

**GIRL SCOUTS OF  
SAN GORGONIO COUNCIL**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**SEPTEMBER 30, 2021  
with summarized information for 2020**



GIRL SCOUTS OF SAN GORGONIO COUNCIL

TABLE OF CONTENTS

September 30, 2021

	<b>PAGE</b>
Independent Auditor's Report . . . . .	1
 <b>Financial Statements</b>	
Statement of Financial Position . . . . .	3
Statement of Activities . . . . .	4
Statement of Functional Expenses . . . . .	5
Statement of Cash Flows . . . . .	6
Notes to Financial Statements . . . . .	7

## INDEPENDENT AUDITOR'S REPORT



To the Board of Directors  
Girl Scouts of San Gorgonio Council  
Redlands, California

We have audited the accompanying financial statements of Girl Scouts of San Gorgonio Council (a nonprofit organization), which consist of the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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.

#### **Eadie Payne, LLP**

3880 Lemon St., Ste. 300  
Riverside, CA 92501

P.O. Box 1529  
Riverside, CA 92502-1529

Office: 951-241-7800  
[www.eadiepaynellp.com](http://www.eadiepaynellp.com)

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 Scouts of San Gorgonio Council as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Girl Scouts of San Gorgonio Council's September 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Furthermore, note disclosures for prior year are omitted. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2020, from which the summarized comparative information was derived.

*Eddie and Payne LLP*

Riverside, California  
January 10, 2022

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
September 30, 2021 and summarized information for 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,802,254	\$ 5,813,016
Contributions receivable	9,875	15,037
Accounts receivable	319,249	33,645
Inventory	290,628	302,521
Prepaid expenses	122,813	127,834
<b>Total Current Assets</b>	<u>5,544,819</u>	<u>6,292,053</u>
Long-term investments	4,336,798	3,855,083
Property and equipment, net	5,397,159	5,472,340
<b>TOTAL ASSETS</b>	<u>\$ 15,278,776</u>	<u>\$ 15,619,476</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 177,940	\$ 272,006
Accrued liabilities	798,068	1,573,532
Custodial funds	196,209	197,546
Current portion of long-term liabilities	23,606	26,701
<b>Total Current Liabilities</b>	<u>1,195,823</u>	<u>2,069,785</u>
<b>Noncurrent Liabilities</b>		
PPP loan	-	133,692
Note payable	1,241,712	1,265,318
<b>Total Liabilities</b>	<u>2,437,535</u>	<u>3,468,795</u>
<b>Net Assets</b>		
Without donor restrictions	7,205,486	6,968,759
Without donor restrictions - board-designated	4,294,952	3,795,445
With donor restrictions	1,340,803	1,386,477
<b>Total Net Assets</b>	<u>12,841,241</u>	<u>12,150,681</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 15,278,776</u>	<u>\$ 15,619,476</u>

The accompanying notes are an integral part of the financial statements.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**STATEMENT OF ACTIVITIES**

