



Financial Statements

September 30, 2019 and 2018

Girl Scouts of Northeastern New York, Inc.

Financial Statements

September 30, 2019 and 2018

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Independent Auditor's Report

Board of Directors
Girl Scouts of Northeastern New York, Inc.
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Girl Scouts of Northeastern New York, Inc. (a New York not-for-profit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years then ended, 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 from 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 the Girl Scouts of Northeastern New York, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Albany, New York
January 24, 2020

BST & CO. CPAs, LLP

Girl Scouts of Northeastern New York, Inc.

Statements of Financial Position

	September 30,	
	2019	2018
ASSETS		
Cash	\$ 317,719	\$ 653,605
Cash, restricted	217,563	193,280
Accounts receivable, net	21,770	52,410
Pledges receivable, net	377,953	288,186
Inventory	94,597	67,041
Prepaid expenses	73,314	93,499
Investments	5,671,111	5,852,912
Fixed assets, net	3,314,979	3,606,663
Beneficial interests in perpetual trusts	4,151,395	4,245,019
	\$ 14,240,401	\$ 15,052,615
LIABILITIES AND NET ASSETS		
LIABILITIES		
Lines-of-credit	\$ 1,918,814	\$ 2,073,090
Accounts payable	97,002	158,811
Accrued liabilities	267,451	260,825
Due to Girl Scouts of USA and troops	34,424	-
Deferred revenue	23,831	24,462
Total liabilities	2,341,522	2,517,188
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Undesignated	6,826,433	7,439,469
Designated by the Board	293,234	339,385
	7,119,667	7,778,854
With donor restrictions	4,779,212	4,756,573
Total net assets	11,898,879	12,535,427
	\$ 14,240,401	\$ 15,052,615

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Statement of Activities

	Year Ended September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, PUBLIC, AND OTHER SUPPORT			
Revenues, net			
Cookie sales revenue, net	\$ 3,056,030	\$ -	\$ 3,056,030
Magazine/nut sales revenue, net	137,950	-	137,950
Sale of merchandise, net	139,072	-	139,072
Total product sales revenue, net	3,333,052	-	3,333,052
Program service fees			
Camping fees and related revenue	419,817	-	419,817
Other program revenue	187,836	-	187,836
Total program service fees	607,653	-	607,653
Total revenues, net	3,940,705	-	3,940,705
Public and other support, net			
Contributions			
Foundations and corporations	21,669	11,410	33,079
Capital Campaign	-	178,167	178,167
Individuals	43,858	23,050	66,908
Beneficial interests in perpetual trusts	16,056	172,743	188,799
Special events, net	24,070	-	24,070
Investment income	148,806	1,021	149,827
Net assets released from restrictions	272,414	(272,414)	-
Total public and other support, net	526,873	113,977	640,850
Total revenues, public, and other support, net	4,467,578	113,977	4,581,555
EXPENSES			
Program services	3,966,542	-	3,966,542
Supporting services			
Management and general	698,990	-	698,990
Fundraising	441,298	-	441,298
Total expenses	5,106,830	-	5,106,830
CHANGE IN NET ASSETS FROM OPERATIONS	(639,252)	113,977	(525,275)
OTHER CHANGES IN NET ASSETS			
Investment earnings, net			
Investment fees	(27,311)	-	(27,311)
Realized gains on sales of investments, net	682,823	-	682,823
Unrealized gains (losses) on investments, net	(696,933)	2,120	(694,813)
Unrealized losses on beneficial interests in perpetual trusts, net	-	(93,624)	(93,624)
Miscellaneous revenue	21,486	166	21,652
CHANGE IN NET ASSETS	(659,187)	22,639	(636,548)
NET ASSETS, beginning of year	7,778,854	4,756,573	12,535,427
NET ASSETS, end of year	\$ 7,119,667	\$ 4,779,212	\$ 11,898,879

