

**GIRL SCOUTS OF SOUTH CAROLINA -
MOUNTAINS TO MIDLANDS, INC.**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2023 and 2022

**GIRL SCOUTS OF SOUTH CAROLINA –
MOUNTAINS TO MIDLANDS, INC.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of South Carolina -
Mountains to Midlands, Inc.
Greenville, South Carolina

Opinion

We have audited the accompanying financial statements of the Girl Scouts of South Carolina - Mountains to Midlands, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts of South Carolina - Mountains to Midlands, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

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To the Board of Directors
Girl Scouts of South Carolina -
Mountains to Midlands, Inc.
January 18, 2024

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Phillips CPAs and Advisors
Greenville, South Carolina
January 18, 2024

GIRL SCOUTS OF SOUTH CAROLINA - MOUNTAINS TO MIDLANDS, INC.

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022**

Assets	2023	2022
Current assets		
Cash and cash equivalents	\$ 3,155,564	\$ 3,199,276
Cash and cash equivalents - restricted	151,820	151,159
Short-term investments (Note 7)	35,577	46,304
Short-term investments (Note 7) - restricted	36,713	42,234
Total cash and cash equivalents	3,379,674	3,438,973
Accounts receivable, net (Note 5)	11,123	12,915
Promises to give, net (Note 6)	19,564	43,971
Inventories, net	100,014	108,520
Prepaid expenses	76,403	77,898
Total current assets	3,586,778	3,682,277
Non-current assets		
Long-term investments (Note 7)	2,606,435	2,378,267
Long-term promises to give (Note 6)	7,872	25,888
Property and equipment, net (Note 8)	10,238,241	10,556,302
Beneficial interest in assets held by others (Note 9)	110,147	99,550
Operating lease right-of-use asset, net (Note 13)	607,038	662,151
Total non-current assets	13,569,733	13,722,158
Total assets	\$ 17,156,511	\$ 17,404,435
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 61,684	\$ 61,178
Accrued liabilities	181,381	170,502
Deferred revenue	49,775	40,622
Funds held for others	76,581	75,524
Deposits	1,000	1,000
Current portion of mortgage payable (Note 14)	344,098	333,804
Current portion of operating lease liability	51,135	44,590
Total current liabilities	765,654	727,220
Noncurrent liabilities		
Mortgage payable (Note 14)	5,207,781	5,571,995
Operating lease liability	579,257	630,392
Total noncurrent liabilities	5,787,038	6,202,387
Total liabilities	6,552,692	6,929,607
Net assets		
Net assets without donor restrictions		
Operating	2,422,705	2,517,423
Board-designated (Note 11)	2,171,370	2,030,769
Net investment in property and equipment	4,686,362	4,650,503
Total net assets without donor restrictions	9,280,437	9,198,695
Net assets with donor restrictions (Note 12)	1,323,382	1,276,133
Total net assets	10,603,819	10,474,828
Total liabilities and net assets	\$ 17,156,511	\$ 17,404,435

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

GIRL SCOUTS OF SOUTH CAROLINA - MOUNTAINS TO MIDLANDS, INC.

**STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
United Way support	\$ 110,799	\$ -	\$ 110,799
Grants	58,130	-	58,130
Contributions			
Individuals	107,205	18,581	125,786
Corporations and civic groups	55,635	480	56,115
Foundations	11,800	-	11,800
Product sales			
Sales	6,426,142	-	6,426,142
Cost of sales	(2,708,167)	-	(2,708,167)
Council Shop			
Sales	272,663	-	272,663
Cost of sales	(160,933)	-	(160,933)
Program service fees	228,341	-	228,341
Income on investments	84,168	15,800	99,968
Unrealized gain/(loss) on investments	94,810	101,070	195,880
Realized gain/(loss) on investments	16,234	15,098	31,332
Other income	77,034	-	77,034
Donated goods and services	2,561	-	2,561
Special fundraising, net	8,920	-	8,920
Net assets released from restrictions			
Restrictions satisfied by payments	103,780	(103,780)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>4,789,122</u>	<u>47,249</u>	<u>4,836,371</u>
EXPENSES			
Program services	3,772,752	-	3,772,752
Supporting services			
Management and general	389,082	-	389,082
Fundraising	545,546	-	545,546
TOTAL EXPENSES	<u>4,707,380</u>	<u>-</u>	<u>4,707,380</u>
INCREASE (DECREASE) IN NET ASSETS	81,742	47,249	128,991
NET ASSETS, BEGINNING OF YEAR	<u>9,198,695</u>	<u>1,276,133</u>	<u>10,474,828</u>
NET ASSETS, END OF YEAR	<u>\$ 9,280,437</u>	<u>\$ 1,323,382</u>	<u>\$ 10,603,819</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

