

Girl Scouts Council of Greater New York, Inc.

Independent Auditor's Report and Financial Statements

September 30, 2020 and 2019



Girl Scouts Council of Greater New York, Inc.
September 30, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Girl Scouts Council of Greater New York, Inc.
New York, New York

We have audited the accompanying financial statements of Girl Scouts Council of Greater New York, Inc., which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Girl Scouts Council of Greater New York, Inc.
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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 Council of Greater New York, Inc. as of September 30, 2020 and 2019, 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.

BKD, LLP

New York, New York
February 26, 2021

Girl Scouts Council of Greater New York, Inc.

Statements of Financial Position

September 30, 2020 and 2019

Assets

Cash and cash equivalents	\$ 411,191	\$ 592,454
Investments	7,048,267	6,614,847
Contributions receivable, net	397,764	1,100,366
Accounts receivable	19,740	105,221
Government grants receivable	277,700	764,015
Prepaid expenses and other assets	183,079	164,477
Inventory	98,008	85,732
Beneficial interest in a perpetual trust	434,752	420,382
Property and equipment, net	1,898,487	2,097,699
	<u>1,898,487</u>	<u>2,097,699</u>
Total assets	<u>\$ 10,768,988</u>	<u>\$ 11,945,193</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 376,419	\$ 425,643
Deferred revenue	140,460	218,599
Line of credit payable	-	1,500,000
Loan payable	889,587	-
Deferred rent payable	736,599	705,732
Annuities payable	1,078	1,888
	<u>1,078</u>	<u>1,888</u>
Total liabilities	<u>2,144,143</u>	<u>2,851,862</u>

Net Assets

Without donor restrictions		
Undesignated	<u>6,872,146</u>	<u>6,996,876</u>
Net assets without donor restrictions	<u>6,872,146</u>	<u>6,996,876</u>
With donor restrictions		
Purpose restrictions	1,317,947	1,676,073
Perpetual in nature	<u>434,752</u>	<u>420,382</u>
Net assets with donor restrictions	<u>1,752,699</u>	<u>2,096,455</u>
Total net assets	<u>8,624,845</u>	<u>9,093,331</u>
Total liabilities and net assets	<u>\$ 10,768,988</u>	<u>\$ 11,945,193</u>

Girl Scouts Council of Greater New York, Inc.
Statements of Activities
Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, Losses and Other Support						
Product sales	\$ 5,504,911	\$ -	\$ 5,504,911	\$ 5,845,587	\$ -	\$ 5,845,587
Direct cost of product sales	(1,553,812)	-	(1,553,812)	(1,751,214)	-	(1,751,214)
Contributions						
General public	1,101,766	678,835	1,780,601	1,041,474	397,443	1,438,917
Foundations and corporations	218,398	341,993	560,391	706,825	233,481	940,306
United Way of New York City	1,428	-	1,428	1,867	-	1,867
Legacies and bequests	16,872	-	16,872	39,973	-	39,973
Donated goods and services	113,683	-	113,683	370,894	-	370,894
Governmental grants	390,901	-	390,901	442,623	-	442,623
Special events revenue	1,161,457	-	1,161,457	1,757,174	-	1,757,174
Direct cost of special events	(124,250)	-	(124,250)	(288,334)	-	(288,334)
Program fees (net of financial assistance of \$45,977 and \$442,789 for 2020 and 2019, respectively)	87,622	-	87,622	690,657	-	690,657
Net investment return	233,432	-	233,432	202,755	-	202,755
Change in value of beneficial interest in a perpetual trust	-	14,370	14,370	-	(10,980)	(10,980)
Other income	9,050	-	9,050	24,825	-	24,825
Net assets released from restrictions	1,378,954	(1,378,954)	-	782,300	(782,300)	-
Total revenues, gains, losses and other support	8,540,412	(343,756)	8,196,656	9,867,406	(162,356)	9,705,050
Expenses						
Program services						
Membership services	2,520,855	-	2,520,855	2,720,713	-	2,720,713
Girl Scouts program services	2,023,070	-	2,023,070	2,323,150	-	2,323,150
Camp operations	849,844	-	849,844	1,834,584	-	1,834,584
Adult education	487,821	-	487,821	570,805	-	570,805
Advocacy and public information	518,356	-	518,356	555,639	-	555,639
Total program services	6,399,946	-	6,399,946	8,004,891	-	8,004,891
Supporting services						
Management and general	1,251,459	-	1,251,459	1,393,044	-	1,393,044
Fund development	1,013,737	-	1,013,737	827,862	-	827,862
Total supporting services	2,265,196	-	2,265,196	2,220,906	-	2,220,906
Total expenses	8,665,142	-	8,665,142	10,225,797	-	10,225,797
Change in Net Assets	(124,730)	(343,756)	(468,486)	(358,391)	(162,356)	(520,747)
Net Assets, Beginning of Year	6,996,876	2,096,455	9,093,331	7,355,267	2,258,811	9,614,078
Net Assets, End of Year	\$ 6,872,146	\$ 1,752,699	\$ 8,624,845	\$ 6,996,876	\$ 2,096,455	\$ 9,093,331