For the year ended September 30, 2021 and summarized information for 2020

	2021			2020
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>SUPPORT</b>				
Public support	\$ 94,695	\$ 132,752	\$ 227,447	\$ 425,050
Grant revenue	-	-	-	66,716
United Way	-	-	-	4,332
Contributions	1,060,798	-	1,060,798	638,274
<b>Total Support</b>	<u>1,155,493</u>	<u>132,752</u>	<u>1,288,245</u>	<u>1,134,372</u>
<b>REVENUES</b>				
Product sales	8,573,362	-	8,573,362	14,725,289
Cost of sales	5,028,663	-	5,028,663	8,071,713
Net Product Sales	3,544,699	-	3,544,699	6,653,576
Merchandise sales, net of \$231,386 merchandise cost of sales	108,425	-	108,425	133,887
Investment income	501,278	15,936	517,214	239,077
Program fees	253,762	-	253,762	213,120
Fundraising	-	41,882	41,882	147,855
Gain on sale of assets	76,438	-	76,438	-
Rental revenue	2,099	-	2,099	1,610
Other revenue	76,267	-	76,267	57,100
<b>Total Revenues</b>	<u>4,562,968</u>	<u>57,818</u>	<u>4,620,786</u>	<u>7,446,225</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Satisfaction of program restrictions	236,244	(236,244)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>5,954,705</u>	<u>(45,674)</u>	<u>5,909,031</u>	<u>8,580,597</u>
<b>OPERATING EXPENSES</b>				
Program Services				
Program for girls	1,601,237	-	1,601,237	2,109,727
Membership development	1,717,400	-	1,717,400	1,952,234
Resident camp	860,959	-	860,959	880,375
Adult education	327,463	-	327,463	380,338
Supporting Services				
Management and general	125,179	-	125,179	136,918
Fundraising	586,233	-	586,233	759,523
<b>Total Operating Expenses</b>	<u>5,218,471</u>	<u>-</u>	<u>5,218,471</u>	<u>6,219,115</u>
<b>CHANGE IN NET ASSETS</b>	736,234	(45,674)	690,560	2,361,482
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>10,764,204</u>	<u>1,386,477</u>	<u>12,150,681</u>	<u>9,789,199</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 11,500,438</u>	<u>\$ 1,340,803</u>	<u>\$ 12,841,241</u>	<u>\$ 12,150,681</u>

The accompanying notes are an integral part of the financial statements.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended September 30, 2021 and summarized information for 2020

	2021									2020
	PROGRAM FOR GIRLS	MEMBERSHIP DEVELOPMENT	RESIDENT CAMP	ADULT EDUCATION	TOTAL PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL	TOTAL
						MANAGEMENT AND GENERAL	FUND- RAISING	TOTAL SUPPORTING SERVICES		
<b>COST OF REVENUES</b>										
Cost of goods sold - products	\$ 5,028,663	\$ -	\$ -	\$ -	\$ 5,028,663	\$ -	\$ -	\$ -	\$ 5,028,663	\$ 8,071,713
Cost of goods sold - merchandise	231,386	-	-	-	231,386	-	-	-	231,386	259,332
<b>Total Cost of Revenues</b>	<u>5,260,049</u>	-	-	-	<u>5,260,049</u>	-	-	-	<u>5,260,049</u>	<u>8,331,045</u>
<b>OPERATING EXPENSES</b>										
Salaries and contract labor	847,111	904,176	360,762	156,844	2,268,893	55,866	353,280	409,146	2,678,039	3,126,445
Employee benefits	126,076	182,910	36,243	9,812	355,041	3,495	41,273	44,768	399,809	557,762
Payroll taxes	79,553	83,922	48,764	22,218	234,457	7,914	35,563	43,477	277,934	329,459
Professional fees	32,930	30,287	30,287	30,286	123,790	10,788	30,732	41,520	165,310	139,623
Materials and supplies	49,280	49,096	38,457	3,770	140,603	1,343	4,043	5,386	145,989	251,935
Telephone	27,947	34,437	12,858	9,540	84,782	4,051	9,567	13,618	98,400	111,918
Postage and shipping	7,856	2,986	2,986	2,986	16,814	1,063	2,985	4,048	20,862	20,164
Occupancy	256,181	281,439	183,457	4,309	725,386	4,279	4,309	8,588	733,974	784,227
Equipment and maintenance	19,697	19,530	19,770	19,530	78,527	6,956	19,530	26,486	105,013	180,115
Printing and publications	28,802	18,410	14,410	14,410	76,032	5,132	18,006	23,138	99,170	90,968
Travel and transportation	25,206	2,251	31,340	1,988	60,785	708	2,128	2,836	63,621	112,680
Conferences and meetings	3,386	868	710	668	5,632	238	2,093	2,331	7,963	12,277
Special assistance/camperships	1,225	13,333	1,987	-	16,545	-	-	-	16,545	71,286
Interest expense	63	61	61	61	246	22	61	83	329	809
Insurance	37,323	37,326	37,326	37,326	149,301	13,295	37,326	50,621	199,922	143,551
Miscellaneous	11,495	6,842	11,173	5,698	35,208	2,034	7,549	9,583	44,791	61,428
Bad debts	805	35	35	35	910	13	227	240	1,150	28,597
Depreciation and amortization	46,301	49,491	30,333	7,982	134,107	7,982	17,561	25,543	159,650	195,871
<b>Total Operating Expenses</b>	<u>1,601,237</u>	<u>1,717,400</u>	<u>860,959</u>	<u>327,463</u>	<u>4,507,059</u>	<u>125,179</u>	<u>586,233</u>	<u>711,412</u>	<u>5,218,471</u>	<u>6,219,115</u>
<b>Total Expenses</b>	6,861,286	1,717,400	860,959	327,463	9,767,108	125,179	586,233	711,412	10,478,520	14,550,160
Less: Expenses included in the revenue section on the statement of activities	5,260,049	-	-	-	5,260,049	-	-	-	5,260,049	8,331,045
<b>TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES</b>	<u>\$ 1,601,237</u>	<u>\$ 1,717,400</u>	<u>\$ 860,959</u>	<u>\$ 327,463</u>	<u>\$ 4,507,059</u>	<u>\$ 125,179</u>	<u>\$ 586,233</u>	<u>\$ 711,412</u>	<u>\$ 5,218,471</u>	<u>\$ 6,219,115</u>