GIRL SCOUTS OF SOUTH CAROLINA - MOUNTAINS TO MIDLANDS, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
United Way support	\$ 96,145	\$ -	\$ 96,145
Grants	496,935	-	496,935
Contributions			
Individuals	140,676	20,026	160,702
Corporations and civic groups	54,629	2,255	56,884
Foundations	32,016	-	32,016
Product sales			
Sales	5,916,133	-	5,916,133
Cost of sales	(2,414,685)	-	(2,414,685)
Council Shop			
Sales	280,269	-	280,269
Cost of sales	(147,756)	-	(147,756)
Program service fees	227,716	-	227,716
Income on investments	108,735	32,423	141,158
Unrealized gain/(loss) on investments	(504,990)	(319,880)	(824,870)
Realized gain/(loss) on investments	48,745	56,157	104,902
Other income	88,683	-	88,683
Donated goods and services	5,046	-	5,046
Special fundraising, net	10,857	-	10,857
Net assets released from restrictions			
Restrictions satisfied by payments	132,893	(132,893)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>4,572,047</u>	<u>(341,912)</u>	<u>4,230,135</u>
EXPENSES			
Program services	3,794,899	-	3,794,899
Supporting services			
Management and general	388,124	-	388,124
Fundraising	501,160	-	501,160
TOTAL EXPENSES	<u>4,684,183</u>	<u>-</u>	<u>4,684,183</u>
INCREASE (DECREASE) IN NET ASSETS	(112,136)	(341,912)	(454,048)
NET ASSETS, BEGINNING OF YEAR	<u>9,312,664</u>	<u>1,618,045</u>	<u>10,930,709</u>
PRIOR PERIOD ADJUSTMENT	<u>(1,833)</u>	<u>-</u>	<u>(1,833)</u>
NET ASSETS, BEGINNING OF YEAR - AS RESTATED	<u>9,310,831</u>	<u>1,618,045</u>	<u>10,928,876</u>
NET ASSETS, END OF YEAR	<u>\$ 9,198,695</u>	<u>\$ 1,276,133</u>	<u>\$ 10,474,828</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

GIRL SCOUTS OF SOUTH CAROLINA - MOUNTAINS TO MIDLANDS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Employee compensation and related expenses				
Salaries	\$ 1,610,106	\$ 211,188	\$ 351,885	\$ 2,173,179
Employee health and retirement benefits	404,970	72,105	73,755	550,830
Payroll taxes	141,141	17,436	30,606	189,183
Total employee compensation and related expenses	2,156,217	300,729	456,246	2,913,192
Other expenses				
Professional services and fees	26,762	12,918	2,125	41,805
Food and beverage	37,528	1,292	976	39,796
Supplies	52,774	1,816	1,373	55,963
Printing and publications	28,121	56	1,050	29,227
Advertising	18,232	36	681	18,949
Telecommunications	138,103	3,478	5,330	146,911
Postage and delivery	6,549	740	518	7,807
Occupancy	227,665	7,113	8,350	243,128
Utilities	144,610	4,518	5,306	154,434
Equipment purchase, rental, repair and maintenance	103,472	6,371	14,016	123,859
Taxes, licenses and permits	3,017	94	111	3,222
Travel	18,804	3,256	4,407	26,467
Automobile expense	40,818	7,068	9,565	57,451
Training and development - volunteers and staff	9,273	4,884	9,220	23,377
Assistance and grants	53,617	-	-	53,617
Membership dues (in other organizations)	2,049	1,079	2,037	5,165
Interest expense	177,042	-	4,568	181,610
Insurance	127,076	20,832	-	147,908
Recruitment expense	4,580	4,295	-	8,875
Bank fees	49,508	3,316	1,000	53,824
Miscellaneous	39	293	-	332
Total expenses before depreciation	3,425,856	384,184	526,879	4,336,919
Depreciation	346,896	4,898	18,667	370,461
Total expenses	\$ 3,772,752	\$ 389,082	\$ 545,546	\$ 4,707,380