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Statement of Activities

	Year Ended September 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, PUBLIC, AND OTHER SUPPORT			
Revenues, net			
Cookie sales revenue, net	\$ 2,902,286	\$ -	\$ 2,902,286
Magazine/nut sales revenue, net	152,133	-	152,133
Sale of merchandise, net	141,500	-	141,500
Total product sales revenue, net	3,195,919	-	3,195,919
Program service fees			
Camping fees and related revenue	439,011	-	439,011
Other program revenue	83,174	-	83,174
Total program service fees	522,185	-	522,185
Total revenues, net	3,718,104	-	3,718,104
Public and other support, net			
Contributions			
Foundations and corporations	18,175	19,103	37,278
Capital Campaign	-	327,826	327,826
Individuals	30,554	27,229	57,783
Beneficial interests in perpetual trusts	19,621	134,497	154,118
Memorials and bequests	10,000	-	10,000
Grants	-	4,000	4,000
Special events, net	-	36,161	36,161
Investment income	128,272	3,348	131,620
Net assets released from restrictions	345,238	(345,238)	-
Total public and other support, net	551,860	206,926	758,786
Total revenues, public, and other support, net	4,269,964	206,926	4,476,890
EXPENSES			
Program services	3,735,228	-	3,735,228
Supporting services			
Management and general	648,319	-	648,319
Fundraising	415,455	-	415,455
Total expenses	4,799,002	-	4,799,002
CHANGE IN NET ASSETS FROM OPERATIONS	(529,038)	206,926	(322,112)
OTHER CHANGES IN NET ASSETS			
Investment earnings, net			
Investment fees	(28,277)	-	(28,277)
Realized gains on sales of investments, net	1,420,108	-	1,420,108
Unrealized losses on investments, net	(998,159)	(3,032)	(1,001,191)
Unrealized gains on beneficial interests in perpetual trusts, net	-	142,046	142,046
Miscellaneous revenue	25,968	254	26,222
CHANGE IN NET ASSETS	(109,398)	346,194	236,796
NET ASSETS, beginning of year	7,888,252	4,410,379	12,298,631
NET ASSETS, end of year	\$ 7,778,854	\$ 4,756,573	\$ 12,535,427

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Statement of Functional Expenses

Year Ended September 30, 2019

	Program Services				Supporting Services			Total
	Advocacy	Camps	Product and Retail Sales	Membership and Customer Care	Total Program Services	Management and General	Fund Raising	
Salaries	\$ 241,920	\$ 503,358	\$ 400,770	\$ 696,441	\$ 1,842,489	\$ 307,544	\$ 152,990	\$ 2,303,023
Benefits and payroll taxes	66,536	138,441	110,215	194,573	509,765	61,148	53,958	624,871
Advertising	9,897	20,593	16,395	28,943	75,828	1,600	1,242	78,670
Provision for bad debts	-	-	(1,631)	-	(1,631)	-	-	(1,631)
Camperships and other awards	8,288	17,245	13,752	24,419	63,704	380	-	64,084
Conferences, conventions, meetings, and courses	189	7,465	2,809	552	11,015	8,821	1,495	21,331
Contract services	16,498	16,544	12,713	22,518	68,273	35,057	148,290	251,620
Depreciation	46,194	96,115	76,519	135,084	353,912	43,860	36,051	433,823
Information technology	109	226	180	316	831	496	304	1,631
Insurance	11,317	17,756	14,532	24,888	68,493	16,622	6,629	91,744
Interest expense	2,866	5,964	4,748	8,381	21,959	62,274	-	84,233
Licenses and fees	9,895	15,529	12,562	22,176	60,162	24,116	1,138	85,416
Maintenance and repairs	23,173	34,093	27,382	47,915	132,563	16,734	6,132	155,429
Miscellaneous	14	35	6,986	41	7,076	19,682	40	26,798
Office supplies and equipment lease	1,344	2,641	1,471	3,747	9,203	6,449	1,008	16,660
Postage and shipping	1,796	4,098	8,805	4,065	18,764	1,812	2,690	23,266
Printing, publications, and subscriptions	2,954	8,204	5,923	11,156	28,237	6,302	6,807	41,346
Professional service fees	132	275	219	387	1,013	39,876	-	40,889
Rent and utilities	55,091	17,467	19,089	24,451	116,098	3,949	7,259	127,306
Small equipment purchases	110	2,415	303	454	3,282	10,518	7,428	21,228
Staff recruitment	1,700	29,721	2,817	4,973	39,211	4,382	-	43,593
Supplies and recognition awards	33,816	96,667	213,122	28,297	371,902	2,892	1,077	375,871
Telephone	5,717	11,896	9,470	16,718	43,801	10,466	5,167	59,434
Travel and transportation	9,500	77,214	12,310	21,568	120,592	14,010	1,593	136,195
	<u>\$ 549,056</u>	<u>\$ 1,123,962</u>	<u>\$ 971,461</u>	<u>\$ 1,322,063</u>	<u>\$ 3,966,542</u>	<u>\$ 698,990</u>	<u>\$ 441,298</u>	<u>\$ 5,106,830</u>

