

Girl Scout Council of Greater New York, Inc.

Independent Auditor's Report and Financial Statements

September 30, 2019 and 2018



Girl Scout Council of Greater New York, Inc.
September 30, 2019 and 2018

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Girl Scout Council of Greater New York, Inc., which comprise the statements of financial position as of September 30, 2019 and 2018, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scout Council of Greater New York, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in *Note 1* to the financial statements, in 2019, Girl Scout Council of Greater New York, Inc. adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. Our opinion is not modified with respect to these matters.

BKD, LLP

New York, New York
March 4, 2020

Girl Scout Council of Greater New York, Inc.
Statements of Financial Position
September 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 592,454	\$ 190,304
Investments	6,614,847	6,348,199
Contributions receivable, net	1,100,366	1,232,336
Accounts receivable	105,221	44,052
Government grants receivable	764,015	393,392
Prepaid expenses and other assets	164,477	194,853
Inventory	85,732	67,567
Beneficial interest in a perpetual trust	420,382	431,362
Property and equipment, net	2,097,699	1,920,533
Total assets	\$ 11,945,193	\$ 10,822,598
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 425,643	\$ 285,966
Deferred revenue	218,599	194,145
Line of credit payable	1,500,000	-
Deferred rent payable	705,732	725,926
Annuities payable	1,888	2,483
Total liabilities	2,851,862	1,208,520
Net Assets		
Without donor restrictions		
Undesignated	6,996,876	7,355,267
Net assets without donor restrictions	6,996,876	7,355,267
With donor restrictions		
Purpose restrictions	1,676,073	1,827,449
Perpetual in nature	420,382	431,362
Net assets with donor restrictions	2,096,455	2,258,811
Total net assets	9,093,331	9,614,078
Total liabilities and net assets	\$ 11,945,193	\$ 10,822,598

Girl Scout Council of Greater New York, Inc.
Statements of Activities
Years Ended September 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, Losses and Other Support						
Product sales	\$ 5,845,587	\$ -	\$ 5,845,587	\$ 5,110,353	\$ -	\$ 5,110,353
Direct cost of product sales	(1,751,214)	-	(1,751,214)	(1,742,668)	-	(1,742,668)
Contributions						
General public	1,041,474	397,443	1,438,917	674,792	493,807	1,168,599
Foundations and corporations	706,825	233,481	940,306	654,510	136,806	791,316
United Way of New York City	1,867	-	1,867	1,771	-	1,771
Legacies and bequests	39,973	-	39,973	42,539	-	42,539
Donated goods and services	370,894	-	370,894	32,694	-	32,694
Governmental grants	442,623	-	442,623	359,392	-	359,392
Special events revenue	1,757,174	-	1,757,174	1,518,306	-	1,518,306
Direct cost of special events	(288,334)	-	(288,334)	(272,281)	-	(272,281)
Program fees (net of financial assistance of \$442,789 and \$337,925 for 2019 and 2018, respectively)	690,657	-	690,657	346,556	-	346,556
Net investment return	202,755	-	202,755	332,395	-	332,395
Change in value of beneficial interest in a perpetual trust	-	(10,980)	(10,980)	-	15,121	15,121
Rental income	-	-	-	108,529	-	108,529
Actuarial gains on annuity obligations	-	-	-	1,049	-	1,049
Other income	24,825	-	24,825	49,424	-	49,424
Net assets released from restrictions	782,300	(782,300)	-	1,029,411	(1,029,411)	-
Total revenues, gains, losses and other support	9,867,406	(162,356)	9,705,050	8,246,772	(383,677)	7,863,095
Expenses						
Program services						
Membership services	2,720,713	-	2,720,713	2,541,443	-	2,541,443
Girl Scout program services	2,323,150	-	2,323,150	1,978,840	-	1,978,840
Camp operations	1,834,584	-	1,834,584	1,206,305	-	1,206,305
Adult education	570,805	-	570,805	256,768	-	256,768
Advocacy and public information	555,639	-	555,639	369,455	-	369,455
Total program services	8,004,891	-	8,004,891	6,352,811	-	6,352,811
Supporting services						
Management and general	1,393,044	-	1,393,044	1,123,838	-	1,123,838
Fund development	827,862	-	827,862	761,926	-	761,926
Total supporting services	2,220,906	-	2,220,906	1,885,764	-	1,885,764
Total expenses	10,225,797	-	10,225,797	8,238,575	-	8,238,575
Change in Net Assets	(358,391)	(162,356)	(520,747)	8,197	(383,677)	(375,480)
Net Assets, Beginning of Year	7,355,267	2,258,811	9,614,078	7,347,070	2,642,488	9,989,558
Net Assets, End of Year	\$ 6,996,876	\$ 2,096,455	\$ 9,093,331	\$ 7,355,267	\$ 2,258,811	\$ 9,614,078