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

GIRL SCOUTS OF SOUTH CAROLINA - MOUNTAINS TO MIDLANDS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Employee compensation and related expenses				
Salaries	\$ 1,501,551	\$ 202,915	\$ 332,036	\$ 2,036,502
Employee health and retirement benefits	455,965	86,697	43,423	586,085
Payroll taxes	132,831	17,949	27,469	178,249
Total employee compensation and related expenses	2,090,347	307,561	402,928	2,800,836
Other expenses				
Professional services and fees	42,390	14,084	39,221	95,695
Food and beverage	40,063	1,086	2,273	43,422
Supplies	75,813	2,054	4,301	82,168
Printing and publications	25,289	94	3,276	28,659
Advertising	16,902	63	2,189	19,154
Telecommunications	132,642	4,192	2,338	139,172
Postage and delivery	13,150	661	988	14,799
Occupancy	173,698	6,198	3,215	183,111
Utilities	118,857	4,528	2,349	125,734
Equipment purchase, rental, repair and maintenance	101,769	6,014	14,257	122,040
Taxes, licenses and permits	4,127	157	82	4,366
Travel	21,088	2,468	2,808	26,364
Automobile expense	38,434	4,498	5,118	48,050
Training and development - volunteers and staff	9,828	3,652	5,058	18,538
Assistance and grants	126,718	-	-	126,718
Membership dues (in other organizations)	3,160	1,174	1,626	5,960
Interest expense	210,414	-	3,266	213,680
Insurance	121,918	20,128	5	142,051
Recruitment expense	4,748	4,123	-	8,871
Bank fees	25,266	5,389	1,373	32,028
Miscellaneous	29,946	-	-	29,946
Total expenses before depreciation	3,426,567	388,124	496,671	4,311,362
Depreciation	368,332	-	4,489	372,821
Total expenses	\$ 3,794,899	\$ 388,124	\$ 501,160	\$ 4,684,183

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

GIRL SCOUTS OF SOUTH CAROLINA - MOUNTAINS TO MIDLANDS, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 128,991	\$ (455,881)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	370,461	372,821
(Gain)/loss on sale of investments	(31,332)	(104,902)
Unrealized (gain)/loss on investments	(195,880)	824,870
Unrealized (gain)/loss on assets held by others	(8,964)	21,242
(Increase) decrease in assets		
Accounts receivable, net	1,792	11,743
Promises to give, net	42,423	55,945
Inventories, net	8,506	(10,284)
Prepaid expenses	1,495	66,271
Operating lease right-of-use-asset, net	55,113	51,832
Increase (decrease) in liabilities		
Accounts payable	506	(2,144)
Accrued liabilities	10,879	(51,948)
Accrued interest	-	(24,296)
Deferred revenue	9,153	14,300
Funds held for others	1,057	4,550
Operating lease liability	(44,590)	(39,001)
Forgiveness of PPP loan payable	-	(469,200)
Net cash (used in) provided by operating activities	349,610	265,918
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and disposals of fixed assets, net	(52,400)	(53,149)
Proceeds from sales and maturities of investments	651,621	781,326
Purchases of investments	(652,577)	(839,205)
Contributions to assets held by others	(600)	(500)
Realized net change in assets held by others	(1,033)	(940)
Net cash (used in) provided by investing activities	(54,989)	(112,468)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgage payable	-	6,150,000
Payments on note and mortgage payable	(353,920)	(6,407,748)
Net cash (used in) provided by financing activities	(353,920)	(257,748)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(59,299)	(104,298)
CASH AND CASH EQUIVALENTS, beginning of year	3,438,973	3,543,271
CASH AND CASH EQUIVALENTS, end of year	\$ 3,379,674	\$ 3,438,973
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 181,610	\$ 213,680