Girl Scouts Council of Greater New York, Inc.
Statements of Functional Expenses
Years Ended September 30, 2020 and 2019

	2020										
	Program Services					Supporting Services			Direct Cost of Special Events	Direct Cost of Product Sales	Total
	Membership Services	Girl Scouts Program Services	Camp Operations	Adult Education	Advocacy and Public Information	Total	Management and General	Fund Development			
Salaries	\$ 1,478,014	\$ 1,021,161	\$ 480,405	\$ 255,482	\$ 208,572	\$ 3,443,634	\$ 378,929	\$ 433,631	\$ -	\$ -	\$ 4,256,194
Payroll taxes	133,806	87,564	39,324	22,703	18,914	302,311	42,382	39,164	-	-	383,857
Health and retirement benefits	205,368	134,396	60,355	34,845	29,029	463,993	64,745	60,109	-	-	588,847
Total salaries, payroll taxes and benefits	1,817,188	1,243,121	580,084	313,030	256,515	4,209,938	486,056	532,904	-	-	5,228,898
Professional and consulting fees	18,964	137,668	45,802	3,267	216,008	421,709	386,589	319,377	-	-	1,127,675
Cost of cookies and other products	-	-	-	-	-	-	-	-	-	1,553,812	1,553,812
Supplies	126,740	117,057	30,493	7,040	1,724	283,054	18,028	11,798	-	-	312,880
Postage and shipping	2,460	32,269	1,066	594	24	36,413	11,851	8,528	-	-	56,792
Printing and publications	6,678	8,660	5,623	-	4,535	25,496	1,980	20,357	-	-	47,833
Telephone	15,115	12,680	13,226	3,391	2,863	47,275	8,711	7,738	-	-	63,724
Girls and volunteer transportation	13,445	56,036	1,893	-	-	71,374	1,009	-	-	-	72,383
Travel	21,307	7,930	4,318	1,607	52	35,214	1,334	2,734	-	-	39,282
Conference and meetings	3,843	1,351	2,883	-	2,922	10,999	1,879	172	-	-	13,050
Event catering costs	-	-	-	-	-	-	-	-	124,250	-	124,250
Equipment leases and repairs	26,492	75,095	17,157	12,220	6,080	137,044	54,384	8,425	-	-	199,853
Assistance to individuals	148,472	17,801	1,765	-	-	168,038	-	-	-	-	168,038
Occupancy	211,250	211,250	88,021	105,625	17,604	633,750	79,219	70,417	-	-	783,386
Insurance	25,443	21,195	21,209	8,478	1,696	78,021	3,391	3,391	-	-	84,803
Bad debts	-	-	-	-	-	-	81,809	-	-	-	81,809
Interest	-	-	-	-	-	-	22,091	-	-	-	22,091
Miscellaneous	18,320	15,819	9,163	-	2,905	46,207	68,701	6,183	-	-	121,091
Total expenses before depreciation and amortization	2,455,717	1,957,932	822,703	455,252	512,928	6,204,532	1,227,032	992,024	124,250	1,553,812	10,101,650
Depreciation and amortization	65,138	65,138	27,141	32,569	5,428	195,414	24,427	21,713	-	-	241,554
Total expenses	2,520,855	2,023,070	849,844	487,821	518,356	6,399,946	1,251,459	1,013,737	124,250	1,553,812	10,343,204
Less direct costs of product sales, special events	-	-	-	-	-	-	-	-	(124,250)	(1,553,812)	(1,678,062)
Total expenses included on the expense section on the statements of activities	<u>\$ 2,520,855</u>	<u>\$ 2,023,070</u>	<u>\$ 849,844</u>	<u>\$ 487,821</u>	<u>\$ 518,356</u>	<u>\$ 6,399,946</u>	<u>\$ 1,251,459</u>	<u>\$ 1,013,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,665,142</u>