Girl Scout Council of Greater New York, Inc.
Statements of Functional Expenses
Years Ended September 30, 2019 and 2018

	2019										
	Program Services					Supporting Services					
	Membership Services	Girl Scout Program Services	Camp Operations	Adult Education	Advocacy and Public Information	Total	Management and General	Fund Development	Direct Cost of Special Events	Direct Cost of Product Sales	Total
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	<u>\$ 2,720,713</u>	<u>\$ 2,323,150</u>	<u>\$ 1,834,584</u>	<u>\$ 570,805</u>	<u>\$ 555,639</u>	<u>\$ 8,004,891</u>	<u>\$ 1,393,044</u>	<u>\$ 827,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,225,797</u>

Girl Scout Council of Greater New York, Inc.
Statements of Functional Expenses (Continued)
Years Ended September 30, 2019 and 2018

	2018										
	Program Services					Supporting Services					
	Membership Services	Girl Scout Program Services	Camp Operations	Adult Education	Advocacy and Public Information	Total	Management and General	Fund Development	Direct Cost of Special Events	Direct Cost of Product Sales	Total
Salaries	\$ 1,194,084	\$ 819,064	\$ 563,914	\$ 103,662	\$ 138,747	\$ 2,819,471	\$ 320,239	\$ 369,422	\$ -	\$ -	\$ 3,509,132
Payroll taxes	116,595	79,411	54,927	10,147	13,634	274,714	31,337	36,255	-	-	342,306
Health and retirement benefits	166,253	112,925	78,514	14,433	19,318	391,443	42,321	51,435	-	-	485,199
Total salaries, payroll taxes and benefits	1,476,932	1,011,400	697,355	128,242	171,699	3,485,628	393,897	457,112	-	-	4,336,637
Professional and consulting fees	97,501	260,801	100,800	4,030	127,044	590,176	375,956	36,498	-	-	1,002,630
Cost of cookies and other products	-	-	-	-	-	-	-	-	-	1,742,668	1,742,668
Supplies	163,364	186,268	168,276	28,317	1,929	548,154	30,713	18,598	-	-	597,465
Postage and shipping	7,550	28,226	7,905	999	1,216	45,896	2,679	19,725	-	-	68,300
Printing and publications	2,220	1,910	8,035	-	4,782	16,947	1,622	41,769	-	-	60,338
Telephone	16,367	13,894	18,911	2,414	2,677	54,263	7,868	9,010	-	-	71,141
Girls and volunteer transportation	67,133	22,909	27,357	-	6,000	123,399	3,547	2,951	-	-	129,897
Travel	14,156	14,462	29,730	598	1,323	60,269	6,617	5,104	-	-	71,990
Conference and meetings	21,742	7,223	3,085	-	1,361	33,411	6,487	2,555	-	-	42,453
Event catering costs	-	-	-	-	-	-	-	-	272,281	-	272,281
Equipment leases and repairs	48,407	36,783	-	-	-	85,190	85,666	91	-	-	170,947
Assistance to individuals	155,179	53,824	9,146	-	-	218,149	841	5,875	-	-	224,865
Occupancy	316,824	250,819	79,206	66,005	39,603	752,457	79,206	118,809	-	-	950,472
Insurance	28,055	23,411	23,743	9,351	1,870	86,430	7,476	3,741	-	-	97,647
Interest	-	-	-	-	-	-	6,999	-	-	-	6,999
Miscellaneous	47,670	4,888	13,170	490	158	66,376	94,678	10,709	-	-	171,763
Total expenses before depreciation and amortization	2,463,100	1,916,818	1,186,719	240,446	359,662	6,166,745	1,104,252	732,547	272,281	1,742,668	10,018,493
Depreciation and amortization	78,343	62,022	19,586	16,322	9,793	186,066	19,586	29,379	-	-	235,031
Total expenses	2,541,443	1,978,840	1,206,305	256,768	369,455	6,352,811	1,123,838	761,926	272,281	1,742,668	10,253,524
Less direct costs of product sales, special events	-	-	-	-	-	-	-	-	(272,281)	(1,742,668)	(2,014,949)
Total expenses included on the expense section on the statements of activities	<u>\$ 2,541,443</u>	<u>\$ 1,978,840</u>	<u>\$ 1,206,305</u>	<u>\$ 256,768</u>	<u>\$ 369,455</u>	<u>\$ 6,352,811</u>	<u>\$ 1,123,838</u>	<u>\$ 761,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,238,575</u>

