

GIRL SCOUTS OF NORTHERN ILLINOIS
FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021 AND 2020
TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Girl Scouts of Northern Illinois:

We have audited the accompanying financial statements of Girl Scouts of Northern Illinois (an Illinois not-for-profit corporation), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, cash flows and functional expenses 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

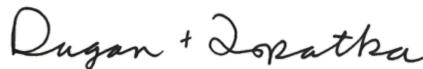
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Independent Auditor's Report
To the Board of Directors of
Girl Scouts of Northern Illinois
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Northern Illinois as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.


DUGAN & LOPATKA

Warrenville, Illinois
February 7, 2022

GIRL SCOUTS OF NORTHERN ILLINOIS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents without restrictions	\$ 145,257	\$ 76,498
Cash and cash equivalents with restrictions	47,567	108,419
Accounts receivable, net	305,078	112,906
Pledges receivable	9,876	13,852
Inventories	186,064	213,993
Prepaid expenses	348,055	354,406
Investments	2,569,609	2,332,728
Land held for sale	-	100,000
Total current assets	<u>3,611,506</u>	<u>3,312,802</u>
NONCURRENT ASSETS:		
Pledges receivable	5,000	10,000
Land, buildings, and equipment, net	4,876,776	5,061,712
Beneficial interests in trusts	633,148	582,873
Endowment investments	349,238	349,238
Total noncurrent assets	<u>5,864,162</u>	<u>6,003,823</u>
Total assets	<u>\$ 9,475,668</u>	<u>\$ 9,316,625</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Note payable	\$ 36,926	\$ 146,020
Line of credit	90,000	420,000
Accounts payable	141,716	140,478
Accrued liabilities	303,714	300,561
Total current liabilities	<u>572,356</u>	<u>1,007,059</u>
LONG TERM LIABILITIES:		
Note payable	590,548	528,980
Total liabilities	<u>1,162,904</u>	<u>1,536,039</u>
NET ASSETS:		
Without donor restrictions	7,275,936	6,724,786
With donor restrictions	1,036,828	1,055,800
Total net assets	<u>8,312,764</u>	<u>7,780,586</u>
Total liabilities and net assets	<u>\$ 9,475,668</u>	<u>\$ 9,316,625</u>

The accompanying notes are an integral part of this statement.

GIRL SCOUTS OF NORTHERN ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT:			
Grants	\$ 241,551	\$ 50,615	\$ 292,166
Contributions	85,821	2,375	88,196
In-kind contributions	28,237	-	28,237
Other special events	72,463	-	72,463
Total public support	428,072	52,990	481,062
PROGRAM REVENUE:			
Net cookie sales	3,173,205	-	3,173,205
Net fall product sales	246,205	-	246,205
Net merchandise sales	145,371	-	145,371
Program services fees	79,271	-	79,271
Total program revenue	3,644,052	-	3,644,052
OTHER REVENUE:			
Investment return, net	247,138	49,817	296,955
Change in value of beneficial interests in trusts	-	64,627	64,627
Gain on wetland credit sales	204,160	-	204,160
Gain on timber sales	67,138	-	67,138
Forgiveness of debt	675,000	-	675,000
Employee Retention Credit	463,444	-	463,444
Other income	134,862	-	134,862
Total other revenue	1,791,742	114,444	1,906,186
Net assets released from restrictions Satisfaction of donor restrictions	186,406	(186,406)	-
Total public support and revenue	6,050,272	(18,972)	6,031,300
EXPENSES:			
Program services	4,211,105	-	4,211,105
Management and general	990,192	-	990,192
Fundraising	297,825	-	297,825
Total expenses	5,499,122	-	5,499,122
CHANGE IN NET ASSETS	551,150	(18,972)	532,178
NET ASSETS, Beginning of year	6,724,786	1,055,800	7,780,586
NET ASSETS, End of year	\$ 7,275,936	\$ 1,036,828	\$ 8,312,764

The accompanying notes are an integral part of this statement.

