

GIRL SCOUTS OF NORTHERN ILLINOIS
FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022 AND 2021
TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Girl Scouts of Northern Illinois (an Illinois not-for-profit corporation) which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Northern Illinois as of June 30, 2022, and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Northern Illinois's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

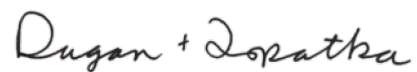
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Girl Scouts of Northern Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Girl Scouts of Northern Illinois' ability to continue as a going concern for a reasonable period of time.

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



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GIRL SCOUTS OF NORTHERN ILLINOIS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents without restrictions	\$ 134,519	\$ 145,257
Cash and cash equivalents with restrictions	107,238	47,567
Accounts receivable, net	525,597	305,078
Pledges receivable	11,002	9,876
Inventories	277,427	186,064
Prepaid expenses	122,636	348,055
Investments	4,191,727	2,569,609
Total current assets	5,370,146	3,611,506
NONCURRENT ASSETS:		
Pledges receivable	-	5,000
Land, buildings, and equipment, net	4,518,667	4,876,776
Beneficial interests in trusts	492,483	633,148
Endowment investments	350,738	349,238
Total noncurrent assets	5,361,888	5,864,162
Total assets	\$ 10,732,034	\$ 9,475,668
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Note payable	\$ -	\$ 36,926
Line of credit	200,000	90,000
Accounts payable	161,414	141,716
Accrued liabilities	290,855	303,714
Total current liabilities	652,269	572,356
LONG TERM LIABILITIES:		
Note payable	-	590,548
Total liabilities	652,269	1,162,904
NET ASSETS:		
Without donor restrictions	9,124,306	7,275,936
With donor restrictions	955,459	1,036,828
Total net assets	10,079,765	8,312,764
Total liabilities and net assets	\$ 10,732,034	\$ 9,475,668

The accompanying notes are an integral part of this statement.

GIRL SCOUTS OF NORTHERN ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT:			
Grants	\$ 487,667	\$ 97,612	\$ 585,279
Contributions	107,002	9,655	116,657
Other special events	66,866	-	66,866
Total public support	661,535	107,267	768,802
PROGRAM REVENUE:			
Net cookie sales	3,599,704	-	3,599,704
Net fall product sales	267,932	-	267,932
Net merchandise sales	210,447	-	210,447
Program services fees	225,748	-	225,748
Total program revenue	4,303,831	-	4,303,831
OTHER REVENUE:			
Investment return (loss), net	(464,119)	-	(464,119)
Change in value of beneficial interests in trusts	-	(125,048)	(125,048)
Gain on wetland credit sales	1,564,364	-	1,564,364
Gain on sale of property	1,233,345	-	1,233,345
Forgiveness of debt	627,474	-	627,474
Employee Retention Credit	105,715	-	105,715
Other income	103,253	-	103,253
Total other revenue	3,170,032	(125,048)	3,044,984
Net assets released from restrictions			
Satisfaction of donor restrictions	63,588	(63,588)	-
Total public support and revenue	8,198,986	(81,369)	8,117,617
EXPENSES:			
Program services	4,912,451	-	4,912,451
Management and general	1,175,422	-	1,175,422
Fundraising	262,743	-	262,743
Total expenses	6,350,616	-	6,350,616
CHANGE IN NET ASSETS	1,848,370	(81,369)	1,767,001
NET ASSETS, Beginning of year	7,275,936	1,036,828	8,312,764
NET ASSETS, End of year	\$ 9,124,306	\$ 955,459	\$ 10,079,765