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Girl Scouts of South Carolina – Mountains to Midlands, Inc. is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Council's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization and Nature of Activities – Girl Scouts of South Carolina – Mountains to Midlands, Inc. is chartered by Girl Scouts of the USA. Its purpose is to provide the leadership and financial support to maintain scouting programs for girls aged 5 to 17 in a 22 county area of South Carolina.

Financial Statement Presentation – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Council has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*, as it relates to net asset classification and liquidity disclosure. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions represent resources whose use is not limited or restricted by donors. They generally arise as a result of exchange transactions, without restriction, or with restriction whose restrictions have expired. All contributions are considered to be available for use unless specifically restricted by the donor.

Net assets with donor restrictions are those net assets whose use has been limited by donors to specified purposes or to later periods of time.

Contributions – Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions that increase those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Council reports that support as without donor restriction.

Contributions that are restricted for certain programs or restricted by donors for the Council's real endowments are recorded as support with donor restrictions. When donor restrictions are met, the net assets with donor restrictions are reclassified to net assets without donor restrictions and are included in net assets released from restrictions in the accompanying statement of activities.

Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, the Council considers unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

Investments – Investments consist primarily of assets invested in marketable equity and debt securities, alternative investments, commodities, and money-market funds. The Council accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Statements of Financial Position. Fair value of marketable equity and debt securities is based on quoted market prices.

Investment income is recorded net of investment expenses. The realized and unrealized gain or loss on investments is reflected in the Statements of Activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Receivables – The Council records product and other accounts receivables on its books at the estimated net realizable value. An allowance for uncollectible receivables is estimated based on past experience and on analysis of collectability.

Promises to Give – Promises to give that are due within 12 months are reflected as current promises to give and are recorded at their net realizable value. Promises to give due in subsequent periods are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises to give is estimated based on past experience and on analysis of collectability. The majority of the promises to give are received from a broad base of contributors within the council jurisdictional area.

Inventories – Inventories of Girl Scout merchandise and equipment held for resale are valued at cost determined on average-cost, but not in excess of market value.

Property and Equipment – Purchased property, plant and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives. The Council capitalizes assets with a cost of \$1,000 or more and an estimated useful life of at least 3 years.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

Beneficial Interest in Assets Held by Others – Assets transferred to a recipient organization, the beneficiary of which is the Council, are reported in accordance with FASB Accounting Standards Codification (ASC) 958-605, Transfers of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others. Such beneficial interests in assets held by others are valued at their fair value. Unrealized gains and losses are included in the change in net assets.

Compensated Absences – Paid Time Off hours (PTO) are accumulated by eligible employees. Upon retirement or other termination, eligible employees who satisfy the notification period are paid for unused PTO earned and not taken as of their departure date. The Council accrues a liability for compensated absences which meet the following criteria:

1. The payment of compensation is probable.
2. The amount can be reasonably estimated.

In accordance with the above criteria, as of September 30, 2023 and 2022, the Council has accrued a liability for earned but unused compensated absences in the amount of \$63,057 and \$68,179, respectively.

Fair Value of Financial Instruments – The carrying values of cash and cash equivalents, accounts receivable, short-term promises to give, accounts payable, accrued liabilities, accrued interest, deferred revenue, funds held for others, and deposits approximate fair value because of the terms and relative short maturity of the financial instruments. The carrying values of long-term investments, which are the fair value of investments, are based on values provided by an external investment manager or comparison to quoted market values.

Endowments – FASB ASC 958-205-50-1A, Reporting Endowment Funds provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds. South Carolina enacted a version of UPMIFA into the Code of Laws effective July 1, 2008. See Note 10 for further discussion.