GIRL SCOUTS OF NORTHERN ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT:			
Grants	\$ 225,196	\$ 111,412	\$ 336,608
Contributions	104,488	14,075	118,563
In-kind contributions	27,998	-	27,998
Other special events	13,814	-	13,814
Total public support	<u>371,496</u>	<u>125,487</u>	<u>496,983</u>
PROGRAM REVENUE:			
Net cookie sales	4,033,595	-	4,033,595
Net fall product sales	263,355	-	263,355
Net merchandise sales	168,992	-	168,992
Program services fees	48,268	-	48,268
Total program revenue	<u>4,514,210</u>	<u>-</u>	<u>4,514,210</u>
OTHER REVENUE:			
Investment return, net	134,519	28,860	163,379
Change in value of beneficial interests in trusts	-	19,770	19,770
Gain on wetland credit sales	-	-	-
Gain on timber sales	-	-	-
Forgiveness of debt	-	-	-
Other income	73,585	-	73,585
Total other revenue	<u>208,104</u>	<u>48,630</u>	<u>256,734</u>
Net assets released from restrictions Satisfaction of donor restrictions	<u>157,545</u>	<u>(157,545)</u>	<u>-</u>
Total public support and revenue	<u>5,251,355</u>	<u>16,572</u>	<u>5,267,927</u>
EXPENSES:			
Program services	4,480,771	-	4,480,771
Management and general	987,655	-	987,655
Fundraising	401,996	-	401,996
Total expenses	<u>5,870,422</u>	<u>-</u>	<u>5,870,422</u>
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	(619,067)	16,572	(602,495)
IMPAIRMENT (LOSS)	<u>(204,500)</u>	<u>-</u>	<u>(204,500)</u>
CHANGE IN NET ASSETS	(823,567)	16,572	(806,995)
NET ASSETS, Beginning of year	<u>7,548,353</u>	<u>1,039,228</u>	<u>8,587,581</u>
NET ASSETS, End of year	<u>\$ 6,724,786</u>	<u>\$ 1,055,800</u>	<u>\$ 7,780,586</u>

The accompanying notes are an integral part of this statement.

GIRL SCOUTS OF NORTHERN ILLINOIS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 532,178	\$ (806,995)
Adjustments to reconcile change in total net assets to net cash (used in) operating activities:		
Depreciation	351,234	464,210
Gain on sale of property	(56,719)	(45,836)
Gain on sale of wetland credits	(204,160)	-
Gain on timber sales	(67,138)	-
Forgiveness of debt	(675,000)	-
Impairment loss	-	204,500
Contributions restricted for long-term purposes	2,375	14,075
Change in value of beneficial interests in trusts	(64,627)	(19,770)
Unrealized (gain) loss on investments	(204,657)	8,069
Realized (gain) on sale of investments	(35,435)	(105,364)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(192,172)	22,624
(Increase) decrease in pledges receivable	8,976	(977)
Decrease in inventories	27,929	22,115
(Increase) decrease in prepaid expenses	6,351	(233,989)
Increase (decrease) in accounts payable	1,238	(55,300)
Increase (decrease) in accrued expenses	3,153	(63,155)
Total adjustments	<u>(1,098,652)</u>	<u>211,202</u>
Net cash (used in) operating activities	<u>(566,474)</u>	<u>(595,793)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(697,889)	(3,130,429)
Proceeds from sale of investments	701,100	3,242,512
Purchases of land, buildings, and equipment	(179,623)	(698,718)
Proceeds from sale of property	170,044	114,704
Proceeds from sale of wetland credits	204,160	-
Proceeds from sale of timber	67,138	-
Distributions from beneficial interests in trusts	14,352	14,221
Net cash provided by (used in) investing activities	<u>279,282</u>	<u>(457,710)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	(2,375)	(14,075)
Proceeds from note payable	627,474	675,000
Draws (payments) on line of credit, net	(330,000)	230,000
Net cash provided by financing activities	<u>295,099</u>	<u>890,925</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,907	(162,578)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>184,917</u>	<u>347,495</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 192,824</u>	<u>\$ 184,917</u>
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents - without restrictions	\$ 145,257	\$ 76,498
Cash and cash equivalents - with restrictions	<u>47,567</u>	<u>108,419</u>
Total cash and cash equivalents	<u>\$ 192,824</u>	<u>\$ 184,917</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ 12,283</u>	<u>\$ 15,584</u>

The accompanying notes are an integral part of this statement.