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	114,058	2,375	116,433
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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,767,001	\$ 532,178
Adjustments to reconcile change in total net assets to net cash (used in) operating activities:		
Depreciation	458,521	351,234
Gain on sale of property	(1,233,345)	(56,719)
Gain on sale of wetland credits	(1,564,364)	(204,160)
Gain on timber sales	-	(67,138)
Forgiveness of debt	(627,474)	(675,000)
Contributions restricted for long-term purposes	9,655	2,375
Change in value of beneficial interests in trusts	125,048	(64,627)
Unrealized (gain) loss on investments	507,026	(204,657)
Realized (gain) loss on sale of investments	31,144	(35,435)
Changes in assets and liabilities:		
(Increase) in accounts receivable	(220,519)	(192,172)
Decrease in pledges receivable	3,874	8,976
(Increase) Decrease in inventories	(91,363)	27,929
Decrease in prepaid expenses	225,419	6,351
Decrease in accounts payable	19,698	1,238
(Increase) Decrease in accrued expenses	(12,859)	3,153
Total adjustments	<u>(2,369,539)</u>	<u>(1,098,652)</u>
Net cash (used in) operating activities	<u>(602,538)</u>	<u>(566,474)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(5,517,831)	(697,889)
Proceeds from sale of investments	3,356,043	701,100
Purchases of land, buildings, and equipment	(214,682)	(179,623)
Proceeds from sale of property	1,347,615	170,044
Proceeds from sale of wetland credits	1,564,364	204,160
Proceeds from sale of timber	-	67,138
Distributions from beneficial interests in trusts	15,617	14,352
Net cash provided by investing activities	<u>551,126</u>	<u>279,282</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	(9,655)	(2,375)
Proceeds from note payable	-	627,474
Draws (payments) on line of credit, net	110,000	(330,000)
Net cash provided by financing activities	<u>100,345</u>	<u>295,099</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	48,933	7,907
CASH AND CASH EQUIVALENTS, Beginning of year	<u>192,824</u>	<u>184,917</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 241,757</u>	<u>\$ 192,824</u>
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents - without restrictions	\$ 134,519	\$ 145,257
Cash and cash equivalents - with restrictions	107,238	47,567
Total cash and cash equivalents	<u>\$ 241,757</u>	<u>\$ 192,824</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ 2,179</u>	<u>\$ 12,283</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, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
EMPLOYEE EXPENSES:				
Salaries	\$ 2,144,559	\$ 446,569	\$ 108,108	\$ 2,699,236
Payroll taxes	165,756	51,414	9,221	226,391
Frozen pension	317,446	32,487	21,474	371,407
Employee benefits	6,504	298,282	47	304,833
Total employee expenses	2,634,265	828,752	138,850	3,601,867
COST OF GOODS SOLD:				
Cookie sales	2,471,540	-	-	2,471,540
Fall product sales	424,817	-	-	424,817
Merchandise sales	329,264	-	-	329,264
Total cost of good sold	3,225,621	-	-	3,225,621
OTHER EXPENSES:				
Professional service fees	47,035	72,479	32,622	152,136
Assistance to members	255,147	-	-	255,147
Supplies	368,418	10,224	9,292	387,934
Program events	19,835	190	46	20,071
Telephone	64,590	7,229	29	71,848
Postage and shipping	14,462	318	788	15,568
Occupancy	333,651	11,884	6,852	352,387
Repairs and maintenance	125,949	1,625	827	128,401
Equipment	202,656	11,260	9,974	223,890
Travel	35,686	50,964	385	87,035
Printing and publications	81,154	962	543	82,659
Insurance	50,014	81,420	1,287	132,721
Depreciation	388,823	47,230	22,468	458,521
Interest	717	1,462	-	2,179
Bank service charges	73,778	13,938	322	88,038
Training and education	20,988	7,955	274	29,217
In-kind Offset	-	-	31,347	31,347
Bad debt	23,301	763	5,179	29,243
Other	171,982	26,767	1,658	200,407
Total other expenses	2,278,186	346,670	123,893	2,748,749
Total functional expenses	8,138,072	1,175,422	262,743	9,576,237
Less expenses included with revenues on the statement of activities:				
Cost of good sold	(3,225,621)	-	-	(3,225,621)
Total functional expenses included in the expenses section of the statement of activitie:	\$ 4,912,451	\$ 1,175,422	\$ 262,743	\$ 6,350,616

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 expense	-	-	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 activitie:	\$ 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
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(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 14, 2023, 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, 2022 and 2021.

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.

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

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.

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- have been recorded for the years ended September 30, 2022 and 2021.

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.

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

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.

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 11,002	\$ 9,876
Receivable in one to five years	<u>-</u>	<u>5,000</u>
	<u>\$ 11,002</u>	<u>\$ 14,876</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.

(3) INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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, 2022 and 2021.

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.

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, 2022 and 2021, 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, 2022 and 2021:

<u>Description</u>	<u>Assets at Fair Value as of September 30, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Money markets	\$ 443,663	\$ -	\$ -	\$ 443,663
Certificates of deposit	-	188,138	-	188,138
Mutual funds	2,760,161	-	-	2,760,161
Corporate and municipal bonds	-	73,712	-	73,712
Other assets (exchange traded)	<u>1,076,791</u>	<u>-</u>	<u>-</u>	<u>1,076,791</u>
Total investments	4,280,615	261,850	-	4,542,465
Beneficial interests in trusts	<u>-</u>	<u>-</u>	<u>492,483</u>	<u>492,483</u>
Total assets at fair value	<u>\$ 4,280,615</u>	<u>\$ 261,850</u>	<u>\$ 492,483</u>	<u>\$ 5,034,948</u>

(3) INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Description	Assets at Fair Value as of September 30, 2021			
	Level 1	Level 2	Level 3	Total
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>

Changes in assets measured on a recurring basis using significant unobservable inputs (Level 3 inputs) for the years ended September 30, 2022 and 2021, respectively, were as follows:

	2022	2021
Balance, beginning of year	\$ 633,148	\$ 582,873
Net realized and unrealized loss (gain)	(125,048)	64,627
Distributions	<u>(15,617)</u>	<u>(14,352)</u>
Balance, end of year	<u>\$ 492,483</u>	<u>\$ 633,148</u>

Net investment return consisted of the following at September 30, 2022 and 2021:

	2022	2021
Dividends and interest	\$ 89,167	\$ 70,663
Unrealized gains (losses) on investments	(507,026)	204,657
Realized gains (losses) on sale of investments	(31,144)	35,435
Investment fees	<u>(15,166)</u>	<u>(13,800)</u>
Total net investment return	<u>\$ (464,169)</u>	<u>\$ 296,955</u>