The accompanying notes are an integral part of the financial statements.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**STATEMENT OF CASH FLOWS**

For the year ended September 30, 2021 and summarized information for 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 690,560	\$ 2,361,482
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities		
Depreciation and amortization	159,650	195,871
Gain on investments	(464,812)	(167,460)
Gain on sale of assets	(76,438)	-
PPP loan forgiven	(137,711)	-
(Increase) Decrease in Operating Assets		
Contributions receivable	5,162	27,927
Accounts receivable	(285,604)	1,866
Inventory	11,893	4,274
Prepaid expenses	5,021	10,405
Increase (Decrease) in Operating Liabilities		
Accounts payable	(94,066)	13,168
Accrued liabilities	(775,464)	626,702
Custodial funds	(1,337)	2,715
<b>Net Cash Provided by (Used) in Operating Activities</b>	<u>(963,146)</u>	<u>3,076,950</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(96,391)	(330,265)
Proceeds from sale of property and equipment	88,360	-
Purchase of investments	1,420,401	1,299,890
Proceeds from sale of investments	(1,437,304)	(1,191,828)
<b>Net Cash Used in Investing Activities</b>	<u>(24,934)</u>	<u>(222,203)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term liabilities	-	137,711
Principal payments on long-term liabilities	(22,682)	(19,851)
<b>Net Cash Provided by (Used) in Financing Activities</b>	<u>(22,682)</u>	<u>117,860</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,010,762)	2,972,607
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>5,813,016</u>	<u>2,840,409</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 4,802,254</u>	<u>\$ 5,813,016</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 57,585</u>	<u>\$ 49,491</u>

The accompanying notes are an integral part of the financial statements.



**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

**1. NATURE OF ACTIVITIES**

The Girl Scouts of San Gorgonio Council (Council) is a nonprofit organization and was organized on October 28, 1957 under the laws of the State of California. The Council serves 12,386 girls ages 5 to 17, in partnership with 5,657 committed adults and volunteers, in the Riverside and San Bernardino counties. The Council has five service centers located in Redlands, Temecula, Victorville, Palm Desert, and Riverside. The Council provides a variety of value-based educational and social programs and activities for girls, which assist with acquiring various life skills, socialization skills, instilling integrity, as well as educational opportunities.