GIRL SCOUTS OF NORTHERN ILLINOIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
EMPLOYEE EXPENSES:				
Salaries	\$ 1,866,391	\$ 402,159	\$ 146,180	\$ 2,414,730
Payroll taxes	161,362	11,123	13,247	185,732
Frozen pension	360,047	24,614	24,227	408,888
Employee benefits	(932)	263,353	1,922	264,343
Total employee expenses	2,386,868	701,249	185,576	3,273,693
COST OF GOODS SOLD:				
Cookie sales	2,221,806	-	-	2,221,806
Fall product sales	375,681	-	-	375,681
Merchandise sales	251,150	-	-	251,150
Total cost of good sold	2,848,637	-	-	2,848,637
OTHER EXPENSES:				
Professional service fees	76,869	31,297	-	108,166
Assistance to members	236,531	-	-	236,531
Supplies	283,813	6,730	3,159	293,702
Program events	9,970	365	113	10,448
Telephone	58,049	30,349	196	88,594
Postage and shipping	5,533	4,199	4,668	14,400
Occupancy	271,885	37,695	8,118	317,698
Repairs and maintenance	106,058	2,696	1,724	110,478
Equipment	187,735	18,010	14,031	219,776
Travel	23,024	17,124	158	40,306
Printing and publications	65,872	2,159	1,205	69,236
Insurance	77,597	45,104	1,246	123,947
Depreciation	292,778	39,012	19,444	351,234
Interest	8,848	3,305	130	12,283
Bank service charges	81,387	11,620	250	93,257
Training and education	13,034	2,586	286	15,906
In-kind Offset	-	-	28,237	28,237
Bad debt	-	-	4,320	4,320
Other	25,254	36,692	24,964	86,910
Total other expenses	1,824,237	288,943	112,249	2,225,429
Total functional expenses	7,059,742	990,192	297,825	8,347,759
Less expenses included with revenues on the statement of activities:				
Cost of good sold	(2,848,637)	-	-	(2,848,637)
Total functional expenses included in the expenses section of the statement of activities	\$ 4,211,105	\$ 990,192	\$ 297,825	\$ 5,499,122

The accompanying notes are an integral part of this statement.

GIRL SCOUTS OF NORTHERN ILLINOIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
EMPLOYEE EXPENSES:				
Salaries	\$ 2,184,722	\$ 453,724	\$ 218,413	\$ 2,856,859
Payroll taxes	212,838	2,208	20,187	235,233
Frozen Pension	384,553	18,638	24,228	427,419
Employee benefits	81,484	228,287	4,800	314,571
Total employee expenses	2,863,597	702,857	267,628	3,834,082
COST OF GOODS SOLD:				
Cookie sales	2,876,760	-	-	2,876,760
Fall product sales	420,996	-	-	420,996
Merchandise sales	244,728	-	-	244,728
Total cost of good sold	3,542,484	-	-	3,542,484
OTHER EXPENSES:				
Professional service fees	30,858	45,821	707	77,386
Assistance to members	74,788	-	-	74,788
Supplies	155,783	292	3,255	159,330
Program events	10,829	671	456	11,956
Telephone	62,067	35,017	1,945	99,029
Postage and shipping	15,601	2,216	2,022	19,839
Occupancy	286,131	39,497	26,380	352,008
Repairs and maintenance	100,993	6,717	12,260	119,970
Equipment	161,337	41,432	16,350	219,119
Travel	61,431	3,583	2,328	67,342
Printing and publications	72,264	7,931	7,450	87,645
Insurance	97,968	9,374	5,887	113,229
Depreciation	393,232	48,296	22,682	464,210
Interest	6,768	8,425	391	15,584
Bank service charges	45,682	17,512	2,058	65,252
Training and education	29,176	2,315	1,468	32,959
In-kind Offset	-	-	27,998	27,998
Bad debt expense	76	5,739	-	5,815
Other	12,190	9,960	731	22,881
Total other expenses	1,617,174	284,798	134,368	2,036,340
Total functional expenses	8,023,255	987,655	401,996	9,412,906
Less expenses included with revenues on the statement of activities:				
Cost of good sold	(3,542,484)	-	-	(3,542,484)
Total functional expenses included in the expenses section of the statement of activities	\$ 4,480,771	\$ 987,655	\$ 401,996	\$ 5,870,422

The accompanying notes are an integral part of this statement.