Girl Scout Council of Greater New York, Inc.
Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ (520,747)	\$ (375,480)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	233,407	235,031
Net realized and unrealized gains on investments	(106,719)	(195,636)
Contributed investments	(64,682)	-
Actuarial gain on annuity obligations	-	(1,049)
Change in value of beneficial interest in a perpetual trust	10,980	(15,121)
Changes in		
Contributions receivable	131,970	370,474
Accounts receivable	(61,169)	56,235
Government grants receivable	(370,623)	(359,392)
Prepaid expenses and other assets	30,376	(21,120)
Inventory	(18,165)	(22,648)
Accounts payable and accrued expenses	139,677	22,422
Deferred revenue	24,454	104,483
Deferred rent payable	(20,194)	81,930
	<u>(591,435)</u>	<u>(119,871)</u>
Net cash used in operating activities		
Investing Activities		
Purchase of property and equipment	(410,573)	(174,157)
Proceeds from sales of investments	47,268	407,175
Purchases of investments	(142,515)	(423,994)
	<u>(505,820)</u>	<u>(190,976)</u>
Net cash used in investing activities		
Financing Activities		
Payment of annuity obligations	(595)	(1,670)
Proceeds from line of credit	2,500,000	500,000
Repayment of line of credit	(1,000,000)	(900,000)
	<u>1,499,405</u>	<u>(401,670)</u>
Net cash provided by (used in) financing activities		
Increase (Decrease) in Cash and Cash Equivalents	402,150	(712,517)
Cash and Cash Equivalents, Beginning of Year	<u>190,304</u>	<u>902,821</u>
Cash and Cash Equivalents, End of Year	<u>\$ 592,454</u>	<u>\$ 190,304</u>
Supplemental Cash Flows Information		
Interest paid	\$ 20,695	\$ 6,999

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2019 and 2018

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

Nature of Operations

Girl Scout Council of Greater New York, Inc. (the Council) was organized in 1940 to carry out the informal educational programs of the Girl Scout 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.

At September 30, 2019, the Council's cash accounts exceeded federally insured limits by approximately \$226,000.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the fair value at time of donation, if acquired by contribution or 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.

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.

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2019 and 2018

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.

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, 2019 and 2018, 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 and 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 2019 and 2018.

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.

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 Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2019 and 2018

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 which range 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 the unrestricted net asset class 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 Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2019 and 2018

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

Contributed 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.

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 Scout Cookie Sale in the five boroughs of New York City is an annual program activity in which Girl Scouts voluntarily participate. Of the \$5.00 and \$4.00 paid by customers for each box (\$6.00 and \$5.00 per box gluten-free and specialty cookies retail) for the years ended September 30, 2019 and 2018, respectively:

- Cookies with \$5.00 and \$4.00 sales price have an average cost of \$1.05 and \$1.03 in 2019 and 2018, respectively, while cookies with a \$6.00 and \$5.00 sales price have an average cost of \$2.03 and \$2.01 in 2019 and 2018, respectively.
- 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. In 2018, \$2.32 for \$4.00 boxes and \$2.34 for \$5.00 boxes went to the Council to provide for 31,289 girls and 8,721 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 and \$0.65 in 2019 and 2018, respectively, 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 Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2019 and 2018

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

In 2019, the Council adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

Statement of Activities

- Interest and dividends are shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.

This change had no impact on previously reported total change in net assets.

In 2019, the Council adopted ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU eliminates, modifies, and adds disclosure requirements for fair value measurements. Disclosures about fair value of assets in *Note 2* have been modified for this adoption.

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Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. The reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through March 4, 2020, which is the date the financial statements were available to be issued.

In January 2020, the Council paid off the outstanding balance on the line of credit.

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

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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, 2019 and 2018:

	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	-
	<u>4,672,116</u>	<u>4,672,116</u>	-
Fixed Income Mutual Funds	<u>1,942,731</u>	<u>1,942,731</u>	-
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>

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	2018		
	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	\$ 354,846	\$ 354,846	\$ -
U.S. Large Cap	1,918,336	1,918,336	-
U.S. Mid Cap	169,486	169,486	-
U.S. Small Cap	175,629	175,629	-
International Developed	964,299	964,299	-
Emerging Markets	252,150	252,150	-
Absolute Return	330,867	330,867	-
Commodity/REIT	370,026	370,026	-
	<u>4,535,639</u>	<u>4,535,639</u>	-
Fixed Income Mutual Funds	<u>1,812,560</u>	<u>1,812,560</u>	-
Total investments	<u>\$ 6,348,199</u>	<u>\$ 6,348,199</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 431,362</u>	<u>\$ -</u>	<u>\$ 431,362</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, 2019. 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.