Funding for the Council is provided by product sales, including the cookie program, individual donors, and grants from foundations, corporations, and the United Way.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Not-for-profit organizations are required to report information regarding financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and Board of Directors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **New Accounting Pronouncements**

***Adopted***

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, “*Revenue from Contracts with Customers (Topic 606)*”. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each performance obligation. Revenue from contributions and investment income are not impacted by this new standard. ASU 2014-09 allows for two methods of implementation: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09.

On October 1, 2020, the Company adopted the new standard using the modified retrospective approach, applied to contracts which were not completed as of October 1, 2020. Under this approach, periods prior to the adoption date have not been restated and continue to be reported under the accounting standards in effect for those periods. The adoption had no material impact on the financial statements. Additional disclosures were added in the notes to the financial statements.

***Not Adopted***

Leases

In February 2016, the FASB issued ASU 2016-02 (Topic 842), which sets out the principles for the recognition, measurement presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **New Accounting Pronouncements (Continued)**

The standard was initially effective for years beginning after December 15, 2019, with early adoption permitted. ASU 2019-10 was issued November 2019, which postponed the effective date of ASU 2016-02 to years beginning after December 15, 2020. ASU 2020-05 was issued June 2020, which postponed the effective date further to years beginning after December 15, 2021. Early adoption is still permitted. Management is currently evaluating the effect that the updated standard will have on the financial statements.

C. **Cash and Cash Equivalents**

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased.

Cash does not include bank accounts held by troops under the federal identification number of the Council. Those bank accounts are not under the Council's control. The Council has signature authority on the accounts, but will not access the funds as long as troops are functioning according to Girl Scout policies and procedures. The troops have the responsibility to use the funds in their control according to Girl Scout policies and procedures. If a troop disbands, leaving funds available, the funds will revert to the Council for a 12-month holding period in case the troop reforms. If funds remain after the 12-month holding period, the funds will be considered a donation to the Council.

D. **Receivables**

The accounts receivable consist primarily of amounts due from troops for product sales, payments for membership events, and checks that were returned due to nonsufficient funds. The Council attempts to collect on nonsufficient funds before taking further action. Management believes the accounts receivable as of September 30, 2021, are fully collectible and therefore, the Council has not recorded an allowance for doubtful accounts. Accounts receivable are written off when they are determined to be uncollectible. Contributions receivable consist of pledges from individuals due within one year.

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Receivables (Continued)**

Accounts receivable at September 30, 2021 includes the amount of \$259,075 accrued for monies to be received related to the Employee Retention Credit (ERC). The ERC, a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The ERC was accounted for under Accounting Standards Update (ASU) Subtopic 958-605, "*Contributions Received and Contributions Made*". The ERC is considered a conditional grant and has recognized contribution revenue of \$259,075 for the year ended September 30, 2021.

E. **Inventories**

Inventories, which consist primarily of store items, are valued at the lower of cost or market. Cost is determined by the weighted average method.

F. **Property and Equipment**

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to ten years for vehicles, furniture, and equipment and ten to forty years for buildings and improvements. Property and equipment purchased at a cost in excess of \$1,000 is capitalized. Repairs, maintenance, and minor acquisitions are expensed as incurred, and the Council uses the direct expensing method to account for planned major maintenance activities.

Construction in progress includes all capitalized costs for expenditures directly incurred to bring a capital asset to a useable condition. These capitalized costs will be recorded to property and equipment when the asset is operational. At that time the costs will be depreciated over the respective useful lives of the assets.

G. **Long-Lived Assets**

The Council reviews long-lived assets such as property and equipment to determine if there has been an impairment of value whenever events or changes occur that indicate the carrying value of the assets may have declined and will not be recoverable. No circumstances have occurred during the year causing the Council to believe there has been any impairment of the carrying value of its long-lived assets. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long-lived assets.

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. **Deferred Revenue**

Deferred revenue consists of fees received for programs to be held in the next fiscal year. The revenue is recognized as the programs are held.

I. **Custodial Funds**

Custodial funds consist primarily of funds held by the Council on behalf of the troops.

J. **Income Taxes**

The Council is exempt from federal and State income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Tax Code.