Reclassifications – Certain reclassifications have been made to the 2022 financial statement information to conform to the current year presentation. These reclassifications had no effect on the change in net assets for the year ended September 30, 2022.

Estimates – Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Income Taxes - The Council has obtained exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization which is not a private foundation as well as an eleemosynary

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

corporation recognized in South Carolina. Therefore, no provision for income taxes has been included in the financial statements.

Financial Accounting Standards Board (FASB) ASC 740-10 prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Council has taken or expects to take on a tax return. The Council recognizes the tax benefits from uncertain tax positions only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Council's income tax filings are subject to audit by various taxing authorities. Management believes the adoption of ASC 740-10 resulted in no significant impact to the Council's financial statements.

Revenue Recognition - Revenue from Exchange Transactions: The Council recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Council records the following exchange transaction revenue in its statement of activities:

Council store sales – The Council operates a Council store, which sells scouting-related merchandise on a retail basis to customers. The Council recognizes revenue as the customer pays and takes possession of the merchandise.

Product sales – To help Scout troops raise the money needed to fund programs and activities throughout the year, the Council sponsors a product sales program. Girl Scout troops purchase cookies, candies, and nuts from the Council, which they then resell to customers. Revenue recognition occurs when the product has been delivered. The Council presents separately in its statements of activities the gross revenue from product sales, and costs of goods sold.

Camping and Activity revenue – The Council conducts program-related experiences such as day camps, day hikes, weekend overnights, and summer camps where the performance obligation is delivery of the program. Fees collected in advance of delivery of the camp or activity are initially recognized as liabilities (deferred revenue) and are only recognized in the statements of activities after delivery of the program has occurred.

Special fundraising event revenue – The Council conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Council. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Council. The direct costs of special events, which ultimately benefit the donor rather than the Council, are recorded as costs of direct benefit in the statement of activities. Special event fees collected by the Council in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

Adoption of New Accounting Standards – During the year ended September 30, 2023, the Council adopted the requirements of FASB ASC 842, *Leases*. This new standard establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a ROU asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FUNDS

The Council’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, are as follows:

Cash and cash equivalents	\$	3,191,141
Contributions receivable - for general operations		1,527
Accounts receivable		11,123
Total liquid assets as of year end		<u>3,203,791</u>
Planned appropriation from endowments for general expenditures in subsequent year:		
Board-designated endowment		46,800
General endowment		48,000
Total financial assets available to meet general expenditures within the next 12 months	\$	<u>3,298,591</u>

The Council’s Endowment Fund includes donor-restricted endowments and funds designated by the Board of Directors to function as Endowments (referred to as “quasi-endowments”). Income from donor-restricted endowment gifts may, or may not be available for general expenditure, subject to donor restrictions. The method of calculating distributable income from the Endowment Fund is described in Note 10.

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 come due. In addition, the Council invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Council has a secured revolving line of credit, with a total available of \$1,000,000, which it could draw upon. See Note 15 for further discussion. Additionally, the Council has Board-designated funds of \$2,171,370. Although the Council does not intend to spend from the Board-designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts without donor restrictions from the Board-designated funds could be made available if necessary.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

NOTE 3 – FAIR VALUE MEASUREMENTS

The accounting standards establish 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) and the lowest priority to measurements involving significant unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 – financial instruments with quoted prices in active markets for identical assets or liabilities.

Level 2 – financial instruments with valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager.

Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. Accounting standards require that the fair value determination be based on maximum use of observable inputs (Levels 1 and 2) and minimum use of unobservable inputs (Level 3). The Council considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following tables summarize the valuation of the Council's financial assets and liabilities measured at fair value as of September 30, 2023 and 2022, based on the level of input utilized to measure fair value:

