

**Girl Scouts of San Jacinto Council**

Financial Statements  
and Independent Auditors' Report  
for the years ended August 31, 2021 and 2020

# Girl Scouts of San Jacinto Council

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## Independent Auditors' Report

To the Board of Directors of  
Girl Scouts of San Jacinto Council:

We have audited the accompanying financial statements of Girl Scouts of San Jacinto Council, which comprise the statements of financial position as of August 31, 2021 and 2020 and the related statements of activities, of functional expenses, and of 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.

### Auditors' 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 our audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Scouts of San Jacinto Council as of August 31, 2021 and 2020 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.

### Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information in the supplemental statements of revenue for the years ended August 31, 2021 and 2020 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Blazek & Vetterling*

December 15, 2021

## Girl Scouts of San Jacinto Council

Statements of Financial Position as of August 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents ( <i>Notes 3 and 5</i> )	\$ 1,505,227	\$ 1,535,825
Contributions receivable, net ( <i>Note 4</i> ):		
United Way allocation	333,127	432,984
Other	653,385	697,526
Prepaid expenses and other receivables	211,293	223,339
Federal COVID relief grants receivable ( <i>Note 6</i> )	1,818,861	
Short-term investments ( <i>Note 5</i> )	18,549,666	19,444,088
Inventory	634,333	808,695
Investments held for endowment ( <i>Note 5</i> )	9,693,636	8,304,024
Property and equipment, net ( <i>Note 7</i> )	<u>15,633,640</u>	<u>15,208,137</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 49,033,168</u></b>	<b><u>\$ 46,654,618</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 851,739	\$ 1,074,502
Accrued payroll liabilities	462,020	358,376
Deferred revenue:		
Refundable advance – special event	145,060	133,170
Program service fees	123,735	110,254
Paycheck Protection Program refundable advance ( <i>Note 6</i> )	<u>1,779,361</u>	<u>1,779,300</u>
Total liabilities	<u>3,361,915</u>	<u>3,455,602</u>
Net assets:		
Without donor restrictions	34,735,083	32,990,636
With donor restrictions ( <i>Notes 8 and 9</i> )	<u>10,936,170</u>	<u>10,208,380</u>
Total net assets	<u>45,671,253</u>	<u>43,199,016</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 49,033,168</u></b>	<b><u>\$ 46,654,618</u></b>

*See accompanying notes to financial statements.*

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## Girl Scouts of San Jacinto Council

Statement of Activities for the year ended August 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Public support contributions:			
Contributions	\$ 746,363	\$ 1,277,927	\$ 2,024,290
United Way allocation	2,185	910,556	912,741
Special events	264,690		264,690
Direct donor benefits – special events	(25,784)		(25,784)
Government grants ( <i>Note 6</i> )		4,386,290	4,386,290
Cookie and fall product sales	13,146,890		13,146,890
Cost of cookie and fall product sales	(4,160,174)		(4,160,174)
Shop and trading post sales	590,204		590,204
Cost of shop and trading post sales	(315,177)		(315,177)
Program service fees	870,595		870,595
Net investment return	140,445	1,166,006	1,306,451
Other revenue	<u>392,044</u>		<u>392,044</u>
Net revenue	11,652,281	7,740,779	19,393,060
Net assets released from restrictions:			
Expenditures for programs	5,862,135	(5,862,135)	
Expenditures for capital projects	<u>1,150,854</u>	<u>(1,150,854)</u>	
Total revenue	<u>18,665,270</u>	<u>727,790</u>	<u>19,393,060</u>
EXPENSES:			
Program services:			
Girl Scout Leadership Experience	<u>14,297,419</u>		<u>14,297,419</u>
Supporting services:			
Management and general	1,695,603		1,695,603
Fundraising	<u>927,801</u>		<u>927,801</u>
Total supporting services	<u>2,623,404</u>		<u>2,623,404</u>
Total expenses	<u>16,920,823</u>		<u>16,920,823</u>
CHANGES IN NET ASSETS	1,744,447	727,790	2,472,237
Net assets, beginning of year	<u>32,990,636</u>	<u>10,208,380</u>	<u>43,199,016</u>
Net assets, end of year	<u>\$ 34,735,083</u>	<u>\$ 10,936,170</u>	<u>\$ 45,671,253</u>