Consequently, the accompanying financial statements do not reflect any provision for income taxes. Contributions to the Council are deductible for tax purposes under Section 170(c)(2) of the IRC. The Council is not a private foundation. The Council uses the same accounting methods for tax and financial reporting.

K. **Contributed Services**

A substantial number of volunteers have donated significant amounts of their time to the Council and its programs. The donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

L. **Fair Value of Financial Instruments**

The Council's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, accrued expenses, and deferred revenue are carried at cost, which approximates fair value because of the short-term nature of these instruments. The investment in debt and equity securities are carried at fair value based on quoted prices in active markets.

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels as described in Note 7.

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

M. **Functional Allocation of Expenses**

The costs of providing the various programs and other activities are shown on a functional basis in the statements of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or service. Certain expenses have been allocated among the programs and supporting services benefited.

Expenses that are allocated include the following:

	<u>Method of Allocation</u>
Telephone	Staffing level
Occupancy	Staffing level
Equipment and maintenance	Staffing level
Insurance	Staffing level
Depreciation and amortization	Staffing level

N. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates. Significant estimates made in the preparation of these financial statements include the fair value of investments.

O. **Advertising Costs**

The Council uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended September 30, 2021 was \$52,240.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

**3. REVENUE RECOGNITION**

Product and Merchandise Sales

Revenue from the Council's product and merchandise sales is generated by providing products and merchandise to customers. These contracts each contain a single performance obligation, delivery of the product or merchandise, as the promise to transfer the individual service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized at a point in time, in the month the product or merchandise is provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers. Product fees are determined by the Council on an annual basis, and merchandise fees are determined by the Council and the Girl Scouts of United States of America on an annual basis.

Program Revenue

Revenue from the Council's programs is generated primarily from program fees for events and camp. These contracts each contain a single performance obligation, access to the programs and events hosted by the Council, as the promise to transfer the individual service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized at a point in time, in the month the services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers. The amounts that the Council has a right to payment are determined by the events that each participant selects for participation, an indicator that the amount paid corresponds directly to the value transferred to the customer.

Contributions

Contributions are recognized in the period received as assets, decreases of liabilities, or expenses depending on the form of benefit received, or if conditional, when the barriers are overcome. Unconditional contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions restricted by the donor are reported as increases in net assets with donor restrictions.

When a restriction expires, net assets with donor restriction are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. When restrictions are satisfied in the same accounting period as the receipt of the contribution, the Council reports both revenue and the related expense in unrestricted net assets.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2021

**3. REVENUE RECOGNITION (Continued)**

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Disaggregation of Revenue from Contracts with Customers

The Council’s revenue from contracts with customers is all recognized as a good or service transferred at a point in time for the year ended September 30, 2021. No revenue is recognized as a good or service transferred over time.

Contract Assets and Liabilities

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. Contract assets are recorded when billing occurs subsequent to revenue recognition, and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Council receives advances from customers prior to satisfying contractual performance obligations. Revenue is recognized when the associated performance obligations are satisfied. As of September 30, 2021, there are no contract assets or liabilities.

**4. AVAILABILITY AND LIQUIDITY**

The following represents Council’s financial assets at September 30, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 4,802,254
Contributions receivable	9,875
Accounts receivable	319,249
Long-term investments	<u>4,336,798</u>
Total financial assets	9,468,176
Amounts not available to be used within one year:	
Board-designated investments	(4,294,952)
Restricted by donor with purpose restrictions	<u>(1,340,803)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 3,832,421</u></u>



GIRL SCOUTS OF SAN GORGONIO COUNCIL  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

4. **AVAILABILITY AND LIQUIDITY (Continued)**

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Council invests cash in excess of daily requirements in short-term investments. The Board has the right to change that designation at any time.