GIRL SCOUTS OF NORTHERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Girl Scouts of Northern Illinois (the Council) is a not-for-profit organization with a mission of building girls of courage, confidence, and character, who make the world a better place. The Council provides the Girl Scout leadership experience for girls ages 5-17 residing within its jurisdiction, with service centers in South Elgin, Freeport, Rockford, Lake Zurich and Oswego, Illinois.

As an organization exclusively devoted to the Girl Scout movement, the Council has been issued a Girl Scout Council charter by Girl Scouts of the USA (GSUSA), granting it the right to develop, manage, and maintain Girl Scouting in a specified area of jurisdiction, which is established by the National Board of Directors of GSUSA, and to call itself a Girl Scout Council.

The financial statements were available to be issued on February 7, 2022, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies applied by management in the preparation of the accompanying financial statements.

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting which recognizes revenues as they are earned and expenses as they are incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

Receivables

Receivables represent grants due to the Council or promises to give from individuals, foundations or corporations. Receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Council's historical collection experience. The allowance for doubtful accounts is \$-0- as of September 30, 2021 and 2020.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Inventories

The Council's inventories are stated at the lower of cost or market determined by the first-in, first-out method, and consist of supplies purchased for resale from GSUSA and other GSUSA licensed merchandise vendors.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (Continued)

Land, Buildings and Equipment

Land, buildings and equipment are carried at cost or their estimated fair value at the date of donation. Depreciation and amortization of property and equipment are provided on the straight-line method over the estimated useful lives ranging from 3 to 40 years. The Council uses a capitalization policy of \$500 for computers and software and \$1,000 for all other capital expenditures.

The carrying value of long-lived assets are evaluated periodically for impairment. Impairment losses are recognized when indicators of impairment are present. The amount of the impairment loss, if any, is determined by comparing the carrying amount of the Council's land, buildings and equipment to its estimated fair value. Impairment losses on land held for sale of \$-0- and \$204,500 have been recorded for the years ended September 30, 2021 and 2020, respectively.

Maintenance, repairs and renewals, which neither materially add to the value of the land, buildings or equipment nor appreciably prolong their life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

Basis of Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations*. Under the ASC, the Council is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Council and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

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 reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition for Contributions and Grants

The Council recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions upon which they depend have been met.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (Continued)

Revenue Recognition for Contributions and Grants (Continued)

A portion of the Council's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when the Council has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Council reports gifts of cash and other assets as with donor-restriction support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same period as received are shown as contributions without donor restrictions in the statement of activities.

Revenue Recognition for Program Revenue

The Council receives program service fee income from members who participate in the Council's program events. Program event revenue is considered a single performance obligation that is recognized at a point in time. Program event revenue is billed prior to the event's occurrence and is recorded as deferred revenue until the event takes place. The performance obligation is met, and revenue is recognized, when the program event is held.

The Council receives revenue from cookie, product, and merchandise sales. These sales are considered a single performance obligation which is satisfied at a point in time. The performance obligation is met, and revenue is recognized, when the goods are transferred to the customer.

Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, and related expenses which are allocated based on estimates of time and effort, and occupancy related costs which are allocated based on percentage of total square footage.

(2) PLEDGES RECEIVABLE

Promises to give consist of the following as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 9,876	\$ 13,852
Receivable in one to five years	<u>5,000</u>	<u>10,000</u>
	<u>\$ 14,876</u>	<u>\$ 23,852</u>

(3) INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Accounting Standards Codification for Fair Value Measurements established a framework for measuring fair value. That framework provides 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 three levels of the fair value hierarchy are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021 and 2020.

Money Market. Valued at cost at year end.

Mutual Funds. Valued at the quoted market price on the active market the individual securities are traded on.

Corporate and Municipal Bonds, Equity Securities, Certificates of Deposit and Other Assets. Valued at the closing price for similar assets reported on the active market on which the individual securities are traded.

(3) INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Beneficial Interest in Perpetual Trusts. Valued by using the Council’s pro rata beneficial interest percentage of the total fair value of assets held by the trusts as of the measurement date. The Council receives annual distributions from trusts held by third party trustees, but it will never receive the assets held in those trusts.