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Statement of Functional Expenses

	Year Ended September 30, 2018							
	Program Services				Supporting Services			
	Advocacy	Camps	Product and Retail Sales	Membership and Customer Care	Total Program Services	Management and General	Fund Raising	Total
Salaries	\$ 231,073	\$ 492,337	\$ 476,761	\$ 664,224	\$ 1,864,395	\$ 231,142	\$ 189,826	\$ 2,285,363
Benefits and payroll taxes	64,760	138,053	133,685	186,251	522,749	64,812	53,226	640,787
Advertising	9,245	19,959	19,086	26,875	75,165	4,076	5,150	84,391
Provision for bad debts	(5,000)	-	-	-	(5,000)	-	-	(5,000)
Camperships and other awards	5,990	12,748	12,345	38,078	69,161	659	-	69,820
Conferences, conventions, meetings, and courses	1,626	20,404	4,675	5,199	31,904	18,109	1,961	51,974
Contract services	26,396	38,250	15,514	41,582	121,742	33,203	93,252	248,197
Depreciation	23,724	50,574	48,974	68,362	191,634	23,779	19,528	234,941
Information technology	538	1,146	1,309	1,546	4,539	1,370	1,061	6,970
Insurance	8,558	17,077	17,357	23,044	66,036	16,024	6,566	88,626
Interest expense	-	-	-	-	-	62,621	-	62,621
Licenses and fees	1,234	555	54	75	1,918	30,575	-	32,493
Maintenance and repairs	17,489	38,073	36,141	50,300	142,003	10,026	4,827	156,856
Miscellaneous	-	-	4,280	-	4,280	22,445	74	26,799
Office supplies and equipment lease	1,640	3,429	3,516	4,765	13,350	5,608	2,604	21,562
Postage and shipping	732	2,871	8,306	2,308	14,217	8,465	1,510	24,192
Printing, publications, and subscriptions	8,293	6,692	6,571	7,971	29,527	6,086	17,540	53,153
Professional service fees	-	-	-	-	-	31,155	-	31,155
Rent and utilities	29,936	18,887	22,258	25,618	96,699	5,776	8,914	111,389
Small equipment purchases	2,257	8,099	4,967	6,356	21,679	2,510	2,348	26,537
Staff recruitment	10	45,942	21	29	46,002	8,710	-	54,712
Supplies and recognition awards	14,381	78,025	166,848	25,287	284,541	1,535	993	287,069
Telephone	4,945	10,642	10,208	14,222	40,017	9,771	4,455	54,243
Travel and transportation	16,596	71,803	14,623	23,925	126,947	21,585	1,620	150,152
	<u>\$ 464,423</u>	<u>\$ 1,075,566</u>	<u>\$ 1,007,499</u>	<u>\$ 1,216,017</u>	<u>\$ 3,763,505</u>	<u>\$ 620,042</u>	<u>\$ 415,455</u>	<u>\$ 4,799,002</u>

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Statements of Cash Flows

	Years Ended September 30,	
	2019	2018
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ (636,548)	\$ 236,796
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	433,823	234,941
Provision for bad debts	(1,631)	(5,000)
Unrealized (gains) losses on beneficial interests in perpetual trusts, net	93,624	(142,046)
Realized gains on sales of investments, net	(682,823)	(1,420,108)
Unrealized losses on investments, net	694,813	1,001,191
(Increase) decrease in		
Accounts receivable	32,271	9,753
Pledges receivable	(89,767)	(288,186)
Inventory	(27,556)	2,035
Prepaid expenses	20,185	(33,999)
Increase (decrease) in		
Accounts payable	(61,809)	33,419
Accrued liabilities	6,626	25,841
Due to Girl Scouts of USA and troops	34,424	-
Deferred revenue	(631)	9,047
	(184,999)	(336,316)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Cash restricted, net	(24,283)	81,649
Purchase of fixed assets	(142,139)	(1,029,675)
Proceeds from sale of investments	4,837,073	5,082,618
Purchase of investments	(4,667,262)	(5,229,262)
	3,389	(1,094,670)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Lines-of-credit, net	(154,276)	1,111,090
Net decrease in cash	(335,886)	(319,896)
CASH, beginning of year	653,605	973,501
CASH, end of year	\$ 317,719	\$ 653,605
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for		
Interest	\$ 84,057	\$ 59,707