*See accompanying notes to financial statements.*

## Girl Scouts of San Jacinto Council

Statement of Activities for the year ended August 31, 2020

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Public support contributions:			
Contributions	\$ 517,268	\$ 1,422,394	\$ 1,939,662
United Way allocation	2,663	1,183,088	1,185,751
Special events	377,805		377,805
Direct donor benefits – special events	(96,914)		(96,914)
Cookie and fall product sales	19,793,375		19,793,375
Cost of cookie and fall product sales	(6,515,890)		(6,515,890)
Shop and trading post sales	805,695		805,695
Cost of shop and trading post sales	(446,054)		(446,054)
Program service fees	498,423		498,423
Net investment return	162,942	582,751	745,693
Other revenue	<u>457,442</u>		<u>457,442</u>
Net revenue	15,556,755	3,188,233	18,744,988
Net assets released from restrictions:			
Expenditures for programs	1,737,087	(1,737,087)	
Expenditures for capital projects	<u>81,093</u>	<u>(81,093)</u>	
Total revenue	<u>17,374,935</u>	<u>1,370,053</u>	<u>18,744,988</u>
EXPENSES:			
Program services:			
Girl Scout Leadership Experience	<u>14,457,600</u>		<u>14,457,600</u>
Supporting services:			
Management and general	1,762,586		1,762,586
Fundraising	<u>1,016,172</u>		<u>1,016,172</u>
Total supporting services	<u>2,778,758</u>		<u>2,778,758</u>
Total expenses	<u>17,236,358</u>		<u>17,236,358</u>
CHANGES IN NET ASSETS	138,577	1,370,053	1,508,630
Net assets, beginning of year	<u>32,852,059</u>	<u>8,838,327</u>	<u>41,690,386</u>
Net assets, end of year	<u>\$ 32,990,636</u>	<u>\$ 10,208,380</u>	<u>\$ 43,199,016</u>

*See accompanying notes to financial statements.*

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## Girl Scouts of San Jacinto Council

### Statement of Functional Expenses for the year ended August 31, 2021

	GIRL SCOUT LEADERSHIP EXPERIENCE	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries	\$ 6,272,475	\$ 1,106,273	\$ 572,618	\$ 7,951,366
Health and retirement benefits	842,219	148,540	76,886	1,067,645
Payroll taxes	553,094	97,549	50,492	701,135
Professional and contractual fees	417,873	65,475	52,635	535,983
Conference and conventions	46,076	127	4,772	50,975
Supplies	683,531	2,349	6,894	692,774
Telecommunications	251,461	22,672	11,952	286,085
Postage and shipping	24,718	828	4,784	30,330
Occupancy	1,407,460	31,236	22,454	1,461,150
Equipment and software cost	619,263	65,971	35,266	720,500
Printing and publications	185,714	1,759	13,484	200,957
Travel and meetings	63,318	6,974	4,935	75,227
Vehicle costs	88,101	941	655	89,697
Specific assistance to individuals	677,579			677,579
Insurance	456,169	14,977	9,486	480,632
Other	18,480	68,057	24,540	111,077
Depreciation	<u>1,689,888</u>	<u>61,875</u>	<u>35,948</u>	<u>1,787,711</u>
Total expenses	<u>\$ 14,297,419</u>	<u>\$ 1,695,603</u>	<u>\$ 927,801</u>	16,920,823
Cost of cookie and fall product sales:				
Materials and supplies				3,468,144
Troop incentives				441,735
Delivery and other costs				250,295
Cost of shop and trading post sales – merchandise				315,177
Direct donor benefits – special events				<u>25,784</u>
Total				<u>\$ 21,421,958</u>