Girl Scouts Council of Greater New York, Inc.
Statements of Functional Expenses (Continued)
Years Ended September 30, 2020 and 2019

	2019										
	Program Services					Supporting Services			Direct Cost of Special Events	Direct Cost of Product Sales	Total
	Membership Services	Girl Scouts Program Services	Camp Operations	Adult Education	Advocacy and Public Information	Total	Management and General	Fund Development			
Salaries	\$ 1,312,559	\$ 1,075,325	\$ 793,721	\$ 227,423	\$ 129,374	\$ 3,538,402	\$ 400,677	\$ 402,333	\$ -	\$ -	\$ 4,341,412
Payroll taxes	122,255	93,180	73,432	21,183	12,050	322,100	44,794	37,474	-	-	404,368
Health and retirement benefits	170,985	138,459	102,702	29,626	16,853	458,625	59,591	52,411	-	-	570,627
Total salaries, payroll taxes and benefits	1,605,799	1,306,964	969,855	278,232	158,277	4,319,127	505,062	492,218	-	-	5,316,407
Professional and consulting fees	41,704	175,622	132,672	93,882	360,655	804,535	460,516	148,517	-	-	1,413,568
Cost of cookies and other products	-	-	-	-	-	-	-	-	-	1,751,214	1,751,214
Supplies	195,058	258,306	224,101	18,028	54	695,547	34,422	16,622	-	-	746,591
Postage and shipping	10,632	44,980	12,492	1,659	13	69,776	4,354	13,866	-	-	87,996
Printing and publications	16,124	30,847	14,233	988	420	62,612	8,149	40,757	-	-	111,518
Telephone	23,230	15,000	13,018	2,509	1,679	55,436	9,953	9,966	-	-	75,355
Girls and volunteer transportation	44,126	39,739	124,916	-	-	208,781	2,049	35	-	-	210,865
Travel	35,289	13,141	20,770	7,845	421	77,466	3,342	4,426	-	-	85,234
Conference and meetings	16,111	13,302	632	285	87	30,417	5,508	2,196	-	-	38,121
Event catering costs	-	-	-	-	-	-	-	-	288,334	-	288,334
Equipment leases and repairs	12,624	75,778	7,124	24,068	1,024	120,618	121,560	24	-	-	242,202
Assistance to individuals	386,887	48,703	161,487	-	-	597,077	-	-	-	-	597,077
Occupancy	203,341	203,341	84,725	101,670	16,945	610,022	76,253	67,780	-	-	754,055
Insurance	28,098	23,338	24,016	9,324	1,865	86,641	3,729	3,730	-	-	94,100
Interest	-	-	-	-	-	-	20,695	-	-	-	20,695
Miscellaneous	38,749	11,148	18,317	844	8,954	78,012	113,849	6,745	-	-	198,606
Total expenses before depreciation and amortization	2,657,772	2,260,209	1,808,358	539,334	550,394	7,816,067	1,369,441	806,882	288,334	1,751,214	12,031,938
Depreciation and amortization	62,941	62,941	26,226	31,471	5,245	188,824	23,603	20,980	-	-	233,407
Total expenses	2,720,713	2,323,150	1,834,584	570,805	555,639	8,004,891	1,393,044	827,862	288,334	1,751,214	12,265,345
Less direct costs of product sales, special events	-	-	-	-	-	-	-	-	(288,334)	(1,751,214)	(2,039,548)
Total expenses included on the expense section on the statements of activities	\$ 2,720,713	\$ 2,323,150	\$ 1,834,584	\$ 570,805	\$ 555,639	\$ 8,004,891	\$ 1,393,044	\$ 827,862	\$ -	\$ -	\$10,225,797