Segregated Custodial Account

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

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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 \$182,421 and \$175,455 as of September 30, 2019 and 2018, respectively.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	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>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 57,084	\$ 384,177	\$ 441,261
Due within one to five years	-	874,206	874,206
	57,084	1,258,383	1,315,467
Less			
Allowance for uncollectible contributions	(30,000)	-	(30,000)
Unamortized discount	-	(53,131)	(53,131)
	<u>\$ 27,084</u>	<u>\$ 1,205,252</u>	<u>\$ 1,232,336</u>

Discount for contributions were deemed immaterial and therefore not recognized for 2019. Discount rate was 3.5 percent for 2018.

Girl Scout Council of Greater New York, Inc.
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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, 2019, have been recorded as receivables. The following is the grant commitment that extend beyond September 30, 2019:

Grant	Term	Grant Amount	Earned Through 2019	Funding Available
Department of Homeless Services (DHS)	5/1/2017 - 4/30/2020	\$ 960,000	\$ 707,265	\$ 252,735

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 critical stage of their lives through the Troop 6000 program. The contract allows 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. The Council recognized claim revenue of \$707,265 for the fiscal year ended September 30, 2019 which has been recorded in government grants receivable.

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 \$420,382 and \$431,362 which represents the fair value of the trust assets at September 30, 2019 and 2018, respectively. The income (loss) from this trust for 2019 and 2018 was (\$10,980) and \$15,121, respectively.

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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, 2019 and 2018 consists of:

	2019	2018	Estimated Useful Lives
Land	\$ 115,654	\$ 115,654	
Land improvements	247,900	-	15 years
Buildings and building improvements	2,830,983	2,748,480	25 - 40 years
Leasehold improvements	538,519	538,519	7 - 15 years
Furniture and equipment	1,028,265	965,350	5 - 10 years
Construction in progress	17,255	-	
	<u>4,778,576</u>	<u>4,368,003</u>	
Less accumulated depreciation and amortization	<u>(2,680,877)</u>	<u>(2,447,470)</u>	
	<u><u>\$ 2,097,699</u></u>	<u><u>\$ 1,920,533</u></u>	

Note 8: Line of Credit

The Council has 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 renews annually and borrowings against this line of credit are secured by the Council's investments. The line requires that the Council certify annually that collateralized securities are owned free of any restriction or encumbrances. As of September 30, 2019 and 2018, the interest rate was 3.59 percent and 3.36 percent with interest expense of \$20,695 and \$6,999, respectively, for the fiscal years then ended.

On April 4, 2014, Bank of New York Mellon issued a letter of credit to the Council's new landlord in the amount of \$101,468 that is set to automatically renew annually until December 31, 2030 with the payment of a small administrative fee. The letter of credit is secured by the Council's investments and reduces the total amount of borrowings that the Council may draw under its line of credit.

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Note 9: 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 expire in February of 2021. Future minimum lease payments at September 30, 2019, were:

2020	\$ 641,701
2021	700,057
2022	694,838
2023	769,640
2024	682,773
Thereafter	<u>4,560,573</u>
	<u>\$ 8,049,582</u>

Rent expense for the years ended September 30, 2019 and 2018 was \$610,864 and \$792,105, 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 10: 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 Scout 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, 2019 and 2018 was \$70,525 and \$97,370, respectively. As of September 30, 2019 and 2018, \$28,236 and \$5,032, respectively, was due to GSUSA and included in accounts payable and accrued expenses.

Note 11: Pension and Other Postretirement Benefit Plans

Defined Benefit Plan

The Council participates in the National Girl Scout 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.

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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 NGSCRП the flexibility to adopt PPA funding requirements immediately or not at all. NGSCRП has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2019 and 2018 were \$32.3 million and \$32.5 million, respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the reduction in the plan's total annual aggregate contributions from \$32.5 million to \$32.3 million effective May 1, 2018. Aggregate contributions made in fiscal 2020 are expected to continue to be \$32.2 million.