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies

The Girl Scouts of Northeastern New York, Inc. (GSNENY) is a not-for-profit organization chartered by Girl Scouts of the USA. GSNENY offers an informal education program for girls ages 5 to 17 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 skills 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.

GSNENY receives the majority of its revenues, public, and other support from the operation of its programs. Major classes of revenue include troop sales of cookies, magazines, nuts, and merchandise to the general public; and rental fees generated through the operation of several summer camp scouting programs. GSNENY supplements its operations with contributions from individuals, foundations, corporations, other sources, as well as earnings from investments.

a. Basis of Accounting

The financial statements of GSNENY have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

b. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

c. Fair Value Measurements

GSNENY reports certain assets at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date (Notes 4 and 7).

d. Restricted Cash

Restricted cash consists of all cash balances at the end of the year, which is for specific purposes designated by the donor.

e. Accounts Receivable, Net

Accounts receivable primarily includes amounts due from grantors and GSNENY's share of revenue due from various troops relating to cookies 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. The allowance for doubtful accounts was \$30,000 at both September 30, 2019 and 2018. Accounts receivable are written off when deemed uncollectible, and the recoveries of accounts receivable previously written off are recorded when received.

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.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. 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 amounts. The allowance for doubtful accounts was \$10,000 at both September 30, 2019 and 2018.

Pledges receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A contribution receivable is considered to be past due if any portion of the receivable balance has been outstanding for more than 90 days.

g. Inventory

GSNENY's inventory consists of Girl Scout merchandise for sale in its three stores, and is valued at the lower of average cost or net realizable value. There is no reserve for obsolete inventory as of September 30, 2019 and 2018.

h. Investments

GSNENY accounts for its investments at fair value. Net realized and unrealized gains and losses on investments are determined using the specific identification method and are reflected in the statement of activities.

i. Fixed Assets, Net

Acquisition of fixed assets and expenditures which materially change capacities or extend useful lives are reported at cost, net of accumulated depreciation. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. When fixed assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is included in GSNENY's change in net assets.

Depreciation is provided for in amounts to relate the cost of depreciable assets to expenses over their estimated useful lives on the straight-line method. The estimated lives used in determining depreciation vary from three to forty years.

j. Long-lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of September 30, 2019 and 2018.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

k. Net Assets

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

Net Assets Without Donor Restrictions are net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has designated approximately \$293,200 and \$339,400 as of September 30, 2019 and 2018, respectively, from net assets without donor restrictions (see Note 10).

Net Assets with Donor Restrictions consist of net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

l. Beneficial Interest in Perpetual Trust

GSNENY is the irrevocable beneficiary of perpetual charitable trusts held by trustees. The beneficial interests in the trusts are 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 unrestricted. The value of the 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.

m. Revenue Recognition

Product sales revenue is recognized as an increase to unrestricted net assets when the products are sold and delivered. The gross revenue and related product costs are as follows:

	Year Ended September 30, 2019		
	Cookie Sales	Magazine/ Nut Sales	Merchandise Sales
Gross revenue	\$ 5,029,752	\$ 356,997	\$ 310,998
Cost of product sales	1,973,722	219,047	171,926
Total product sales revenue, net	<u>\$ 3,056,030</u>	<u>\$ 137,950</u>	<u>\$ 139,072</u>

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

m. Revenue Recognition - Continued

	Year Ended September 30, 2018		
	Cookie Sales	Magazine/ Nut Sales	Merchandise Sales
Gross revenue	\$ 4,847,004	\$ 372,537	\$ 331,751
Cost of product sales	<u>1,944,718</u>	<u>220,404</u>	<u>190,251</u>
Total product sales revenue, net	<u>\$ 2,902,286</u>	<u>\$ 152,133</u>	<u>\$ 141,500</u>

Revenues from camping fees and other program revenue are recognized in the period the event takes place.

