUDITOR'S REPORT

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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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, 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, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,218,071	\$ 1,055,136
Investments	4,878,882	4,952,995
Accounts receivable, net	11,926	34,196
Pledges receivable, net	223,938	249,664
Inventory, net	17,459	26,920
Prepaid expenses and other current assets	<u>84,641</u>	<u>63,378</u>
Total current assets	6,434,917	6,382,289
PROPERTY AND EQUIPMENT, net	<u>2,272,756</u>	<u>2,422,285</u>
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	<u>3,884,758</u>	<u>3,749,213</u>
RIGHT OF USE ASSET - OPERATING LEASES	<u>83,651</u>	<u>-</u>
	<u>\$ 12,676,082</u>	<u>\$ 12,553,787</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of operating lease liabilities	\$ 21,934	\$ -
Lines-of-credit	240,102	389,334
Accounts payable	87,960	71,563
Accrued liabilities	223,308	270,463
Due to Girl Scouts of USA	7,432	6,187
Deferred revenue	<u>122,675</u>	<u>209,967</u>
Total current liabilities	<u>703,411</u>	<u>947,514</u>
OPERATING LEASE LIABILITIES, net of current portion	<u>62,640</u>	<u>-</u>
Total liabilities	<u>766,051</u>	<u>947,514</u>
NET ASSETS:		
Without donor restrictions	7,586,323	7,309,592
With donor restrictions	<u>4,323,708</u>	<u>4,296,681</u>
Total net assets	<u>11,910,031</u>	<u>11,606,273</u>
	<u>\$ 12,676,082</u>	<u>\$ 12,553,787</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, 2023**
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
SUPPORT AND REVENUE:				
Product sales revenue, net				
Cookie sales revenue, net	\$ 2,458,998	\$ -	\$ 2,458,998	2,206,453
Magazine & nut sales revenue, net	280,140	-	280,140	231,986
Sale of merchandise, net	76,998	-	76,998	70,148
Total product sales revenue, net	2,816,136	-	2,816,136	2,508,587
Interest and dividends	142,588	1,555	144,143	119,055
Contributions of cash and other financial assets	56,652	421,843	478,495	321,752
Contributions of nonfinancial assets	15,220	-	15,220	24,606
Program service fees	437,205	-	437,205	357,073
Net assets released from restrictions or reclassified	534,920	(534,920)	-	-
Total support and revenue	4,002,721	(111,522)	3,891,199	3,331,073
EXPENSES:				
Program expenses	3,094,164	-	3,094,164	2,942,928
Administrative expenses	603,170	-	603,170	570,507
Fundraising expenses	270,903	-	270,903	301,892
Total expenses	3,968,237	-	3,968,237	3,815,327
CHANGE IN NET ASSETS FROM OPERATIONS	34,484	(111,522)	(77,038)	(484,254)
NON-OPERATING REVENUE (EXPENSE):				
Investment earnings, net				
Investment fees	(24,403)	-	(24,403)	(27,596)
Realized gains (losses) on sales of investments, net	(4,385)	508	(3,877)	140,058
Unrealized gains (losses) on investments, net	252,532	2,120	254,652	(1,089,978)
Gain (Loss) on sale of property and equipment	(1,434)	-	(1,434)	5,000
Gain (loss) on beneficial interests in perpetual trusts, net	-	135,545	135,545	(976,746)
Miscellaneous revenue	19,937	376	20,313	3,073
Total non-operating revenue (expense), net:	242,247	138,549	380,796	(1,946,189)
CHANGE IN NET ASSETS	276,731	27,027	303,758	(2,430,443)
NET ASSETS - beginning of year	7,309,592	4,296,681	11,606,273	14,036,716
NET ASSETS - end of year	\$ 7,586,323	\$ 4,323,708	\$ 11,910,031	\$ 11,606,273

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, 2023
(With Comparative Totals for 2022)**