*See accompanying notes to financial statements.*



## Girl Scouts of San Jacinto Council

### Statement of Functional Expenses for the year ended August 31, 2020

	GIRL SCOUT LEADERSHIP EXPERIENCE	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries	\$ 6,073,011	\$ 1,138,031	\$ 624,059	\$ 7,835,101
Health and retirement benefits	795,383	149,048	81,733	1,026,164
Payroll taxes	537,372	100,699	55,220	693,291
Professional and contractual fees	553,813	86,602	47,362	687,777
Conference and conventions	149,938	531	6,843	157,312
Supplies	381,182	8,941	20,518	410,641
Telecommunications	253,700	22,343	12,410	288,453
Postage and shipping	81,707	3,605	6,258	91,570
Occupancy	1,843,533	35,903	26,329	1,905,765
Equipment and software cost	590,073	70,593	41,015	701,681
Printing and publications	204,329	4,259	24,700	233,288
Travel and meetings	84,415	12,786	9,174	106,375
Vehicle costs	97,711	1,123	763	99,597
Specific assistance to individuals	712,472			712,472
Insurance	385,355	12,108	9,387	406,850
Other	32,737	51,373	13,495	97,605
Depreciation	<u>1,680,869</u>	<u>64,641</u>	<u>36,906</u>	<u>1,782,416</u>
Total expenses	<u>\$ 14,457,600</u>	<u>\$ 1,762,586</u>	<u>\$ 1,016,172</u>	17,236,358
Cost of cookie and fall product sales:				
Materials and supplies				5,415,070
Troop incentives				602,811
Delivery and other costs				498,009
Cost of shop and trading post sales – merchandise				446,054
Direct donor benefits – special events				<u>96,914</u>
Total				<u>\$ 24,295,216</u>

*See accompanying notes to financial statements.*

## Girl Scouts of San Jacinto Council

### Statements of Cash Flows for the years ended August 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 2,472,237	\$ 1,508,630
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,787,711	1,782,416
Contributions restricted for capital projects	(635,717)	(47,901)
Loss on disposal of property and equipment	1,001	41,875
Contributions restricted for endowment	(228,606)	(517,160)
Net realized and unrealized gain on investments	(1,010,812)	(222,495)
Changes in operating assets and liabilities:		
United Way allocation receivable	99,857	53,595
Federal COVID relief grants receivable	(1,818,861)	
Prepaid expenses and other receivables	12,046	1,021
Inventory	174,362	43,814
Operating contributions receivable	127,146	(139,469)
Accounts payable	(390,531)	365,422
Accrued payroll liabilities	103,644	30,146
Deferred revenue	25,371	(299,216)
Paycheck Protection Program refundable advance	<u>61</u>	<u>1,779,300</u>
Net cash provided by operating activities	<u>718,909</u>	<u>4,379,978</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(24,099,427)	(18,258,287)
Proceeds from sale and maturities of investments	22,088,138	16,970,837
Net change in money market mutual funds held as investments	2,526,911	(2,402,859)
Purchases of property and equipment	(2,050,487)	(933,038)
Proceeds from sale of property and equipment	<u>4,040</u>	<u>          </u>
Net cash used by investing activities	<u>(1,530,825)</u>	<u>(4,623,347)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for capital projects	552,712	82,000
Proceeds from contributions restricted for endowment	<u>228,606</u>	<u>517,160</u>
Net cash provided by financing activities	<u>781,318</u>	<u>599,160</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(30,598)</b>	<b>355,791</b>
Cash and cash equivalents, beginning of year	<u>1,535,825</u>	<u>1,180,034</u>
Cash and cash equivalents, end of year	<u>\$ 1,505,227</u>	<u>\$ 1,535,825</u>

*See accompanying notes to financial statements.*

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## Girl Scouts of San Jacinto Council

Notes to Financial Statements for the years ended August 31, 2021 and 2020

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Girl Scouts of San Jacinto Council (GSSJC) was chartered by Girl Scouts of the USA (GSUSA) in 1922 and is one of the largest Girl Scout councils in the nation with almost 35,000 girls served across 26 counties in southeast Texas and almost 14,000 adult members who gave their time and talents in 2021. Girl Scouting builds girls of courage, confidence and character, who make the world a better place. Girl Scouts also unleashes the potential in every girl, preparing her for a lifetime of leadership. Locally, GSSJC offers outdoor experiences at its 10 camp properties and gives girls the opportunity to develop life, STEM (science, technology, engineering and math) and entrepreneurial skills through engaging, challenging and fun activities. Girls learn to care about, inspire and team with others locally and globally. Through the Girl Scout Leadership Experience, girls in kindergarten through 12<sup>th</sup> grade learn to understand themselves and their values and use their knowledge and skills to explore the world.