Girl Scouts Council of Greater New York, Inc.
Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ (468,486)	\$ (520,747)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	241,554	233,407
Net realized and unrealized gains on investments	(148,315)	(106,719)
Contributed investments	(194,583)	(64,682)
Change in value of beneficial interest in a perpetual trust	(14,370)	10,980
Contributions received for building fund	(200,050)	-
Changes in		
Contributions receivable	702,602	131,970
Accounts receivable	85,481	(61,169)
Government grants receivable	486,315	(370,623)
Prepaid expenses and other assets	(18,602)	30,376
Inventory	(12,276)	(18,165)
Accounts payable and accrued expenses	(49,224)	139,677
Deferred revenue	(78,139)	24,454
Deferred rent payable	30,867	(20,194)
	<u>362,774</u>	<u>(591,435)</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of property and equipment	(42,342)	(410,573)
Proceeds from sales of investments	40,146	47,268
Purchases of investments	(130,668)	(142,515)
	<u>(132,864)</u>	<u>(505,820)</u>
Net cash used in investing activities		
Financing Activities		
Payment of annuity obligations	(810)	(595)
Proceeds from loan	889,587	-
Proceeds from line of credit	850,000	2,500,000
Repayment of line of credit	(2,350,000)	(1,000,000)
Proceeds from contributions received for building fund	200,050	-
	<u>(411,173)</u>	<u>1,499,405</u>
Net cash provided by (used in) financing activities		
Increase (Decrease) in Cash and Cash Equivalents	(181,263)	402,150
Cash and Cash Equivalents, Beginning of Year	<u>592,454</u>	<u>190,304</u>
Cash and Cash Equivalents, End of Year	<u>\$ 411,191</u>	<u>\$ 592,454</u>
Supplemental Cash Flows Information		
Interest paid	\$ 22,091	\$ 20,695

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Girl Scouts Council of Greater New York, Inc. (the Council) was organized in 1940 to carry out the informal educational programs of the Girl Scouts Council of the United States of America for girls ages 5 to 17 within the Greater New York area.

The Council's vision is to be the premiere leadership organization for girls in NYC delivered through the mission of building girls of courage, confidence and character who make the world a better place. The Council fulfills this purpose through the organization of troop and/or group activities; the operation and maintenance of a year-round camp; and the recruitment and development of adult volunteers. The Council is supported primarily by product sales, contributions and special events.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement presentation purposes, the Council considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents and consist mainly of money market accounts.

Investments and Net Investment Return

The Council measures securities at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Governmental Grants

Support funded by grants is recognized as the Council meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2020 and 2019

Accounts Receivable

Accounts receivable are stated at the amount billed plus any accrued and unpaid interest. The Council provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. As of September 30, 2020 and 2019, the Council determined that an allowance for doubtful accounts is not considered necessary.

Inventory

Inventory, which consists primarily of promotional materials such as tee shirts and sweatshirts, as well as program supplies and badges needed by girl members and adult volunteers, is stated at lower of cost or net realizable value. Cost is determined on the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

Long-Lived Asset Impairment

The Council evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended September 30, 2020 and 2019.

Deferred Revenue

The Council records monies received in advance of its annual breakfast event. These prepayments are recorded as liabilities and are applied against the period in which they are earned. All deferred revenue is expected to be earned in the next fiscal year. In 2020, the Council had \$134,430 of conditional contributions associated with monies received in advance of its annual breakfast event.