Beneficial Interest in Nonperpetual Trusts. Valued as the present value of the payments expected to be received over the stated duration of the trusts. The fair value is remeasured at each fiscal year end, using updated interest rates and estimated cash flows to estimate fair value of the beneficial interests. At September 30, 2021 and 2020, the interest rate assumptions used were 5%, which is approximately equal to the expected return on the trust assets over their terms.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Council’s assets at fair value at September 30, 2021 and 2020:

<u>Description</u>	<u>Assets at Fair Value as of September 30, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Money markets	\$ 103,222	\$ -	\$ -	\$ 103,222
Certificates of deposit	-	188,119	-	188,119
Mutual funds	1,956,436	-	-	1,956,436
Corporate and municipal bonds	-	356,104	-	356,104
Other assets (exchange traded)	<u>314,966</u>	<u>-</u>	<u>-</u>	<u>314,966</u>
Total investments	2,374,624	544,223	-	2,918,847
Beneficial interests in trusts	<u>-</u>	<u>-</u>	<u>633,148</u>	<u>633,148</u>
Total assets at fair value	<u>\$ 2,374,624</u>	<u>\$ 544,223</u>	<u>\$ 633,148</u>	<u>\$ 3,551,995</u>

<u>Description</u>	<u>Assets at Fair Value as of September 30, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Money markets	\$ 69,635	\$ -	\$ -	\$ 69,635
Certificates of deposit	-	187,830	-	187,830
Mutual funds	1,672,686	-	-	1,672,686
Corporate and municipal bonds	-	439,880	-	439,880
Other assets (exchange traded)	<u>311,935</u>	<u>-</u>	<u>-</u>	<u>311,935</u>
Total investments	2,054,256	627,710	-	2,681,966
Beneficial interests in trusts	<u>-</u>	<u>-</u>	<u>582,873</u>	<u>582,873</u>
Total assets at fair value	<u>\$ 2,054,256</u>	<u>\$ 627,710</u>	<u>\$ 582,873</u>	<u>\$ 3,264,839</u>

(3) INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Changes in assets measured on a recurring basis using significant unobservable inputs (Level 3 inputs) for the years ended September 30, 2021 and 2020, respectively, were as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 582,873	\$ 577,324
Net realized and unrealized gain	64,627	19,770
Distributions	<u>(14,352)</u>	<u>(14,221)</u>
Balance, end of year	<u>\$ 633,148</u>	<u>\$ 582,873</u>

Net investment return consisted of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 70,663	\$ 79,096
Unrealized gains (losses) on investments	204,657	(8,069)
Realized gains (losses) on sale of investments	35,435	105,364
Investment fees	<u>(13,800)</u>	<u>(13,012)</u>
Total net investment return	<u>\$ 296,955</u>	<u>\$ 163,379</u>

(4) LAND, BUILDINGS AND EQUIPMENT

Land, buildings, and equipment and accumulated depreciation as of September 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,773,996	\$ 1,772,910
Buildings and improvements	7,126,412	7,008,810
Equipment	2,219,064	2,175,133
Leasehold improvements	831,797	832,032
Roads	759,334	759,334
Less - Accumulated depreciation	<u>(7,833,827)</u>	<u>(7,486,507)</u>
	<u>\$ 4,876,776</u>	<u>\$ 5,061,712</u>

As part of an effort to sell one of the Council's plots of land, the Council determined the estimated fair value of the land was less than the carrying amount of the land. Accordingly, the Council concluded that an asset impairment loss was probable and recognized an estimated loss of \$204,500 in the year ended September 30, 2020.

(4) LAND, BUILDINGS AND EQUIPMENT (Continued)

As a part of the Council's ongoing operations and strategic planning, the Council identifies opportunities to enhance, liquidate, or salvage land, buildings, and equipment including putting assets up for sale.