Deferred revenue represents the unearned portion of program services support which is designated for future periods.

n. Advertising

GSNENY records advertising costs as expenses when they are incurred. Advertising expense was approximately \$78,700 and \$84,400 for the years ended September 30, 2019 and 2018, respectively.

o. Donated Goods and Services

Donated goods are recorded at their estimated fair values at the date of receipt. Support arising from donated services is recognized if the services received require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no in-kind contributions received during the years ended September 30, 2019 and 2018.

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.

p. 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, occupancy, postage and shipping, and telephone.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

q. *Income Taxes*

GSNENY is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

GSNENY files Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated GSNENY's tax positions and concluded that GSNENY had taken no tax positions that required adjustment or disclosure in its financial statements as of September 30, 2019 and 2018.

r. *Adoption of New Accounting Standard*

Effective October 1, 2018, GSNENY adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. As a result of adopting the ASU, GSNENY included the required liquidity disclosures, replaced the three previous classes of net assets with two new classes, expanded disclosures regarding the nature and amount of donor restrictions, added a statement of functional expenses, and recorded investment earnings, net of related investment expenses. The adoption of ASU 2016-14 was applied retrospectively to the prior year financial statements.

s. *Subsequent Events*

GSNENY has evaluated subsequent events for potential recognition or disclosure through January 24, 2020, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Total assets at September 30, 2019	\$ 14,240,401
Less assets not available for general expenditures	
Pledges receivable, net	(336,291)
Prepaid expenses	(73,314)
Property and equipment, net	(3,314,979)
Assets held with donor restrictions	<u>(4,779,212)</u>
Financial assets available for general expenditure	<u>\$ 6,072,896</u>

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 2 - Liquidity and Availability - Continued

GSNENY has approximately \$6,072,900 of financial assets available within one year of the statement of financial position date consisting of cash of approximately \$317,700, accounts receivable, net of approximately \$21,800, pledges receivable, net of \$41,700, inventory of approximately \$94,600, and investments of approximately \$5,597,100.

GSNENY's fiscal year end September 30, 2020 budget has approximately \$4,761,400 of total revenues, public, and other support, net, which includes total product sales revenue, net of approximately \$3,273,200.

GSNENY also has Board designated net assets without donor restrictions of approximately \$293,200. Although the GSNENY Board does not intend to release these restrictions, these funds are available if necessary.

In addition, as discussed in Note 9, GSNENY also has an available line-of-credit in the amount of \$3,000,000, which it could draw upon in the event of an unanticipated liquidity need.

Note 3 - Pledges Receivable, Net

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

During the year ending September 30,	
2020	\$ 47,220
2021	304,970
2022	44,970
2023	<u>32,445</u>
	429,605
Less discount to present value	(41,652)
Less allowance for doubtful pledges	<u>(10,000)</u>
Total pledges receivables, net	<u>\$ 377,953</u>

Note 4 - Investments

The framework for measuring fair value includes 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 (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs may be used to measure fair value:

- Level 1 Unadjusted quoted market prices in active markets for identical assets.
- Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.
- Level 3 Unobservable inputs that are supported by little or no market activity.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 4 - Investments - Continued

Fair value measurement level within a 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.

Following is a description of the valuation methodologies used for assets measured at fair value at September 30, 2019 and 2018:

Equity Securities: Valued at the closing price reported on the active market on which the individual security is traded.

Mutual Funds and Fixed Income Government Notes and Bonds: Valued at the quoted net asset value of shares held at year end.

Fixed Income Corporate Bonds: Valued at third-party evaluated appraised prices that maximize observable quantitative and qualitative inputs currently available on comparable securities with similar features (type of issuer, credit rating, coupon, maturity, etc.) and apply yield levels that reflect comparable credit and liquidity risks.