(4) LAND, BUILDINGS AND EQUIPMENT

Land, buildings, and equipment and accumulated depreciation as of September 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,712,487	\$ 1,773,996
Buildings and improvements	6,878,380	7,126,412
Equipment	2,184,102	2,219,064
Leasehold improvements	831,797	831,797
Roads	752,287	759,334
Less - Accumulated depreciation	<u>(7,840,386)</u>	<u>(7,833,827)</u>
	<u>\$ 4,518,667</u>	<u>\$ 4,876,776</u>

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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</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.	\$ 10,982	\$ 13,746
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.	35,346	43,643
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.	30,058	46,042
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>23,380</u>	<u>30,291</u>
Beneficial interest in non-perpetual trusts	<u>99,766</u>	<u>133,722</u>

(5) BENEFICIAL INTERESTS IN TRUSTS (Continued)

	<u>2022</u>	<u>2021</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.	263,968	337,242
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.	74,777	97,748
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>53,972</u>	<u>64,436</u>
Beneficial interest in perpetual trusts	<u>392,717</u>	<u>499,426</u>
Total	<u>\$ 492,483</u>	<u>\$ 633,148</u>

The Council has recorded a change in net assets with donor restrictions at September 30, 2022 and 2021 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 the daily Bloomberg Short-Term Bank Yield Index (BSBY) rate plus 2.25 percent. The note matures on September 17, 2023, at which time the entire principal balance is due. There was an outstanding balance of \$200,000 and \$90,000 at September 30, 2022 and 2021, respectively. The line of credit is collateralized by the Council's pledged investment portfolio.

(7) NOTE PAYABLE

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 accrued 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 was notified by the SBA that during 2022 the loan was forgiven in full and accordingly recognized a gain of \$627,474 during the year ended September 30, 2022. The outstanding balance of the loan at September 30, 2022 and 2021 was \$-0- and \$\$627,474, respectively.

(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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Time restrictions	\$ 5,000	\$ 6,875
Program restrictions	107,238	47,567
Beneficial interests in non-perpetual trusts	99,766	133,722
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	59,737	58,237
General operations endowment	115,880	115,880
General operations perpetual trust	<u>392,717</u>	<u>499,426</u>
	<u>\$ 955,459</u>	<u>\$ 1,036,828</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.

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.

(9) DONOR-RESTRICTED ENDOWMENTS (Continued)

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, 2022 and 2021, the Council had the following endowment related activities:

	<u>2022</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		-	-
Contributions and other income		1,500	1,500
Appropriated funds for expenditures	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 350,738</u>	<u>\$ 350,738</u>
	<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>

(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, 2022 and 2021 is as follows:

	<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>-</u>	<u>350,738</u>	<u>350,738</u>
	<u>\$ -</u>	<u>\$ 350,738</u>	<u>\$ 350,738</u>
	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>-</u>	<u>349,238</u>	<u>349,238</u>
	<u>\$ -</u>	<u>\$ 349,238</u>	<u>\$ 349,238</u>

(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, 2022 and 2021 totaled \$239,411 and \$280,263, respectively.

Future minimum lease payments are as follows:

<u>Year ending September 30,</u>	
2023	\$ 193,714
2024	70,683
2025	60,705
2026	60,705
2027	60,705
Thereafter	<u>121,410</u>
	<u>\$ 567,922</u>

(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 2019. 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, 2022, there are no ongoing examinations.

(12) PRODUCT PROGRAM SALES

The following summarizes product sales for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cookie sales	\$ 6,071,244	\$ 5,395,011
Less cost of sales	(1,405,597)	(1,277,932)
Less troop proceeds	<u>(1,065,943)</u>	<u>(943,874)</u>
Net cookie sales	<u>3,599,704</u>	<u>3,173,205</u>
Fall product sales	692,749	621,886
Less cost of sales	(302,206)	(266,246)
Less troop proceeds	<u>(122,611)</u>	<u>(109,435)</u>
Net fall product sales	<u>267,932</u>	<u>246,205</u>
Merchandise sales	539,711	396,521
Less cost of sales	<u>(329,264)</u>	<u>(251,150)</u>
Net merchandise sales	<u>210,447</u>	<u>145,371</u>
	<u>\$ 4,078,083</u>	<u>\$ 3,564,781</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 2022 and 2021 was \$371,407 and \$408,888, 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 \$53,553 and \$57,745 for the years ended September 30, 2022 and 2021, 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 \$3,599,704 and \$3,173,205, which represents 44% and 53% of the total public support and revenue in 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 241,757	\$ 192,824
Accounts receivable, net	525,597	305,078
Pledges receivable, current	11,002	9,876
Investments, current	<u>4,191,727</u>	<u>2,569,609</u>
Total financial assets	<u>4,970,083</u>	<u>3,077,387</u>
Less: Donor imposed restrictions	<u>112,238</u>	<u>49,442</u>

(16) LIQUIDITY AND AVAILABILITY (Continued)

	<u>2022</u>	<u>2021</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>\$ 4,857,845</u>	<u>\$ 3,027,945</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.