For the years ended September 30, 2019 and 2018, the total actuarial required payment for the plan, for the Council, was \$275,320 and \$275,690, respectively. These contributions did not represent more than 5 percent of total contributions to the NGSCRП. 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 2019 and 2018. The plan was modified as of January 1, 2019 to call for matching 50 percent of the employees own contribution into the plan up to 3.0 percent. Council contributions under the matching provision were \$19,079 in 2019.

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Note 12: Net Assets

Net Assets with Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose		
Girl Scout programs and adult education	\$ 19,913	\$ 54,164
2nd Century Campaign		
Expansion Fund	29,180	26,922
Troop 6000 Program	512,813	507,875
Campaign General Fund	1,000	6,152
	<u>562,906</u>	<u>595,113</u>
Subject to the passage of time		
Promises to give that are not restricted by donor		
but by donor but which are unavailable for		
expenditure until due	<u>1,113,167</u>	<u>1,232,336</u>
	1,676,073	1,827,449
Not subject to spending policy or appropriation		
Beneficial interests in perpetual trusts	<u>420,382</u>	<u>431,362</u>
	<u>\$ 2,096,455</u>	<u>\$ 2,258,811</u>

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.

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions	\$ 280,424	\$ 606,734
Girl Scout programs and adult education	55,306	174,975
2nd Century Campaign	<u>446,570</u>	<u>247,702</u>
	<u>\$ 782,300</u>	<u>\$ 1,029,411</u>

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Note 13: 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, 2019, comprise the following:

Cash and cash equivalents	\$ 592,454
Investments at fair value	6,614,847
Contributions receivable, net	1,100,366
Accounts receivable	105,221
Government grants receivable	<u>764,015</u>
 Total financial assets	 9,176,903
 Less amounts not available to be used within one year	
Investments in segregated custodial account	(182,421)
Investments held as collateral for line of credit	(1,500,000)
Purpose and time restrictions	<u>(1,589,410)</u>
 Financial assets available to meet general expenditures within one year	 <u><u>\$ 5,905,072</u></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 14: 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 87 and 89 percent of all government grants were received from one agency as of September 30, 2019 and 2018, respectively.

Approximately 93 and 82 percent of all government grants receivable are due from one agency as of September 30, 2019 and 2018.

Contributions receivable at September 30, 2019 and 2018 include a contribution from a donor which approximates 53 percent and 61 percent, respectively, of the contributions receivable balance.

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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.

Note 15: Future Changes in Accounting Principles

Revenue Recognition

The Financial Accounting Standards Board (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, 2018 for nonpublic entities (December 15, 2017 for not-for-profits that are conduit debt obligors) and any interim periods within annual reporting periods that begin after December 15, 2019 for nonpublic entities (December 15, 2018 for not-for-profits that are conduit debt obligors). The Council intends to begin the process of evaluating the impact the amendment will have on the financial statements.

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FASB Releases Not-for-Profit Accounting Standard for Grants and Contributions

ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, clarifies existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organizations to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provider, *i.e.*, the transaction is nonexchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current GAAP. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. For public entities, the standard will be effective for annual reporting periods beginning on or after June 15, 2018. For all other entities, the standard will be effective for reporting periods beginning on or after December 15, 2018.

New Lease Accounting Standard

FASB issued ASU 2016-02, *Leases* (Topic 842), the long awaited new standard on lease accounting. FASB has issued various ASUs since that date related to Topic 842 as well seeking to clarify guidance and provide more transition relief in certain areas.

Under the new ASU, lessees will recognize lease assets and liabilities on their balance sheet for all leases with terms of more than 12 months. The new lessee accounting model retains two types of leases and is consistent with the lessee accounting model under existing GAAP. One type of lease (finance leases) will be accounted for in substantially the same manner as capital leases are accounted for today. The other type of lease (operating leases) will be accounted for (both in the income statement and statement of cash flows) in a manner consistent with today's operating leases. Lessor accounting under the new standard is fundamentally consistent with existing GAAP.

Lessees and lessors would be required to provide additional qualitative and quantitative disclosures to help financial statement users assess the amount, timing, and uncertainty of cash flows arising from leases. These disclosures are intended to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an organization's leasing activities.

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Effective Dates

For public business entities, not-for-profit entities that have issued, or are a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market, and employee benefit plans that file financial statements within the U.S. Securities and Exchange Commission, the final leases standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

Upon the issuance of ASU 2019-10 on November 15, 2019, all other entities are required to adopt Topic 842 for fiscal years beginning after December 15, 2020 – that is fiscal year 2021 for calendar year-end entities and fiscal year 2022 for those entities with other fiscal years. Early application is permitted.