(5) BENEFICIAL INTERESTS IN TRUSTS

The Council is a beneficiary of various charitable trusts. Beneficial interests in trusts as of September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Annual payments of 5.56% of the trust's annual distributable income through the trust termination date of May 30, 2034, when the Council will receive its pro rata share of the trust's remaining principal.	\$ 13,746	\$ 13,393
Annual payments of 5.56% of the trust's annual distributable income and a \$500 principal amount through the trust termination date of May 30, 2034, when the Council will receive its pro rata share of the trust's remaining principal.	43,643	40,820
Annual payments of 10% of the trust's annual distributable income through the trust termination date of March 10, 2026, at which time all trust assets are to be distributed to the principal beneficiary.	46,042	50,086
Annual payments of \$500. Termination of the trust may, but need not, occur whenever the trustee determines the amount of income available for distribution to all beneficiaries is less than \$25,000 annually. In the event the trust is terminated, the Council will receive its 1.69% pro rata share of the remaining trust principal.	<u>30,291</u>	<u>27,507</u>
Beneficial interest in non-perpetual trusts	<u>133,722</u>	<u>131,806</u>
Payments of 5% of the trust's annual distributable income in perpetuity. According to the trust agreement, pro rata payments are to be made at the discretion of the trustee, generally annually.	337,242	304,150
Payments of 5% of the trust's annual distributable income in perpetuity. According to the trust agreement, pro rata payments are to be made at the discretion of the trustee, generally annually.	97,748	85,793

(5) BENEFICIAL INTERESTS IN TRUSTS (Continued)

	<u>2021</u>	<u>2020</u>
Payments of 10% of the trust's annual distributable income in perpetuity. According to the trust agreement, pro rata payments are to be made at the discretion of the trustee, generally quarterly.	<u>64,436</u>	<u>61,124</u>
Beneficial interest in perpetual trusts	<u>499,426</u>	<u>451,067</u>
Total	<u>\$ 633,148</u>	<u>\$ 582,873</u>

The Council has recorded a change in net assets with donor restrictions at September 30, 2021 and 2020 representing the change in the present value of the estimated future cash flows over the remaining life of the non-perpetual trusts.

Distributions from perpetual trusts are included in the statement of activities as contributions.

(6) LINE OF CREDIT

The Council has an available revolving credit note with a bank in the amount of \$2,000,000. Interest is payable monthly at daily Libor rate plus 2.25 percent (2.34% as of September 30, 2021). If the LIBOR rate becomes unavailable, interest will be calculated at the greater of Prime Rate or the sum of the Overnight bank funding rate plus 50 basis points (.5%). The note matures on September 17, 2022, at which time the entire principal balance is due. There was an outstanding balance of \$90,000 and \$420,000 at September 30, 2021 and 2020, respectively. The line of credit is collateralized by the Council's pledged investment portfolio.

(7) NOTE PAYABLE

In April 2020, the Council obtained a Payroll Protection Program (PPP) loan payable to a bank as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act in the amount of \$675,000. Interest accrues at 1%, with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount, or 10 months after the end of the forgivable covered period, with the final payment due April 2022, consisting of interest and the entirety of the principal. As part of the loan agreement, the entire loan, or a portion was eligible for forgiveness. The Council adopted ASC 470 to account for the PPP loan. The Council was notified by the SBA that during 2021 the loan was forgiven in full and accordingly recognized a gain of \$675,000 during the year ended September 30, 2021. The outstanding balance of the loan at September 30, 2021 and 2020 was \$-0- and \$675,000, respectively.

In March 2021, the Council obtained a second Payroll Protection Program (PPP) loan payable to a bank as part of the Economic Aid Act in the amount of \$627,474. Interest accrues at 1% with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount, or 10 months after the forgivable coverage period, with a final payment due March 2026, consisting of interest and the entirety of the principal. As part of the loan agreement, the entire loan, or a portion of the loan is eligible to be forgiven. The Council adopted ASC 470 to account for the PPP Loan and will record a gain from the forgiven portion of the loan when it is forgiven. The outstanding balance of the loan at September 30, 2021 and 2020 was \$627,474 and \$-0-, respectively.