	Program Services					Total Program Services	Supporting Services		Total	
	Advocacy	Camps	Product and Retail Sales	Membership and Customer Care	Adult Learning		Management and General	Fundraising	2023	2022
Salaries and wages	\$ 267,608	\$ 226,310	\$ 269,472	\$ 764,423	\$ -	\$ 1,527,813	\$ 268,392	\$ 169,576	\$ 1,965,781	\$ 1,795,696
Fringe benefits	74,798	63,255	75,433	213,660	-	427,146	52,935	43,510	523,591	530,008
Supplies and recognition awards	10,695	40,449	232,917	16,040	4,484	304,585	1,957	-	306,542	271,668
Depreciation	32,427	27,423	32,702	92,628	-	185,180	22,948	18,863	226,991	254,181
Insurance	14,869	12,574	16,885	42,473	-	86,801	21,928	8,649	117,378	108,851
Maintenance and repairs	18,678	15,849	18,837	53,354	-	106,718	5,495	2,709	114,922	147,502
Occupancy	35,718	10,096	13,927	32,522	-	92,263	17,080	477	109,820	104,160
Travel and transportation	7,364	44,880	8,711	21,324	-	82,279	16,794	260	99,333	78,361
Contract services	5,794	8,082	5,697	18,903	-	38,476	18,495	6,539	63,510	159,771
Miscellaneous	2	711	36,127	7	-	36,847	17,645	1,900	56,392	44,465
Camperships and other awards	8,250	6,977	8,320	22,762	-	46,309	5,669	-	51,978	26,649
Telephone	5,719	4,837	5,768	16,337	-	32,661	13,860	3,396	49,917	56,848
Licenses and fees	1,789	1,513	1,804	5,110	-	10,216	36,710	-	46,926	59,899
Advertising	2,126	2,261	12,737	13,859	-	30,983	15,600	-	46,583	62,375
Professional service fees	-	-	-	-	-	-	42,017	-	42,017	28,796
Staff recruitment	-	36,760	-	-	-	36,760	286	-	37,046	3,470
Small equipment purchases	1,192	4,744	2,866	3,405	-	12,207	10,743	8,519	31,469	28,233
Printing, publications, and subscriptions	1,408	2,366	5,083	11,947	-	20,804	2,792	4,391	27,987	15,044
Interest	-	247	-	-	-	-	20,484	-	20,731	11,552
Conferences, conventions, meetings, courses	996	3,172	261	2,742	-	7,171	8,478	89	15,738	16,327
Office supplies and equipment lease	607	529	1,065	1,756	-	3,957	2,444	80	6,481	6,375
Postage and shipping	282	357	1,544	581	-	2,764	301	1,945	5,010	4,546
Information technology	346	293	349	989	-	1,977	117	-	2,094	550
	<u>\$ 490,668</u>	<u>\$ 513,685</u>	<u>\$ 750,505</u>	<u>\$ 1,334,822</u>	<u>\$ 4,484</u>	<u>\$ 3,094,164</u>	<u>\$ 603,170</u>	<u>\$ 270,903</u>	<u>\$ 3,968,237</u>	<u>\$ 3,815,327</u>

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, 2023 (With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 303,758	\$ (2,430,443)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Unrealized (gains)/losses on beneficial interests in perpetual trusts, net	(135,545)	976,746
Realized and unrealized (gains)/losses on investments	(250,775)	949,920
Depreciation	226,991	254,181
(Gain)/loss on sale of property and equipment	1,434	(5,000)
Non-cash lease expense	24,586	-
Changes in:		
Accounts receivable	22,270	(31,762)
Pledges receivable	25,726	73,560
Inventory	9,461	(4,749)
Prepaid expenses and other current assets	(21,263)	6,237
Operating lease liabilities	(23,663)	-
Accounts payable	16,397	36,475
Accrued expenses	(47,155)	139,151
Due to Girl Scouts of USA	1,245	6,087
Deferred revenue	(87,292)	96,017
Net cash flow from operating activities	<u>66,175</u>	<u>66,420</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investment securities	(144,187)	(178,664)
Proceeds on sales and maturities of investment securities	469,075	717,448
Purchases of property and equipment	(79,046)	(59,599)
Proceeds on sale of property and equipment	<u>150</u>	<u>5,000</u>
Net cash flow from investing activities	<u>245,992</u>	<u>484,185</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings on lines-of-credit	335,000	516,000
Repayments on lines-of-credit	<u>(484,232)</u>	<u>(631,000)</u>
Net cash flow from financing activities	<u>(149,232)</u>	<u>(115,000)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	162,935	435,605
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,055,136</u>	<u>619,531</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,218,071</u>	<u>\$ 1,055,136</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 20,731</u>	<u>\$ 11,552</u>

The accompanying notes are an integral part of these statements.