Charitable Gift Annuities

Charitable gift annuities are subject to the restrictions of gift instruments requiring the Council to pay stipulated amounts to beneficiaries. Such payments generally terminate at the beneficiary's death. The Council has used actuarial assumptions and discount rates to record the present value of estimated future payments to beneficiaries.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2020 and 2019

Contribution revenues for charitable gift annuities are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors. The agreements provide that the trustee pay annuity amounts of 8.1 percent in quarterly installments and are discounted using a rate of 5 percent. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in net assets without donor restrictions in the statements of activities.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Council either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Council overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2020 and 2019

When a donor-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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Donated Goods and Services

Donated goods and services are recognized at their fair values at the date of donation. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services also include services received from personnel of an affiliate.

The Council received \$113,683 and \$370,894 of donated legal services in 2020 and 2019, respectively.

Volunteer Services

The majority of the Council's activities are carried out by thousands of volunteers. No amounts representing the estimated fair value of these donated services are included in the accompanying financial statements, as those services do not meet the criteria for recognition under GAAP.

Product Sales – Cookie Revenue

The Girl Scouts Cookie Sale in the five boroughs of New York City is an annual program activity in which Girl Scouts voluntarily participate. Of the \$6.00 and \$5.00 paid by customers for each box for the years ended September 30, 2020 and 2019, respectively:

- Cookies with \$5.00 sales price have an average cost of \$1.07 and \$1.05 in 2020 and 2019, respectively, while cookies with a \$6.00 sales price have an average cost of \$2.06 and \$2.03 in 2020 and 2019, respectively.
- In 2020, \$3.13 for \$5.00 boxes and \$3.14 for \$6.00 boxes went to the Council to provide for 17,544 girls and 6,560 volunteers. In 2019, \$3.15 for \$5.00 boxes and \$3.17 for \$6.00 boxes went to the Council to provide for 32,504 girls and 8,291 volunteers. The Council provides educational and cultural programs; leader training and materials; camping and service center facilities; publications; financial assistance and camperships; and professional and clerical services.
- \$0.80 in 2020 and 2019 went to the girls' troop treasury, to be used for troop program activities, trips, and materials for service projects and other supplies, as decided by the girls and their leaders.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2020 and 2019

Program Fees and Financial Assistance

Program fees are recognized once the services are provided. Financial assistance is awarded to girl scouts who may not have the ability to pay for the programs.

Income Taxes

The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Council is subject to federal income tax on any unrelated business taxable income.

The Council files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the programs and supporting services benefited based on the time spent by level of employee.

Changes in Accounting Principle

ASU 2018-08, Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

During 2020, the Council adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The core guidance in ASU 2018-08 is to clarify existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipts of funds under a government grant or contract, is a contribution or exchange transaction. As a result of adoption of the standard, there was no change on the previously reported net assets or change in net assets.

Subsequent Events

Subsequent events have been evaluated through February 26, 2021, which is the date the financial statements were available to be issued.

During February 2021, the Council received a loan of \$889,587 pursuant to the second draw of Paycheck Protection Program. The loan is due five years from the date of the first disbursement and has a fixed rate of 1 percent per year.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

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Note 2: Investments and Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

	2020		
	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments			
Equity Securities			
Money Market Funds	\$ 571,703	\$ 571,703	\$ -
U.S. Large Cap	2,564,106	2,564,106	-
U.S. Mid Cap	211,624	211,624	-
U.S. Small Cap	180,347	180,347	-
International Developed	744,385	744,385	-
Emerging Markets	146,540	146,540	-
Commodity/REIT	198,729	198,729	-
	4,617,434	4,617,434	-
Fixed Income Mutual Funds	2,430,833	2,430,833	-
Total investments	<u>\$ 7,048,267</u>	<u>\$ 7,048,267</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 434,752</u>	<u>\$ -</u>	<u>\$ 434,752</u>

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	2019			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	
Investments				
Equity Securities				
Money Market Funds	\$ 389,720	\$ 389,720	\$ -	
U.S. Large Cap	2,040,062	2,040,062	-	
U.S. Mid Cap	162,700	162,700	-	
U.S. Small Cap	157,696	157,696	-	
International Developed	943,328	943,328	-	
Emerging Markets	247,599	247,599	-	
Absolute Return	334,207	334,207	-	
Commodity/REIT	396,804	396,804	-	
	4,672,116	4,672,116	-	
Fixed Income Mutual Funds	1,942,731	1,942,731	-	
Total investments	<u>\$ 6,614,847</u>	<u>\$ 6,614,847</u>	<u>\$ -</u>	
Beneficial interest in perpetual trust	<u>\$ 420,382</u>	<u>\$ -</u>	<u>\$ 420,382</u>	

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2020. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

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Segregated Custodial Account

The Council's investments include funds subject to charitable gift annuity agreements.