The following tables summarize GSNENY's investments:

	September 30, 2019			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Level 1 Investments				
Mutual funds	\$ 5,193,437	\$ 287,627	\$ 68,561	\$ 5,412,503
U.S. Government notes and bonds	26,410	7,104	-	33,514
	<u>5,219,847</u>	<u>294,731</u>	<u>68,561</u>	<u>5,446,017</u>
Level 2 Investments				
Corporate bonds	223,233	2,288	427	225,094
Investments	<u>\$ 5,443,080</u>	<u>\$ 297,019</u>	<u>\$ 68,988</u>	<u>\$ 5,671,111</u>
	September 30, 2018			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Level 1 Investments				
Equity securities	\$ 769,371	\$ 756,093	\$ 2,649	\$ 1,522,815
Mutual funds	3,844,163	245,250	84,942	4,004,471
U.S. Government notes and bonds	26,410	4,693	-	31,103
	<u>4,639,944</u>	<u>1,006,036</u>	<u>87,591</u>	<u>5,558,389</u>
Level 2 Investments				
Corporate bonds	298,688	-	4,165	294,523
Investments	<u>\$ 4,938,632</u>	<u>\$ 1,006,036</u>	<u>\$ 91,756</u>	<u>\$ 5,852,912</u>

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 5 - Fixed Assets, Net

A summary of fixed assets, net, is as follows:

	September 30,	
	2019	2018
Land and improvements	\$ 594,821	\$ 594,821
Buildings and improvements	4,800,596	4,664,721
Furniture and equipment	835,375	832,936
Vehicles	476,273	498,273
Computer hardware and software	679,573	654,723
	7,386,638	7,245,474
Less accumulated depreciation	(4,103,293)	(3,685,713)
	3,283,345	3,559,761
Work in progress	31,634	46,902
	\$ 3,314,979	\$ 3,606,663

Note 6 - Special Events

Special events revenue totaling approximately \$31,000 is presented in the financial statements net of approximately \$6,900 of related expenditures for the year ended September 30, 2019. Special events revenue totaling approximately \$94,000 is presented in the financial statements net of approximately \$57,900 of related expenditures for the year ended September 30, 2018.

Note 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 interest 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. As discussed in Note 4, because there are no observable market transactions for assets similar to the beneficial interests in the trusts and because the trusts cannot be redeemed, the valuation technique used by GSNENY is a Level 3 fair value measure.

The following table summarizes the trust's activity:

	September 30,	
	2019	2018
Beneficial interests in perpetual trusts, <i>beginning of year</i>	\$ 4,245,019	\$ 4,102,973
Change in beneficial interests in perpetual trusts	95,175	296,164
Amounts distributed to GSNENY	(188,799)	(154,118)
	\$ 4,151,395	\$ 4,245,019

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 8 - Retirement Plans

a. 403(B) Plan

GSNENY established a calendar year 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 this plan was approximately \$53,000 and \$56,500 for the years ended September 30, 2019 and 2018, respectively.

b. Multiemployer Pension Plan

GSNENY participates in the National Girl Scout Council Retirement Plan (NGSCR) (Plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA (NBGS) 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, 2019. 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. Aggregate annual contributions were approximately \$32,200,000 and \$32,400,000 for the years ended December 31, 2019 and 2018, respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the spin-off of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions for the year ending December 31, 2020 are expected to continue to be approximately \$32,200,000. GSNENY expense related to this Plan was approximately \$210,600 and \$216,600 for the years ended September 30, 2019 and 2018, respectively.

Note 9 - Lines-of-Credit

GSNENY has a \$3,000,000 working capital line-of-credit with NBT Bank, of which \$1,355,500 and \$1,486,603 was outstanding as of September 30, 2019 and 2018, respectively. The line-of-credit is renewable June 30, 2020. Interest is charged at the one-month LIBOR plus 1.75%, at the election of management, and will never fall below 2.75% (3.79% and 3.92% at September 30, 2019 and 2018, respectively).

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 9 - Lines-of-Credit - Continued

GSNENY also has a \$1,000,000 capital improvements line-of-credit with NBT Bank, of which \$563,314 and \$586,487 was outstanding as of September 30, 2019 and 2018, respectively. The line-of-credit is renewable June 30, 2020. Interest is charged at the one-month LIBOR plus 1.75% or fixed for one year at the U.S. Treasury rate plus 1.75% with the fixed rate expiring in January 2020, at the election of management (4.34% and 3.53% at September 30, 2019 and 2018, respectively).