GIRL SCOUTS OF NORTHEASTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 Principle

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, Leases, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

GSNENY adopted the standard effective October 1, 2022, using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB ASC 840.

GSNENY elected the available practical expedients to account for the existing leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, GSNENY recognized on October 1, 2022 an operating lease liability and an operating right-of-use asset of approximately \$104,790. The standard did not have an impact on the statements of income or cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle (Continued)

FASB ASC 842 requires lessors to classify leases as a sales type, direct financing, or operating lease. Under the standard, additional disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization elected the available practical expedients to not reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs.

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 \$6,061 and \$20,006 at September 30, 2023, and 2022, respectively. 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, 2023, and 2022.

Pledges receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. There was approximately \$1,600 written off during the year ended September 30, 2023. There were no amounts written off during the year ended September 30, 2022. Pledges receivable are considered to be past due if any portion of the receivable balance has been outstanding for more than 90 days.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023, and 2022.

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 \$226,991 and \$254,181 for the years ended September 30, 2023 and 2022, 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

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 2023 and 2022.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interests in Perpetual Trust (Continued)

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.

Leases

Lessee

GSNENY determines if an arrangement is a lease at inception. ROU assets represent GSNENY's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when GSNENY is reasonably certain to exercise these options.

For all underlying classes of assets, GSNENY has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that GSNENY is reasonably certain to exercise. GSNENY recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

GSNENY elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable.

GSNENY elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Lessor

GSNENY determines if an arrangement is a lease at inception. GSNENY reassesses the determination of whether an arrangement is a lease if the terms and condition of the contract are changed.

GSNENY recognizes revenue on a straight-line basis over the lease term which is representative of the pattern in which the benefit is expected to be derived for use of the underlying asset. Variable lease payments are generally immaterial and consist of items such as late fees, which are charged to tenants in certain circumstances. GSNENY recognizes variable lease payments as revenue in the period incurred.

GSNENY elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component. The single lease component is accounted for under ASC 842.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. This category may include resources designated by the Board for specific purposes.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions, Grants, and Fundraising (Continued)

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.

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 \$46,583 and \$62,375 during the years ended September 30, 2023 and 2022, 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, 2022.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy (Continued)

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 3 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.

Reclassification

Certain reclassifications have been made to the 2022 financial statements to conform to the current year presentation.

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>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 1,218,071	\$ 1,055,136
Investments	4,878,882	4,952,995
Accounts receivable, net	<u>11,926</u>	<u>34,196</u>
Total financial assets	6,108,879	6,042,327
Less: those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>(438,950)</u>	<u>(547,468)</u>
Financial assets available to meet cash need for general expenditure within one year	<u>\$ 5,669,929</u>	<u>\$ 5,494,859</u>

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

Pledges receivable, net was \$223,938 as of September 30, 2023. Pledges receivable, net consists of \$5,188 expected to be received within one year, \$250,000 expected to be received in 2028, \$20,125 discount to present value, and \$10,000 allowance for doubtful pledges.

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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 4,852,536	\$ -	\$ -	\$ 4,852,536
U.S. government notes and bonds	26,346	-	-	26,346
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>3,884,758</u>	<u>3,884,758</u>
	<u>\$ 4,878,882</u>	<u>\$ -</u>	<u>\$ 3,884,758</u>	<u>\$ 8,763,640</u>

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>-</u>	<u>3,749,213</u>	<u>3,749,213</u>
	<u>\$ 4,952,995</u>	<u>\$ -</u>	<u>\$ 3,749,213</u>	<u>\$ 8,702,208</u>

There were no changes in valuation techniques during 2023 and 2022. The beneficial interest in perpetual trust was added to Level 3 due to a lack of observable market data in the trust, prior year disclosures were adjusted accordingly.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 171,316	\$ 171,316
Building and improvements	5,282,288	5,264,953
Furniture and equipment	901,586	868,836
Vehicles	432,712	423,738
Computer hardware and software	762,042	757,212
Construction-in-progress	<u>6,355</u>	<u>1,690</u>
	7,556,299	7,487,745
Less: Accumulated depreciation	<u>(5,283,543)</u>	<u>(5,065,460)</u>
	<u>\$ 2,272,756</u>	<u>\$ 2,422,285</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.