Federal income tax status – GSSJC is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash equivalents are highly liquid financial instruments with original maturities of three months or less which are not restricted for long-term purposes. Cash equivalents that are not needed to meet immediate operating cash requirements or are restricted for long-term purposes are reported as investments.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Inventory is reported at the lower of cost or net realizable value, with cost being determined on a periodic weighted-average basis. Inventory primarily consists of uniforms, badges, handbooks and supplies used by members in their Girl Scout activities. Inventory is primarily purchased from Girl Scouts of the USA.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable that are expected to be collected in future years are discounted to estimate the present value of future cash flows. Amortization of discounts is included in contribution revenue. An allowance for uncollectible contributions is estimated based on management's periodic evaluation of past loss experience, known adverse situations that may affect the donor's ability to pay, and current economic conditions.

Property and equipment is reported at cost if purchased and at fair value at the date of gift if donated. Depreciation is provided on a straight-line basis over estimated useful lives of 3 to 40 years. GSSJC capitalizes property and equipment that have a useful life greater than one year and a cost of more than \$2,500.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service unless the donor also has placed a time restriction on the use of the long-lived asset, in which case the release occurs over the term of the time restriction. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before GSSJC is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as a refundable advance.

Donated materials, use of facilities, and services – Donated materials and use of facilities are recognized at fair value as unrestricted contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have contributed their time to fill approximately 60 Board of Directors and Board Committee positions, more than 300 community and 50 region positions, and more than 15,000 troop positions. These volunteers, who may fill multiple roles, provide assistance with programs, administration and fundraising. No amount has been recognized in the financial statements for these services because they did not meet the criteria for recognition under generally accepted accounting principles.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when the event occurs. Amounts received in advance of an event are reported as deferred revenue. Direct donor benefits represent the cost of goods and services provided to attendees of special events.

Revenue from product sales and program service fees are recognized as the services or products are provided as follows:

- *Cookie and fall product sales* are reflected at the amount of consideration GSSJC expects to receive, which is net of troop bonuses totaling \$2,497,457 and \$3,757,322 for the years ended August 31, 2021 and 2020, respectively. The standard troop revenue share is 15% of the selling price, or in the case of other troops, up to 16.67%. GSSJC recognizes the revenue when the related products are provided to the customer. All payments are due at the time of sale by the troop member.
- *Shop and trading post sales* occur in several locations to provide material and supplies to troop members. Revenue is recognized when the related products are provided, net of discounts. All payments are due at the point of sale.
- *Other program service fees* include camps and other events for troops. These fees are recognized when services are provided to the girl scout member, in an amount that reflects the consideration GSSJC expects to be entitled to in exchange for the residential camp or event. The nature of these services does not give rise to contract costs or any variable considerations, warranties or other obligations. Payments are usually due ahead of the camp or event. Amounts received but unearned are included in the statement of financial position as deferred revenue. At August 31, 2021, 2020 and 2019, deferred revenues were \$123,735, \$110,254 and \$243,242, respectively.

There are no contract receivables at August 31, 2021 or 2020.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of August 31 comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 1,505,227	\$ 1,535,825
Receivables and other assets	1,840,346	57,877
Short-term investments	18,549,666	19,444,088
Inventory	634,333	808,695
Contributions receivable, net	986,512	1,130,510
Investments held for endowment	<u>9,693,636</u>	<u>8,304,024</u>
Total financial assets	33,209,720	31,281,019
Less financial assets not available for general expenditure:		
Endowment investments (less budgeted appropriations)	(9,673,636)	(8,258,784)
Other donor-restricted contributions not expected to be available	(422,145)	(440,411)
Donor-restricted cash and contributions held for capital expenditures	(138,273)	(653,411)
Board-approved budgeted capital expenditures	(1,607,473)	(705,000)
Board-designated cash and contributions held for future operating and capital projects	<u>(2,500,000)</u>	<u>(2,500,000)</u>
Total financial assets available for general expenditure	<u>\$ 18,868,193</u>	<u>\$ 18,723,413</u>

GSSJC's goal is to maintain 6-12 months of assets available for general expenditure. Due to the timing of GSSJC's programs, funds raised in one fiscal year are expended in the next year. GSSJC's cookie program is its largest source of revenue. Proceeds from the cookie program are generally received between February and May each year. Remaining proceeds at the time of GSSJC's fiscal year end earned during the cookie program are reflected as net assets without donor restrictions on GSSJC's statement of financial position. Management maintains a \$2 million line of credit available to assist in managing GSSJC's liquidity.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, GSSJC considers all operating expenditures related to its ongoing mission of serving girls across 26 Texas counties, as well as the activities undertaken to support this mission, to be general expenditures. Capital campaign proceeds and endowment earnings are excluded from amounts available.