In accordance with New York insurance law, the Council is required to maintain in the segregated custodial account, held for the protection of all annuitants of the corporation, an amount at least equal to the greater of \$100,000 or reserves required by New York insurance law plus a surplus of 25 percent of the required reserve. The Council established a reserve of \$125,000 in the segregated account. The fair market value of the segregated custodial account, including earnings, was \$193,291 and \$182,421 as of September 30, 2020 and 2019, respectively.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ -	\$ 352,146	\$ 352,146
Due within one to five years	-	124,250	124,250
	-	476,396	476,396
Less			
Allowance for uncollectible contributions	-	(78,632)	(78,632)
	<u>\$ -</u>	<u>\$ 397,764</u>	<u>\$ 397,764</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 73,600	\$ 937,544	\$ 1,011,144
Due within one to five years	-	119,222	119,222
	73,600	1,056,766	1,130,366
Less			
Allowance for uncollectible contributions	(30,000)	-	(30,000)
	<u>\$ 43,600</u>	<u>\$ 1,056,766</u>	<u>\$ 1,100,366</u>

Discount for contributions were deemed immaterial and therefore not recognized for 2020 and 2019.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

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Note 4: Grant Reimbursements Receivable and Future Commitments

The Council receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Council are prepared on the accrual basis, all earned portions of the grants not yet received as of September 30, 2020, have been recorded as receivables. The following is the grant commitment that extends beyond September 30, 2020:

Grant	Term	Grant Amount	Earned Through 2020	Funding Available
Department of Homeless Services (DHS)	5/1/2020 - 4/30/2023	\$ 960,000	\$ 88,540	\$ 871,460

During December 2018, the Council signed a contract with the City of New York Department of Homeless Services (DHS) to provide necessary after-school programming for children so they can obtain necessary activities, workshops and education during a critical stage of their lives through the Troop 6000 program. The contract allowed for the reimbursement of certain direct expenses of up to \$960,000 from the commencement of the program May 1, 2017 through April 30, 2020. In November 2020, the contract was renewed at the same terms for the program from May 1, 2020 through April 30, 2023, and is considered a conditional grant.

Note 5: Beneficial Interest in a Perpetual Trust

The Council has been named as 5 percent irrevocable beneficiary of the Gaston Trust. The assets in this trust are managed by a trustee other than the Council and are predominantly invested in equity and fixed-income instruments. Perpetual trust provides for the distribution of the net income of the trusts to the Council; however, the Council will never receive the assets of the trusts.

At the date the Council receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities. A beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

The estimated value of the expected future cash flows is \$434,752 and \$420,382 which represents the fair value of the trust assets at September 30, 2020 and 2019, respectively. The income (loss) from this trust for 2020 and 2019 was \$14,370 and (\$10,980), respectively.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2020 and 2019

Note 6: Troop/Group Funds

Bank accounts for each troop/group are established under the Council's tax identification number. All funds are maintained for the beneficial interest of the girls within the respective troop/group. These funds are not under the financial control of the Council and have not been included in the financial statements.

Note 7: Property and Equipment

Property and equipment at September 30, 2020 and 2019 consists of:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Land	\$ 115,654	\$ 115,654	
Land improvements	247,900	247,900	15 years
Buildings and building improvements	2,882,249	2,830,983	25 - 40 years
Leasehold improvements	538,519	538,519	7 - 15 years
Furniture and equipment	1,036,595	1,028,265	5 - 10 years
Construction in progress	<u>-</u>	<u>17,255</u>	
	4,820,917	4,778,576	
Less accumulated depreciation and amortization	<u>(2,922,430)</u>	<u>(2,680,877)</u>	
	<u>\$ 1,898,487</u>	<u>\$ 2,097,699</u>	

Note 8: Loan Payable

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. During May 2020, the Council received a loan in the amount of \$889,587 pursuant to the Paycheck Protection Program. The Council has elected to account for the funding as a loan in accordance with Accounting Standards Codification (ASC) Topic 470, *Debt*. The loan is due two years from the date of the first disbursement under the loan and has a fixed interest rate of 1 percent per year. Any forgiveness of the loan will be recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration or lender; as a result of such audit, adjustments could be required to any gain recognized.