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

	<u>2023</u>	<u>2022</u>
Beneficial interests in perpetual trusts - beginning of year	\$ 3,749,213	\$ 4,725,959
Change in beneficial interests in perpetual trusts	362,579	(791,887)
Amounts distributed to GSNENY	<u>(227,034)</u>	<u>(184,859)</u>
	<u>\$ 3,884,758</u>	<u>\$ 3,749,213</u>

8. LINES-OF-CREDIT

GSNENY has a \$3,000,000 working capital line-of-credit with NBT Bank, of which no amounts were outstanding as of September 30, 2023 and 2022, respectively. The line-of-credit will expire March 31, 2024. Interest is variable and charged at the 30-day average SOFR plus 1.86448%.

GSNENY also has a \$500,000 capital improvements line-of-credit with NBT Bank, of which \$240,102 and \$389,334 was outstanding as of September 30, 2023 and 2022, respectively. The line-of-credit will expire March 31, 2024. Interest is charged at the one-year weekly average T-Bill rate plus 1.75% with this fixed rate expiring in January 2024.

8. LINES-OF-CREDIT (Continued)

Both lines-of-credit are secured by the NBT Financial Group investment account. The borrowings under the lines-of-credit must not exceed 75% 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. 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 through January 2026. The components of total lease cost for the year ended September 30, 2023 are as follows:

Operating lease cost	\$ 24,586
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Supplemental cash flow information related to leases for the year ended September 30, 2023 are as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 23,419
Right-of-use assets obtained in exchange for operating lease obligations	\$ 104,790

Other information related to leases as of September 30, 2023 are as follows:

Weighted-average remaining lease term in years for operating leases	3.85
Weighted-average discount rate for operating leases	4.04%

Maturities of lease liabilities as of September 30, 2023 were as follows:

Years Ending September 30:

2024	\$ 24,891
2025	24,586
2026	19,000
2027	17,657
2028	5,178
	<hr/>
Total lease payments	91,312
Less: present value discount	(6,738)
	<hr/>
Total present value of lease liabilities	84,574
Current portion of operating lease liability	(21,934)
	<hr/>
Operating lease liability, net of current portion	<u>\$ 62,640</u>

9. LEASES (Continued)

During the year ended September 30, 2022, GSNENY incurrent rent expense of approximately \$28,000. Future minimum lease payments under the leases for the years succeeding 2022 were as follows:

2023	\$	14,409
2024		9,292
2025		8,167
2026		2,597
2027		-
Thereafter		-
	\$	<u>34,465</u>

10. RETIREMENT PLANS

GSNENY maintains a 403(b) plan covering substantially all employees. Employer voluntary contributions are equal to 3% of eligible compensation per pay period, per employee, and made for employees who meet certain eligibility requirements. GSNENY expense related to the plan was approximately \$40,700 and \$50,600 for the years ended September 30, 2023 and 2022, 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 declined during the year and are less than the actuarial present value of accumulated Plan benefits as of January 1, 2023. 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 2022 and 2023 were \$32.2 million and \$27.5 million, respectively. Aggregate contributions to be made in fiscal 2024 are expected to be \$26 million.

11. CONTRIBUTED NON-FINANCIAL ASSETS

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

	<u>2023</u>	<u>2022</u>
Auction items	\$ 5,876	\$ 4,587
Equipment	6,500	16,676
Food	300	671
Professional services	664	-
Rewards and Recognitions	275	-
Supplies	<u>1,605</u>	<u>2,672</u>
	<u>\$ 15,220</u>	<u>\$ 24,606</u>

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 utilizes donor-designated good or services designated as “rewards and recognitions” for operational events or programs during the calendar year. Value is determined at the time of donation.

GSNENY received “professional services” for operational or program services during the calendar year. Value is determined at the time of donation.

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.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following:

	<u>2023</u>	<u>2022</u>
Capital campaign	280,921	\$ 379,448
Maintaining and improving GSNENY's facilities for outdoor activities	57,793	71,010
Various GSNENY programs	46,393	43,167
Beneficial interest in perpetual trusts	3,884,758	3,749,213
Net assets, held in perpetuity	<u>53,843</u>	<u>53,843</u>
	<u>\$ 4,323,708</u>	<u>\$ 4,296,681</u>

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 10, 2024, which is the date the financial statements were available to be issued.