GSSJC regularly monitors liquidity available to meet operating needs while striving to maximize the investment of available funds. As part of GSSJC's liquidity management, financial assets are structured to be available as general expenditures, liabilities, and other obligations become due.

GSSJC's governing board has designated a portion of its resources without donor restrictions to be used for future operating and capital projects. However, these funds remain available to be spent at the discretion of the governing board.

As discussed further in Note 6, GSSJC received approximately \$1.8 million in Paycheck Protection Program loans in 2021 and 2020, and was also eligible for approximately \$2.6 million in employee retention tax credits. The 2020 Paycheck Protection Program loan was forgiven and recognized as revenue in 2021.

GSSJC pivoted quickly in 2020 to the COVID-19 pandemic conditions by implementing remote work for staff, virtual programming for girls and web-based training for volunteers, which resulted in a reduction to revenues and program expenses. Partnering with GSUSA and vendors, steps have been taken and continue to enhance on-line purchases for GSSJC's fall product sales and cookie program and to provide options for contactless delivery. GSSJC's fiscal year 2022 budget and updated forecasts are based on assumptions that some level of pandemic conditions could extend into 2022 and include reductions in variable program expenses, deferred capital projects and use of unrestricted reserves.

### NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 533,335	\$ 337,206
Repurchase agreements (overnight)	<u>971,892</u>	<u>1,198,619</u>
Total cash and cash equivalents	<u>\$ 1,505,227</u>	<u>\$ 1,535,825</u>

Bank deposits exceed the federally insured limit per depositor per institution.

### NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows:

	<u>2021</u>	<u>2020</u>
Contributions receivable	\$ 1,011,071	\$ 1,141,433
Discount to net present value at rate of 1.50%	(4,559)	(5,923)
Allowance for uncollectible contributions	<u>(20,000)</u>	<u>(5,000)</u>
Contributions receivable, net	<u>\$ 986,512</u>	<u>\$ 1,130,510</u>

Contributions receivable at August 31, 2021 are expected to be collected as follows:

Receivable in less than one year	\$ 877,271
Receivable in one to five years	<u>133,800</u>
Total contributions receivable	<u>\$ 1,011,071</u>

As of August 31, 2021, approximately 90% of contributions receivable were from four contributors. As of August 31, 2020, approximately 69% of contributions receivable were from two contributors.

### NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

#### *Fair Value Measurements*

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at August 31, 2021 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Short-term investments:				
U. S. Treasury bills maturing in less than 90 days		\$ 10,299,054		\$ 10,299,054
Short-term fixed-income mutual fund	\$ 8,222,772			8,222,772
Money market mutual funds	<u>27,840</u>			<u>27,840</u>
Subtotal	<u>8,250,612</u>	<u>10,299,054</u>		<u>18,549,666</u>
Investments held for endowment:				
Fixed-income mutual funds:				
Intermediate-term	2,767,755			2,767,755
Short-term	1,799,549			1,799,549
Other	781,483			781,483
Equity mutual funds:				
Domestic growth securities	3,502,405			3,502,405
International growth securities	569,897			569,897
Money market mutual funds	<u>272,547</u>			<u>272,547</u>
Subtotal	<u>9,693,636</u>			<u>9,693,636</u>
Total investments	17,944,248	10,299,054		28,243,302
Repurchase agreements held as cash and cash equivalents		<u>971,892</u>		<u>971,892</u>
Total assets measured at fair value	<u>\$ 17,944,248</u>	<u>\$ 11,270,946</u>	<u>\$ 0</u>	<u>\$ 29,215,194</u>

Assets measured at fair value at August 31, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Short-term investments:				
U. S. Treasury bills maturing in less than 90 days		\$ 9,498,880		\$ 9,498,880
Short-term fixed-income mutual fund	\$ 8,162,679			8,162,679
Money market mutual funds	<u>1,782,529</u>			<u>1,782,529</u>
Subtotal	<u>9,945,208</u>	<u>9,498,880</u>		<u>19,444,088</u>
Investments held for endowment:				
Fixed-income mutual funds:				
Intermediate-term	2,194,494			2,194,494
Short-term	1,637,346			1,637,346
Other	738,290			738,290
Equity mutual funds:				
Domestic growth securities	2,330,262			2,330,262
International growth securities	358,862			358,862
Money market mutual funds	<u>1,044,770</u>			<u>1,044,770</u>
Subtotal	<u>8,304,024</u>			<u>8,304,024</u>
Total investments	18,249,232	9,498,880		27,748,112
Repurchase agreements held as cash and cash equivalents		<u>1,198,619</u>		<u>1,198,619</u>
Total assets measured at fair value	<u>\$ 18,249,232</u>	<u>\$ 10,697,499</u>	<u>\$ 0</u>	<u>\$ 28,946,731</u>