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.

Note 10 - Net Assets, Without Donor Restrictions, Designated by the Board

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

	September 30,	
	2019	2018
Financial Assistance	\$ 244,083	\$ 290,234
Girl Leadership Development Programs	49,151	49,151
Net assets without donor restrictions, designated by the Board	\$ 293,234	\$ 339,385

On November 4, 2011, the Board of Directors established a Board designated scholarship fund (financial assistance) totaling \$500,000, which will be funded over a ten-year period at \$50,000 per year. The amount of unrestricted net assets designated by the Board totaled \$400,000 and \$350,000 as of September 30, 2019 and 2018, respectively.

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following:

	September 30,	
	2019	2018
Capital Campaign	\$ 377,953	\$ 288,186
Maintaining and improving GSNENY's facilities for outdoor activities	168,572	116,548
Various GSNENY programs	45,633	71,161
Beneficial interest in perpetual trusts	4,151,395	4,245,019
Donor restricted Investments	35,659	35,659
Net assets with donor restrictions	\$ 4,779,212	\$ 4,756,573

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 12 - Commitments

a. Operating Leases

GSNENY is committed under noncancelable operating leases for commercial space, internet services, and equipment. The leases require monthly payments ranging from \$142 to \$2,410 and expire at various times ranging from March 2020 through August 2023. In addition, GSNENY rents various equipment on a month-to-month basis. Rental expense under these leases was approximately \$65,100 and \$71,000 for the years ended September 30, 2019 and 2018, respectively.

A summary of future minimum lease payments is as follows:

For the year ending September 30,	
2020	\$ 34,459
2021	29,811
2022	28,574
2023	<u>8,779</u>
	<u>\$ 101,623</u>

b. Girl Scout Troop Activity

Individual Girl Scout troops may hold cash in bank accounts that are under GSNENY's federal identification number. These bank accounts are not under GSNENY's control, and it has no signature authority over these accounts. GSNENY will not have access to these funds as long as a troop or group is functioning according to Girl Scout policy and procedures. Individual troops and groups have the responsibility to use these funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers. The accompanying financial statements do not include financial data for individual Girl Scout troops.

Note 13 - Risk and Uncertainties

a. Significant Revenue Sources

Approximately 68% of GSNENY's unrestricted operating revenues during both years ended September 30, 2019 and 2018, were derived through its share of program related troop cookie sales. Such a concentration provides that changes in the enrollment of registered scouts, sales participation, public demand, and consumption trends, or changes in prices, could have a direct material effect on GSNENY's future unrestricted operating revenues.

b. Significant Vendors

One of GSNENY's vendors provides a specialized product that GSNENY would not be able to obtain elsewhere if the vendor relationship ceased as it relates to troop cookie sales.

c. Concentrations of Credit Risk

GSNENY maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, GSNENY may have bank deposits in excess of amounts insured by the FDIC.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2019 and 2018

Note 14 - New Accounting Pronouncement Issued But Not Yet Implemented

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgments and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. ASU 2014-09 will be effective for the GSNENY on October 1, 2019. The GSNENY has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method allowing the standard to be applied at the adoption date. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard provides a number of practical expedients. The standard, as delayed by FASB ASU No. 2019-10, is effective for fiscal years beginning after December 15, 2020. ASU 2016-02 will be effective for the GSNENY on October 1, 2021. GSNENY is currently evaluating the impact of its pending adoption of the new standard on its financial statements, and currently expects that upon adoption, right-of-use assets and lease liabilities will be recognized in the statement of financial position.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. These amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. ASU 2016-18 will be effective for the GSNENY beginning on October 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The adoption of ASU 2016-18 is not expected to have a material impact on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where GSNENY is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements
September 30, 2019 and 2018

Note 14 - New Accounting Pronouncement Issued But Not Yet Implemented - Continued

within annual periods beginning after December 15, 2019. Where GSNENY is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019 and interim periods within annual periods beginning after December 15, 2020. GSNENY is currently evaluating the impact of the adoption of this guidance on its financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. ASU 2018-08 will be effective for GSNENY on October 1, 2020. GSNENY is currently evaluating the impact of this new standard on its financial statements.