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

	2023			
	Level 1	Level 2	Level 3	Total
Investments				
Short-term investments				
Money market funds	\$ 72,290	\$ -	\$ -	\$ 72,290
Fixed income securities				
Corporate bonds				
Domestic	-	551,642	-	551,642
International	-	17,076	-	17,076
Global	-	95,281	-	95,281
Equities securities				
Domestic	1,011,665	-	-	1,011,665
Global	34,950	-	-	34,950
International	596,060	-	-	596,060
Commodities and alternative strategies	299,761	-	-	299,761
	<u>2,014,726</u>	<u>663,999</u>	<u>-</u>	<u>2,678,725</u>
Other financial instruments				
Beneficial interests in assets held by others	-	-	110,147	110,147
Total investments and financial instruments	<u>\$ 2,014,726</u>	<u>\$ 663,999</u>	<u>\$ 110,147</u>	<u>\$ 2,788,872</u>
	2022			
	Level 1	Level 2	Level 3	Total
Investments				
Short-term investments				
Money market funds	\$ 88,538	\$ -	\$ -	\$ 88,538
Fixed income securities				
Corporate bonds				
Domestic	-	532,443	-	532,443
International	-	20,784	-	20,784
Global	-	95,943	-	95,943
Equities securities				
Domestic	913,120	-	-	913,120
Global	37,306	-	-	37,306
International	487,183	-	-	487,183
Commodities and alternative strategies	291,488	-	-	291,488
	<u>1,817,635</u>	<u>649,170</u>	<u>-</u>	<u>2,466,805</u>
Other financial instruments				
Beneficial interests in assets held by others	-	-	99,550	99,550
Total investments and financial instruments	<u>\$ 1,817,635</u>	<u>\$ 649,170</u>	<u>\$ 99,550</u>	<u>\$ 2,566,355</u>

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

The following methods and assumptions were used to estimate the fair value for each class of financial instruments measured at fair value. There have been no changes in the methodologies used at September 30, 2023 and 2022.

Short-term investments - The fair value of short-term investments, consisting primarily of money market funds, is classified as Level 1. The money market mutual fund consists primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations and other securities of foreign issuers. The fund seeks to maintain a stable net asset value (“NAV”) of \$1.

Debt Investments - Investments in debt vehicles are comprised of U.S. Treasury obligations, corporate bonds and notes and residential mortgage-backed securities, which are classified as Level 2, based on multiple sources of information. These sources may include market data for assets from markets that are not active and/or quoted market prices for the same or similar assets in active markets. To estimate the fair value, the Council used an industry standard valuation model which is based on a market approach. Investments in fixed income daily traded mutual funds are classified as Level 1.

Equity Investments - Investments in equity vehicles are comprised of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied. Corporate stocks that are traded in inactive markets are categorized as Level 2.

Beneficial interests in assets held by others – The Council’s interest in assets held by others represent investments held by Central Carolina Community Foundation (CCCF) and The Spartanburg County Foundation (SCF), which are comprised of pooled investments and are valued using the fair value of the investment assets held by the Foundations as a practical expedient, unless facts and circumstances indicate that the fair value of the assets held by the Foundations differs from the fair value of the beneficial interest. The Council classifies its beneficial interest in the assets held by others as Level 3.

While the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

The following table summarizes the changes in the fair value of the Council’s Level 3 financial assets for the periods ending September 30, 2023 and 2022:

	Fair value measurements using significant unobservable inputs (Level 3)		
	Beneficial Interest in Assets Held by Others		
	CCCF	SCF	Total
Balance, September 30, 2021	\$ 35,897	\$ 83,455	\$ 119,352
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Total gains or losses	-	-	-
Included in changes in net assets	(8,094)	(12,208)	(20,302)
Purchases, issues, sales, and settlements	-	-	-
Purchases	500	-	500
Issues	-	-	-
Sales	-	-	-
Settlements	-	-	-
Balance, September 30, 2022	\$ 28,303	\$ 71,247	\$ 99,550
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Total gains or losses	-	-	-
Included in changes in net assets	3,061	6,936	9,997
Purchases, issues, sales, and settlements	-	-	-
Purchases	600	-	600
Issues	-	-	-
Sales	-	-	-
Settlements	-	-	-
Balance, September 30, 2023	\$ 31,964	\$ 78,183	\$ 110,147
Unrealized gains (losses) for the period included in changes in net assets for assets held at September 30, 2023	\$ 2,670	\$ 6,294	