Aggregate annual maturities of loan payable as of September 30, 2020 are:

2021	\$ 490,579
2022	<u>399,008</u>
	<u>\$ 889,587</u>

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2020 and 2019

Note 9: Line of Credit

The Council had a \$2,750,000 line of credit with Bank of New York Mellon with a rate of one-month LIBOR plus 150 basis points with a minimum floor of 2 percent. The line of credit was paid back in full in January 2020. As of September 30, 2020 and 2019, the interest rate was 1.58 percent and 3.59 percent with interest expense of \$22,091 and \$20,695, respectively, for the fiscal years then ended. The Council drew down \$1,250,000 on the line of credit during January 2021.

Note 10: Operating Leases

On March 30, 2014, the Council entered into an agreement to lease office space for its headquarters in the Wall Street area. The lease expires in November of 2030. During 2019, the Council entered into an agreement to lease office equipment that expires in February of 2021. Future minimum lease payments at September 30, 2020, were:

2021	\$	700,057
2022		694,838
2023		769,640
2024		682,773
2025		682,773
Thereafter		<u>3,877,800</u>
	\$	<u>7,407,881</u>

Rent expense for the years ended September 30, 2020 and 2019 was \$711,081 and \$610,864, respectively. The rent expense for the year ended September 30, 2019 is net of rent credit received from the landlord through the Lower Manhattan Commercial Revitalization Program for \$145,899.

Note 11: Related Party

The Council is a separately incorporated 501(c)(3) organization chartered by the Girl Scouts of the United States of America (GSUSA) to deliver the Girl Scouts program in the five boroughs of New York City. Based on the charter, the Council collects membership dues on behalf of GSUSA from program participants. The dues are recorded as a liability by the Council upon collection. As of September 1, 2018, most dues are paid directly to GSUSA without the Council's participation unless financial aid or lifetime dues are involved. The amount collected on behalf of GSUSA as of September 30, 2020 and 2019 was \$15,976 and \$70,525, respectively. As of September 30, 2020 and 2019, \$1,319 and \$28,236, respectively, was due to GSUSA and included in accounts payable and accrued expenses.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

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Note 12: Pension and Other Postretirement Benefit Plans

Defined Benefit Plan

The Council participates in the National Girl Scouts Council Retirement Plan (NGSCR) (EIN 13-1624016, Plan #002), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the plan effective July 31, 2010. The plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the plan prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Although net plan assets grew during the year, net plan assets available for plan benefits continue to be less than the actuarial present value of accumulated plan benefits as of January 1, 2017. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization basis in the plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt PPA funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2020 and 2019 were \$32.2 million and \$32.3 million, respectively.

For the years ended September 30, 2020 and 2019, the total actuarial required payment for the plan, for the Council, was \$274,816 and \$275,320, respectively. These contributions did not represent more than 5 percent of total contributions to NGSCR. The future costs of the funding of the unfunded liability will be subject to market conditions and accrued actuarial evaluations.

The unfunded liability for the plan has been accrued in total by GSUSA, the plan sponsor.

Defined Contribution Plan

In 2011, the Council established a discretionary defined contribution retirement plan. Additionally, the Council had a noncontributory tax-deferred 403(b) plan. During 2015, the Council merged these two plans into a single 403(b) plan. Contributions into the plan were based on a board-approved percentage applied to employee earnings for the fiscal year. All employees are eligible as of the first day of employment. The Council did not earmark any amount into the plan under this provision for 2020 and 2019. The plan was modified as of January 1, 2019 to call for matching 50 percent of the employee's own contribution into the plan up to 3.0 percent. Council contributions under the matching provision were \$27,427 and \$19,079 in 2020 and 2019, respectively.