5. **PROPERTY AND EQUIPMENT**

Property and equipment at September 30, 2021 is summarized as follows:

	SKYLAND RANCH	ALL OTHER	TOTAL
Land	\$ 895,007	\$ 608,053	\$ 1,503,060
Construction in progress	407,294	-	407,294
Building and improvements	2,993,237	2,811,068	5,804,305
Furniture, fixtures, and equipment	78,374	1,038,064	1,116,438
Vehicles	-	311,792	311,792
	<u>4,373,912</u>	<u>4,768,977</u>	<u>9,142,889</u>
Less: Accumulated depreciation and amortization	<u>363,594</u>	<u>3,382,136</u>	<u>3,745,730</u>
<b>TOTALS</b>	<u><u>\$ 4,010,318</u></u>	<u><u>\$ 1,386,841</u></u>	<u><u>\$ 5,397,159</u></u>

Depreciation and amortization expense for the year ended September 30, 2021 was \$159,650.

The Council has currently expended \$407,294 on building improvements, classified as construction in progress at September 30, 2021. The Council expects to expend an additional \$190,000 to complete these improvements during the year ending September 30, 2022.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

**6. INVESTMENTS**

Investments consisted of equities, corporate bonds, government obligations, and mutual funds classified as available for sale. An analysis of the investments held as of September 30, 2021 is as follows:

	<u>FAIR VALUE</u>	<u>COST</u>	<u>UNREALIZED GAIN</u>
Equities	\$ 1,791,133	\$ 1,366,149	\$ 424,984
Corporate bonds	419,318	410,360	8,958
Government obligations	717,443	700,007	17,436
Mutual funds	<u>1,408,904</u>	<u>1,307,668</u>	<u>101,236</u>
<b>LONG-TERM INVESTMENTS</b>	<b><u>\$ 4,336,798</u></b>	<b><u>\$ 3,784,184</u></b>	<b><u>\$ 552,614</u></b>

The following schedule summarizes the investment income for the year ended September 30, 2021:

	<u>AMOUNT</u>
Interest and dividends	\$ 93,502
Realized gain	232,653
Unrealized gain	232,159
Management fees	<u>(41,100)</u>
<b>TOTAL INVESTMENT INCOME</b>	<b><u>\$ 517,214</u></b>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Investments are managed by investment managers who have responsibility for investing the funds in various investment classes.

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

7. **FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board's (FASB) codification ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2

Inputs to the valuation methodology are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

**7. FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Council's assets at fair value as of September 30, 2021:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Equities	\$ 1,791,133	\$ -	\$ -	\$ 1,791,133
Corporate bonds	-	419,318	-	419,318
Government obligations	-	717,443	-	717,443
Mutual funds	1,408,904	-	-	1,408,904
<b>TOTAL ASSETS AT FAIR VALUE</b>	<u>\$ 3,200,037</u>	<u>\$ 1,136,761</u>	<u>\$ -</u>	<u>\$ 4,336,798</u>

The valuation methodologies used for corporate bonds and government obligations (Level 2) is the present value of its expected cash flows as provided by the broker. There have been no changes in the methodologies used during the year ended September 30, 2021.

**8. ACCRUED LIABILITIES**

Accrued liabilities as of September 30, 2021 consisted of the following:

	<u>AMOUNT</u>
Accrued paid time off	231,018
Accrued salaries and wages	26,877
Deferred revenue	15,102
Sales tax payable	15,355
Sales incentives	509,716
<b>TOTAL</b>	<u>\$ 798,068</u>

**9. LINE OF CREDIT**

As of September 30, 2021, pursuant to an agreement with Bank of America, the Council had an available unsecured line of credit up to the amount of the Council's investments held by Merrill Lynch, none of which was outstanding at that date.

**10. RETIREMENT PLAN**

The Council participates in the National Girl Scout Council Retirement Plan (Plan). The Plan is a multiemployer, noncontributory, defined benefit pension plan sponsored by the GSUSA (EIN 13-1624016).