(7) NOTE PAYABLE

Future minimum principal payments on the note payable is as follows:

2022	\$	36,926
2023		163,770
2024		164,777
2025		165,789
2026		<u>96,212</u>
Total	\$	<u>627,474</u>

(8) NET ASSETS WITH DONOR RESTRICTIONS

The Council had the following net assets with donor restrictions for time or specific purposes as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time restrictions	\$ 6,875	\$ 15,270
Program restrictions	47,567	108,419
Beneficial interests in non-perpetual trusts	133,722	131,806
Perpetual in Nature:		
Camperships endowment	128,786	128,786
Gold Award scholarship endowment	37,730	37,730
Financial assistance for girl events endowment	8,605	8,605
Travel endowment	58,237	58,237
General operations endowment	115,880	115,880
General operations perpetual trust	<u>499,426</u>	<u>451,067</u>
	<u>\$ 1,036,828</u>	<u>\$ 1,055,800</u>

(9) DONOR-RESTRICTED ENDOWMENTS

The Council's endowment consists of individual funds established for a variety of purposes. Its endowment consists of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Council's management has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (IL UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Council retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as donor contributions perpetual in nature is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by IL UPMIFA.

(9) DONOR-RESTRICTED ENDOWMENTS (Continued)

In accordance with IL UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Council, and (7) the Council's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies: The Council has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds. Endowment assets are invested in fixed income and equity mutual funds, exchange-traded real estate investment trusts, and exchange-traded commodities. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Council has a policy of appropriating for distribution the current earnings on the funds.

During the years ended September 30, 2021 and 2020, the Council had the following endowment related activities:

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets			
Beginning of year	\$ -	\$ 349,238	\$ 349,238
Net investment return		49,817	49,817
Contributions and other income		-	-
Appropriated funds for expenditures	-	(49,817)	(49,817)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 349,238</u>	<u>\$ 349,238</u>
	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets			
Beginning of year	\$ -	\$ 348,238	\$ 348,238
Net investment return		28,860	28,860
Contributions and other income		1,000	1,000
Appropriated funds for expenditures	-	(28,860)	(28,860)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 349,238</u>	<u>\$ 349,238</u>

(9) DONOR-RESTRICTED ENDOWMENTS (Continued)

Endowment Net Asset Composition by Type of Fund

The composition of endowment net assets by type of fund as of September 30, 2021 and 2020 is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Accumulated investment earnings on amounts maintained in perpetuity	\$ -	\$ -	\$ -
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	349,238	349,238
	\$ -	\$ 349,238	\$ 349,238
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Accumulated investment earnings on amounts maintained in perpetuity	\$ -	\$ -	\$ -
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	349,238	349,238
	\$ -	\$ 349,238	\$ 349,238

(10) LEASE ARRANGEMENTS

The Council has various office equipment and facility space leases that expire at various dates through September, 2029. Rent expense under operating leases for the years ended September 30, 2021 and 2020 totaled \$280,263 and \$278,163, respectively.

Future minimum lease payments are as follows:

Year ending September 30,	
2022	\$ 200,483
2023	153,885
2024	53,100
2025	57,820
2026	57,820
Thereafter	173,460
	\$ 696,568

(11) INCOME TAXES

The Council has been determined by the Internal Revenue Service to be exempt from Federal income tax under 501(a) as described under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Council files tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Council is no longer subject to any examinations by any tax authorities for fiscal years before 2018. The Council does not have any unrecognized tax benefits and does not expect any changes in unrecognized tax benefits in the next twelve months. As of September 30, 2021, there are no ongoing examinations.

(12) PRODUCT PROGRAM SALES

The following summarizes product sales for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cookie sales	\$ 5,395,011	\$ 6,910,355
Less cost of sales	(1,277,932)	(1,682,344)
Less troop proceeds	<u>(943,874)</u>	<u>(1,194,416)</u>
Net cookie sales	<u>3,173,205</u>	<u>4,033,595</u>
Fall product sales	621,886	684,351
Less cost of sales	(266,246)	(305,508)
Less troop proceeds	<u>(109,435)</u>	<u>(115,488)</u>
Net fall product sales	<u>246,205</u>	<u>263,355</u>
Merchandise sales	396,521	413,720
Less cost of sales	<u>(251,150)</u>	<u>(244,728)</u>
Net merchandise sales	<u>145,371</u>	<u>168,992</u>
	<u>\$ 3,564,781</u>	<u>\$ 4,465,942</u>

(13) RETIREMENT PLAN

The Council participates in the National Girl Scout Council Retirement Plan (the Plan), a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of the GSUSA 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. As of January 1, 2016, net plan assets available for plan benefits are less than the actuarial present value of accumulated plan benefits under the Plan. The Council's pension expense and contribution to this plan for fiscal 2021 and 2020 was \$408,888 and \$427,419, respectively. These payments were the Council's share of the unfunded portion of the Plan.