Girl Scouts Council of Greater New York, Inc.

Notes to Financial Statements

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Note 13: Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30 are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purpose		
Girl Scout programs and adult education	\$ 311,755	\$ 19,913
Camp Building	300,050	-
2nd Century Campaign		
Expansion Fund	-	29,180
Troop 6000 Program	379,858	512,813
Campaign General Fund	917	1,000
	992,580	562,906
Subject to the passage of time		
Promises to give that are not restricted by donor but which are unavailable for expenditure until due	325,367	1,113,167
	1,317,947	1,676,073
Not subject to spending policy or appropriation		
Beneficial interests in perpetual trusts	434,752	420,382
	\$ 1,752,699	\$ 2,096,455

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2020	2019
Expiration of time restrictions	\$ 865,115	\$ 280,424
Girl Scouts programs and adult education	26,000	55,306
2nd Century Campaign	487,839	446,570
	\$ 1,378,954	\$ 782,300

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Notes to Financial Statements

September 30, 2020 and 2019

Note 14: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 411,191	\$ 592,454
Investments at fair value	7,048,267	6,614,847
Contributions receivable, net	397,764	1,100,366
Accounts receivable	19,740	105,221
Government grants receivable	<u>277,700</u>	<u>764,015</u>
Total financial assets	8,154,662	9,176,903
Less amounts not available to be used within one year		
Investments in segregated custodial account	(193,291)	(182,421)
Investments held as collateral for line of credit	-	(1,500,000)
Purpose and time restrictions	<u>(1,231,284)</u>	<u>(1,589,410)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,730,087</u>	<u>\$5,905,072</u>

The Council manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Additionally, the Council has a spending policy that permits them to draw down funds from its investments to meet its operating requirements, fund capital expenditures and fund other approved special activities. The Council monitors liquidity and cash flows on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs. Management reports its financial position regularly to different committees of the board and to the whole board.

Note 15: Significant Estimates and Concentrations

GAAP require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Grants and Contributions

Approximately 88 and 87 percent of all government grants were received from one agency as of September 30, 2020 and 2019, respectively.

Approximately 83 and 93 percent of all government grants receivable are due from one agency as of September 30, 2020 and 2019, respectively.

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Contributions receivable at September 30, 2020 include contributions from four donors which approximate 53 percent of the contributions receivable balance. Contributions receivable at September 30, 2019 includes a contribution from one donor which approximates 53 percent of the contributions receivable balance.

Investments

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably 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 accompanying statements of financial position.

Pension and Other Postretirement Benefit Obligations

The Council has a noncontributory defined benefit pension whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near-term.

General Litigation

The Council is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Council. Events could occur that would change this estimate materially in the near term.

Note 16: Economic Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, changes in net assets and cash flows of the Council. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

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While certainly not immune to the impacts of the COVID crisis, the Council is very proud of the successful response actions that the Council implemented for its girls, volunteers, staff and the community at large. In the 2020 membership year, the Council reached 38,000 girls through a combination of virtual and in-person programming. Since March 2020, the Council's virtual program experience has engaged 22,000 individuals. the Council launched a virtual program platform to provide resources to the nearly 1,000 virtual troops meeting throughout the five boroughs of New York City; have engaged 200 middle and high school participants in the Council's re-vamped entirely virtual Leadership Institute; hosted eight weeks of virtual summer camp to 340 campers; expanded the Council's digital cookie program; facilitated the donation of 70,000 boxes of Girl Scout cookies to essential workers; and launched a new Cybersecurity Education program serving over 1,000 K-12 girls. The Council's Troop 6000 programs for girls and families experiencing homelessness continues to operate in 20 shelters throughout the city, and the Council's Girl Scouting for All Abilities program serving girls with physical and cognitive disabilities served over 300 girls.

Note 17: Future Changes in Accounting Principles

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Council is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

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Revenue Recognition

FASB amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2019, for nonpublic entities, and any interim periods within annual reporting periods that begin after December 15, 2020, for nonpublic entities. The Council is in the process of evaluating the impact the amendment will have on the financial statements.