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

**10. RETIREMENT PLAN (Continued)**

Effective July 31, 2010, the Plan was frozen to new entrants and to further benefit accruals for existing participants, although previously earned benefits can continue to vest. Accrued benefits earned prior to July 31, 2010 are based on years of service and salary levels. The Council made contributions into the Plan of \$162,305 during the year ended September 30, 2021. Accounting standards require certain information regarding the certified zone status and the percentage of employer contributions as a percentage of total plan contributions be disclosed for each fiscal year presented. However, the accounting standards allow the omission of said disclosures if there is undue cost and effort needed to obtain the information. Accordingly, these disclosures have been omitted.

**11. OPERATING LEASES**

The Council is committed under real property leases for premises in Palm Desert, Riverside, Victorville, and Temecula expiring December 31, 2022, January 31, 2023, December 31, 2023, and December 31, 2024, respectively.

The Council is also committed under equipment leases consisting of copier machines expiring January 3, 2024.

Lease payments required under these leases are as follows:

<u>YEARS ENDING SEPTEMBER 30</u>	<u>REAL PROPERTY</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
2022	\$ 370,285	\$ 40,541	\$ 410,826
2023	274,160	40,541	314,701
2024	179,399	10,135	189,534
2025	40,213	-	40,213
<b>TOTALS</b>	<u>\$ 864,057</u>	<u>\$ 91,217</u>	<u>\$ 955,274</u>

Rental expenses under the real property and equipment lease agreements were \$396,173 for the year ended September 30, 2021.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

**12. LONG-TERM LIABILITIES**

PPP Loan

As of September 30, 2021, the Council has received \$664,012 in loan proceeds under the Small Business Administration Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months following the end of the covered period.

The Council has used the proceeds for purposes consistent with the PPP guidance and has determined that the PPP loan qualifies to be fully forgiven as of year-end. The Council has accounted for the forgiveness as a conditional contribution under ASC 958-605 Accounting for Contributions. Per ASC 958-605, conditional contributions are recognized as refundable advances until the conditions are substantially met to recognize the contribution as revenue. The Council expects forgiveness on the entire amount of loan proceeds received during the year ended September 30, 2021. Additionally, the Council had the full amount forgiven for the loan proceeds received during the year ended September 30, 2020. Therefore, the Council has recognized contribution revenue for the first and second PPP loans of \$137,711 and \$664,012, respectively, for the year ended September 30, 2021.

Note Payable

The Council has a loan agreement with Prospectors Federal Credit Union. The loan consists of monthly payments of \$6,149, including interest at 4.00% per annum, and matures in September 2030. The loan is secured by specific property. The outstanding balance as of September 30, 2021 is \$1,265,318. Interest paid on the note during the year ended September 30, 2021 was \$57,256.

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

**12. LONG-TERM LIABILITIES (Continued)**

Principal payments on the long-term liabilities are as follows:

<u>YEARS ENDING SEPTEMBER 30</u>	<u>AMOUNT</u>
2022	23,606
2023	24,568
2024	25,569
2025	26,611
2026	27,695
Thereafter	1,137,269
<b>TOTAL</b>	<b><u><u>\$ 1,265,318</u></u></b>

**13. NET ASSETS**

Net assets with donor restrictions at September 30, 2021 are available for the following purposes:

	<u>AMOUNT</u>
Youth development programs	\$ 991,892
Endowment earnings, unappropriated	115,190
Investments	128,386
Land – Camp Wi-Wo-Ca	105,335
<b>TOTAL</b>	<b><u><u>\$ 1,340,803</u></u></b>

**14. BOARD-DESIGNATED NET ASSETS**

The Council's Board of Directors has designated net assets for the following purposes:

	<u>AMOUNT</u>
Council reserves	\$ 4,272,554
Endowment	22,398
<b>TOTAL</b>	<b><u><u>\$ 4,294,952</u></u></b>

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021

15. **ENDOWMENT**

The Council's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Council has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets: (a) the original value of the gifts donated to the permanent endowment; (b) the original value of the subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA.