(13) RETIREMENT PLAN (Continued)

Due to the nature of the Plan, it is not practicable to determine the extent to which the assets of the Plan cover the actuarially computed value of vested benefits for the Council as a stand-alone operation. In addition, because the Plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements of FASB Accounting Standards Codification Subtopic 715-80: Multi-employer Plans, Disclosures about an Employer's Participation in a Multi-Employer Plan as amended by Accounting Standards Update No. 2012-09.

The Council sponsors a 401(k) profit sharing plan that covers eligible employees. The plan provides for voluntary salary deferrals for eligible employees. Additionally, the Council may make discretionary matching contributions. The amount of the Council's contribution to the plan was \$57,745 and \$56,351 for the years ended September 30, 2021 and 2020, respectively.

(14) CONCENTRATIONS

A significant portion of the Council's revenue is generated from cookie sales. The amount of net revenue from cookie sales was \$3,173,205 and \$4,033,595, which represents 53% and 77% of the total public support and revenue in 2021 and 2020, respectively. In addition, all of the cookies are purchased from one vendor.

The Council maintains its cash balance with its primary bank, which at times may exceed federally insured limits.

(15) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued a new pronouncement that will affect the accounting for Not-for-Profit's.

- ASU 2016-02 *Leases* will amend the treatment of operating leases by requiring them to be recorded on the balance sheet as an asset and liability. The ASU will be in effect for fiscal year ending 2023.

The Council is in the process of reviewing its records to make sure the Council is ready for the new reporting that will be required when the new standard is implemented. The Council does not plan to early implement this standard.

(16) LIQUIDITY AND AVAILABILITY

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 192,824	\$ 184,917
Accounts receivable, net	305,078	112,906
Pledges receivable, current	9,876	13,852
Investments, current	<u>2,569,609</u>	<u>2,332,728</u>
Total financial assets	<u>3,077,387</u>	<u>2,644,403</u>
Less: Donor imposed restrictions	<u>49,442</u>	<u>113,689</u>

(16) LIQUIDITY AND AVAILABILITY (Continued)

	<u>2021</u>	<u>2020</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	<u>\$ 3,027,945</u>	<u>\$ 2,530,714</u>

The Council manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability;
- incurring unbudgeted costs only when such costs are funded;
- maintaining adequate liquid assets to fund near-term operating needs.

The Council receives the majority of its revenues from cookie sales which occur from December through March.

(17) MANAGEMENT'S RESPONSE TO COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In order to comply with State of Illinois guidelines, the Council had to shut down its stores for a portion of the year, had to cancel numerous fundraising and program events, and had to reduce its amount of in person recruitment of new members. These mitigating measures resulted in a substantial reduction in program revenues as well as a reduction in membership for 2021 and 2020. To help cover this loss of revenue, the Council applied for and received two Payroll Protection Program Loans as well as the Employee Retention Credit. In addition, the Council also implemented cost cutting measures. In order to address the dropping membership, the Council also offered to pay for membership fees for returning members for 2021 and 2022. The Council cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact operations and the financial statements.

(18) SUBSEQUENT EVENTS

The Council determined one of its camps was underused, and sold Camp Far Horizons for \$1.1 million, in November 2021, with a net gain of approximately \$1 million, to maximize the Council's assets for the benefit of its members. The Council intends to use \$100,000 of the proceeds from this sale for improvements at Camp McCormick, and the remainder of the proceeds will be used to fund current and future operating expenses of the Council. In December 2021, the Council sold an unused piece of land at Mary Ann Beebe Center for \$230,000 with a net gain of approximately \$180,000. The Council intends to use \$100,000 of the proceeds from the sale for improvements at this same camp, and the remainder of the proceeds will be used to fund current and future operating expenses.

In January 2022, the Council received notification from the Small Business Administration, that its second PPP loan in the amount of \$627,474 was forgiven in full. Accordingly, the Council will recognize a gain in fiscal year 2022.

In February 2022, the Council transferred 5.1 wetland credits to a corporation in exchange for \$685,200. The Council intends to use the proceeds to fund current and future operating expenses of the Council.