Valuation methods used for assets measured at fair value are as follows:

- *U. S. Treasury bills* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes to calculate fair values, or active market makers and inter-dealer brokers.
- *Mutual funds* are valued at the reported net asset value of shares held.
- *Repurchase agreements* are overnight investments valued at the net present value of future cash flows.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while GSSJC believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, 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 statement of financial position and statement of activities.

#### *Investments*

Investments are held for the following purposes:

	<u>2021</u>	<u>2020</u>
Operating, including donor-restricted for programs and facility improvements	\$ 16,049,666	\$ 16,944,088
Board-designated	2,500,000	2,500,000
Endowments	<u>9,693,636</u>	<u>8,304,024</u>
Total	<u>\$ 28,243,302</u>	<u>\$ 27,748,112</u>

#### **NOTE 6 – FEDERAL COVID RELIEF GRANTS**

*Paycheck Protection Program* – In April 2020, GSSJC received an unsecured bank loan of \$1,779,300 funded through the Small Business Administration’s (SBA) federal Paycheck Protection Program (PPP). Principal and interest may be forgiven, in whole or in part, if the funds are used for the intended purposes within 24 weeks of funding. GSSJC had met the filing requirements with the SBA prior to August 31, 2021 and was given notice of full forgiveness in June 2021. The PPP loan proceeds were recognized as government grant contribution revenue for the year ended August 31, 2021. In March 2021, GSSJC received a second PPP loan in the amount of \$1,779,361, which is reported as a refundable advance at August 31, 2021, until such time as the completed filing requirements and forgiveness are complete. The loan bears interest at 1.0% and may be repaid over 2 years. GSSJC intends to apply for forgiveness in 2022 and will recognize a contribution upon approval of forgiveness by the SBA.

*Employee Retention Tax Credit and other credits* – Section 2301 of the Coronavirus Aid, Relief, and Economic Security Act, with amendments from the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (collectively CARES Act), provides for an employee retention tax credit to eligible employers that pay qualified wages to some or all employees for specified pay periods in calendar years 2020 and 2021. For calendar year 2020 wages, a 50% tax credit can be claimed on qualified wages of up to \$10,000 for each eligible employee. For calendar year 2021 wages, a 70% tax credit can be claimed for up to \$10,000 per quarter for each eligible employee through September of 2021. In addition, there were credits available for unemployment insurance costs, COVID-19 leave, and COBRA subsidies under other government relief programs. During 2021, GSSJC recognized \$2,560,660 in government grant revenue related to credits earned on eligible wages and related expenses. As these credits require certain eligible expenditures, the government grant contribution is recorded with donor restrictions and then fully released, as all eligible expenses have been incurred as of August 31, 2021. At August 31, 2021, \$1,818,861 has been reported as grants receivable related to these federal programs.



## NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	<u>2021</u>	<u>2020</u>
Buildings	\$ 20,252,885	\$ 19,274,313
Land improvements and building improvements	25,496,850	24,678,777
Equipment	<u>7,557,314</u>	<u>7,258,983</u>
Total depreciable property and equipment, at cost	53,307,049	51,212,073
Accumulated depreciation	<u>(42,497,937)</u>	<u>(40,855,443)</u>
Net depreciable property	10,809,112	10,356,630
Land	4,467,756	4,467,756
Construction in progress	<u>356,772</u>	<u>383,751</u>
Property and equipment, net	<u>\$ 15,633,640</u>	<u>\$ 15,208,137</u>

Two properties utilized as camps and a service center have reversionary clauses placed on the deeds of the property, which restrict GSSJC's ability to sell these properties or use them for purposes other than Girl Scout programs. The properties have a net book value of \$393,000 and \$413,000 at August 31, 2021 and 2020, respectively.

## NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Facility improvements	\$ 138,273	\$ 653,411
Community outreach programs	376,175	396,061
United Way program allocation	333,126	432,984
Camperships	105,510	132,658
Other	<u>289,450</u>	<u>289,242</u>
Total subject to expenditure for specified purpose	<u>1,242,534</u>	<u>1,904,356</u>
Endowments subject to spending policy and appropriation:		
Camp maintenance	9,073,836	7,774,086
Scholarships	<u>619,800</u>	<u>529,938</u>
Total endowments	<u>9,693,636</u>	<u>8,304,024</u>
Total net assets with donor restrictions	<u>\$ 10,936,170</u>	<u>\$ 10,208,380</u>

## NOTE 9 – ENDOWMENT FUNDS

The donor-restricted permanent endowments of GSSJC include two individual funds that were established for camp maintenance and Emerald Circle Gold Award scholarships. The Board of Directors of GSSJC has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, GSSJC classifies the original value of gifts donated to the perpetual endowment as *net assets with donor restrictions* required to be maintained in perpetuity. The remaining portion of the donor-restricted endowment funds are classified as *net assets with donor restrictions* until those amounts are appropriated for expenditure by GSSJC in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, GSSJC considers the duration and preservation of the funds and other resources of GSSJC in making a determination to appropriate or accumulate donor-restricted endowment funds.

Endowment net assets consist of the following:

	<u>2021</u> WITH DONOR RESTRICTIONS	<u>2020</u> WITH DONOR RESTRICTIONS
Donor-restricted endowment funds:		
Original donor-restricted gift and amounts required to be maintained in perpetuity	\$ 5,414,109	\$ 5,185,503
Accumulated net investment return	<u>4,279,527</u>	<u>3,118,521</u>
Endowment net assets	<u>\$ 9,693,636</u>	<u>\$ 8,304,024</u>

Changes in donor-restricted endowment funds are as follows:

	<u>WITH DONOR RESTRICTIONS</u>		
	<u>ACCUMULATED NET INVESTMENT RETURN</u>	<u>REQUIRED TO BE MAINTAINED IN PERPETUITY</u>	<u>TOTAL</u>
Endowment net assets, August 31, 2019	\$ 2,597,250	\$ 4,668,343	\$ 7,265,593
Contributions and transfers		<u>517,160</u>	<u>517,160</u>
Net investment return	<u>541,271</u>		<u>541,271</u>
Appropriations	<u>(20,000)</u>		<u>(20,000)</u>
Endowment net assets, August 31, 2020	<u>3,118,521</u>	<u>5,185,503</u>	<u>8,304,024</u>
Contributions and transfers		<u>228,606</u>	<u>228,606</u>
Net investment return	<u>1,166,006</u>		<u>1,166,006</u>
Appropriations	<u>(5,000)</u>		<u>(5,000)</u>
Endowment net assets, August 31, 2021	<u>\$ 4,279,527</u>	<u>\$ 5,414,109</u>	<u>\$ 9,693,636</u>

### Investment Objectives and Risk Parameters

GSSJC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and entities supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a portfolio that is invested approximately 40% in equity-based securities and 60% in fixed-income securities while assuming a moderate level of investment risk. GSSJC expects its endowment funds, over time, to provide an average rate-of-return of approximately 5% annually, net of fees and inflation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, GSSJC relies on a total return strategy in which investment return is achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GSSJC targets a diversified asset allocation that places a greater emphasis on fixed-income security investments to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy

GSSJC has a policy of not appropriating more than 95% of the annual real total return, net of investment management fees, of the immediately preceding four quarters. Appropriations are considered annually by the Finance Committee. In establishing this policy, GSSJC considered the long-term expected return and the effects of inflation on its endowments. The policy is consistent with GSSJC's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**NOTE 10 – EMPLOYEE BENEFIT PLAN**

Eligible employees of GSSJC may participate in a §401(k) defined contribution retirement plan. GSSJC matched each employee's after tax contribution up to 2% of their salary in 2021 and 2020, and also may make discretionary contributions annually to all employees. GSSJC contributed approximately \$115,000 and \$106,000 to the plan in 2021 and 2020, respectively.