*Investment and Spending Policies* - The Council has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment assets while seeking to maintain the purchasing power of these endowment assets over the long term. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that are intended to result in a consistent rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing funds at a rate equal to inflation as measured by the Consumer Price Index (CPI). Actual returns in any given year may vary from this amount.

The Council has a policy of appropriating for distribution each year no more than 4% of a moving 12-quarter rolling average of the fair value of the endowment funds. In establishing this policy, the Council considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effect of inflation.



GIRL SCOUTS OF SAN GORGONIO COUNCIL  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

15. **ENDOWMENT (Continued)**

Endowment net asset composition by type as of September 30, 2021 is summarized as follows:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Donor-restricted	\$ -	\$ 348,911	\$ 348,911
Board-designated	22,398	-	22,398
<b>TOTAL FUNDS</b>	<u>\$ 22,398</u>	<u>\$ 348,911</u>	<u>\$ 371,309</u>

Changes in endowment net assets for the year ended September 30, 2021 are summarized as follows:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>Endowment Net Assets, Beginning of Year</b>	<u>\$ 19,925</u>	<u>\$ 332,975</u>	<u>\$ 352,900</u>
Investment Return			
Investment income	447	2,881	3,328
Net appreciation	2,223	14,321	16,544
Investment management fees	(197)	(1,266)	(1,463)
<b>Total Investment Return</b>	<u>2,473</u>	<u>15,936</u>	<u>18,409</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<u>\$ 22,398</u>	<u>\$ 348,911</u>	<u>\$ 371,309</u>

16. **RELATED-PARTY TRANSACTIONS**

The Council is affiliated with the Girl Scouts of the United States of America (GSUSA), which provides the right to use its name and certain other technical and fundraising assistance. The Council is chartered by GSUSA to organize and extend girl scouting within its jurisdiction. The Council collects and passes through membership fees on behalf of GSUSA. The Council also purchases a majority of its merchandise inventory from GSUSA.

GIRL SCOUTS OF SAN GORGONIO COUNCIL  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2021

16. **RELATED-PARTY TRANSACTIONS (Continued)**

The following summarizes payments to GSUSA for the year ended September 30, 2021:

	<u>AMOUNT</u>
Purchases of merchandise	\$ 199,396
Remittance of membership dues	<u>23,755</u>
<b>TOTAL</b>	<u><u>\$ 223,151</u></u>

17. **PRODUCT SALES**

Product sales for the year ended September 30, 2021 are detailed as follows:

	<u>COOKIE SALES</u>	<u>FALL SALES</u>	<u>TOTAL</u>
Sales	\$ 7,936,022	\$ 637,340	\$ 8,573,362
Cost of sales	<u>4,531,545</u>	<u>497,118</u>	<u>5,028,663</u>
<b>NET SALES</b>	<u><u>\$ 3,404,477</u></u>	<u><u>\$ 140,222</u></u>	<u><u>\$ 3,544,699</u></u>

18. **CONCENTRATIONS**

A. **Cash**

The Council maintains its cash balances in financial institutions and money market investments. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times there were balances in the bank that were over the FDIC limit. At September 30, 2021, the uninsured cash balance was \$4,523,082. The Council has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

B. **Inventory**

The Council purchased the majority of the merchandise inventory from GSUSA, a related party, for the year ended September 30, 2021.

C. **Support and Revenue**

All of the Council's support and revenue from net product sales are derived from Riverside and San Bernardino counties.

**GIRL SCOUTS OF SAN GORGONIO COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2021

**19. RISKS AND UNCERTAINTIES**

As a result of the spread of the COVID-19 coronavirus, economic risks and uncertainties have arisen which could negatively impact the Council's operations and its financial results. However, management cannot determine the effects of COVID-19 on the Council's operations at this time.

**20. RECLASSIFICATION**

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the 2021 year's classifications. Total net assets and change in net assets are unchanged due to the reclassifications.

**21. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 10, 2022, the date the financial statements were available to be issued. No events occurred through this date requiring disclosure.