**NOTE 11 – AVAILABLE LINE OF CREDIT**

GSSJC maintains a \$2,000,000 line of credit agreement with a bank, which bears interest at the bank's prime rate minus 1%. The line of credit expires on March 30, 2023. There are no amounts outstanding on the line of credit at August 31, 2021 or 2020.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 15, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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## Girl Scouts of San Jacinto Council

### Supplemental Statement of Revenue for the year ended August 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>CONTRIBUTIONS:</b>			
General contributions	\$ 985,269	\$ 642,210	\$ 1,627,479
United Way allocation	2,185	910,556	912,741
Government grants		4,386,290	4,386,290
Capital contributions		635,717	635,717
Total contributions	<u>987,454</u>	<u>6,574,773</u>	<u>7,562,227</u>
<b>PROGRAM SERVICE FEES:</b>			
Resident camp	576,203		576,203
Troop camp, day camp, and other outdoor activities	187,989		187,989
Travel group	1,731		1,731
Adult training fees and other events	18,883		18,883
Visual and performing arts	21,827		21,827
Math, science, and technology events	38,830		38,830
Older Girl Scout events	11,704		11,704
All other events	13,428		13,428
Total program service fees	<u>870,595</u>		<u>870,595</u>
<b>TROOP SALES:</b>			
Cookie sales	14,060,446		14,060,446
Cost of cookie sales	(3,587,405)		(3,587,405)
Troop bonuses for cookie sales	(2,116,471)		(2,116,471)
Fall product sales	1,583,901		1,583,901
Cost of fall product sales	(572,769)		(572,769)
Troop bonuses for fall product sales	(380,986)		(380,986)
Total troop sales	<u>8,986,716</u>		<u>8,986,716</u>
<b>SHOP AND TRADING POST SALES AND OTHER REVENUE:</b>			
Shop and trading post sales	590,204		590,204
Cost of shop and trading post sales	(315,177)		(315,177)
Interest and dividend income, net	78,231	217,408	295,639
Net realized and unrealized gain on investments	62,214	948,598	1,010,812
Other	392,044		392,044
Total shop and trading post sales and other revenue	<u>807,516</u>	<u>1,166,006</u>	<u>1,973,522</u>
Net assets released from restrictions	<u>7,012,989</u>	<u>(7,012,989)</u>	
Total	<u>\$ 18,665,270</u>	<u>\$ 727,790</u>	<u>\$ 19,393,060</u>

## Girl Scouts of San Jacinto Council

Supplemental Statement of Revenue for the year ended August 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>CONTRIBUTIONS:</b>			
General contributions	\$ 798,159	\$ 1,374,493	\$ 2,172,652
United Way allocation	2,663	1,183,088	1,185,751
Capital contributions	<u>                    </u>	<u>47,901</u>	<u>47,901</u>
Total contributions	<u>800,822</u>	<u>2,605,482</u>	<u>3,406,304</u>
<b>PROGRAM SERVICE FEES:</b>			
Resident camp	35,900		35,900
Troop camp, day camp, and other outdoor activities	215,051		215,051
Travel group	435		435
Adult training fees and other events	42,468		42,468
Visual and performing arts	67,960		67,960
Math, science, and technology events	108,343		108,343
Older Girl Scout events	22,449		22,449
All other events	<u>5,817</u>		<u>5,817</u>
Total program service fees	<u>498,423</u>		<u>498,423</u>
<b>TROOP SALES:</b>			
Cookie sales	21,383,409		21,383,409
Cost of cookie sales	(5,715,991)		(5,715,991)
Troop bonuses for cookie sales	(3,232,218)		(3,232,218)
Fall product sales	2,167,288		2,167,288
Cost of fall product sales	(799,899)		(799,899)
Troop bonuses for fall product sales	<u>(525,104)</u>		<u>(525,104)</u>
Total troop sales	<u>13,277,485</u>		<u>13,277,485</u>
<b>SHOP AND TRADING POST SALES AND OTHER REVENUE:</b>			
Shop and trading post sales	805,695		805,695
Cost of shop and trading post sales	(446,054)		(446,054)
Interest and dividend income, net	215,197	271,222	486,419
Net realized and unrealized gain (loss) on investments	(52,255)	311,529	259,274
Other	<u>457,442</u>		<u>457,442</u>
Total shop and trading post sales and other revenue	<u>980,025</u>	<u>582,751</u>	<u>1,562,776</u>
Net assets released from restrictions	<u>1,818,180</u>	<u>(1,818,180)</u>	
Total	<u>\$ 17,374,935</u>	<u>\$ 1,370,053</u>	<u>\$ 18,744,988</u>