NOTE 4 – CASH AND CASH EQUIVALENTS

Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Council’s cash deposits may exceed the federally insured limits and at September 30, 2023 and 2022, its uninsured deposits totaled \$2,613,854 and \$2,616,664, respectively. The Council has implemented a collateralized deposit policy that allows the Council to maintain excess balances at banks with capital ratios that meet or exceed the FDIC definition for a “well capitalized” institution. The Council has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents due to additional controls involving the oversight of the Council’s Finance Committee.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

Restrictions on Cash

The values of cash and money market funds that are included in the investment portfolios are presented as short-term investments in the Statements of Financial Position, which combined with cash held in depository accounts, comprise cash and cash equivalents. Included in cash and cash equivalents at September 30, 2023 and 2022 is \$35,577 and \$46,304, respectively, which is designated by the Board of Directors to be used for fixed assets and other operations. Also included in cash and cash equivalents at September 30, 2023 and 2022 is \$188,533 and \$193,393 of restricted funds, respectively.

NOTE 5 – ACCOUNTS RECEIVABLE

Receivables represent amounts due for programs and camp, grants and donations, and returned checks/ACH drafts. Accounts receivable consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 11,123	\$ 12,915
	<u>\$ 11,123</u>	<u>\$ 12,915</u>

All receivables are considered collectible within the next year.

NOTE 6 – PROMISES TO GIVE

Promises to give due in excess of one year are discounted at 2.17%, based on the year the contribution was recorded. An allowance for doubtful accounts of 15% has been established. Promises to give at September 30 are as follows:

	<u>2023</u>	<u>2022</u>
Promises to give expected to be collected in:		
Less than one year	\$ 23,017	\$ 51,731
Allowance for uncollectible promises to give	<u>(3,453)</u>	<u>(7,760)</u>
	19,564	43,971
One to five years	10,000	32,500
Allowance for uncollectible promises to give	(1,500)	(4,875)
Discount of promises to give	<u>(628)</u>	<u>(1,737)</u>
	7,872	25,888
	<u>\$ 27,436</u>	<u>\$ 69,859</u>

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

NOTE 7 – INVESTMENTS

Investments are summarized as follows as of September 30:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Short-term investments				
Money market funds	\$ 72,290	\$ 72,290	\$ 88,538	\$ 88,538
Fixed income securities				
Corporate bonds				
Domestic	666,375	551,642	644,043	532,443
International	18,542	17,076	22,665	20,784
Global	119,501	95,281	117,987	95,943
Equities securities				
Domestic	902,643	1,011,665	893,426	913,120
Global	36,878	34,950	42,302	37,306
International	607,245	596,060	579,785	487,183
Commodities and alternative strategies	290,652	299,761	301,998	291,488
Total investments	<u>\$ 2,714,126</u>	<u>\$ 2,678,725</u>	<u>\$ 2,690,744</u>	<u>\$ 2,466,805</u>

Investment income from cash equivalents and investments comprise the following for the years ended September 31, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 102,025	\$ 29,659	\$ 131,684
Investment expense & bank fees	(17,857)	(13,859)	(31,716)
	<u>84,168</u>	<u>15,800</u>	<u>99,968</u>
Realized gains	16,234	15,098	31,332
Unrealized gains (losses)	94,810	101,070	195,880
	<u>111,044</u>	<u>116,168</u>	<u>227,212</u>
Total investment income, net			<u>\$ 327,180</u>

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 127,234	\$ 46,808	\$ 174,042
Investment expense & bank fees	(18,499)	(14,385)	(32,884)
	<u>108,735</u>	<u>32,423</u>	<u>141,158</u>
Realized gains	48,745	56,157	104,902
Unrealized gains (losses)	(504,990)	(319,880)	(824,870)
	<u>(456,245)</u>	<u>(263,723)</u>	<u>(719,968)</u>
Total investment income, net			<u>\$ (578,810)</u>

Investment restrictions and designations at September 30 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Without donor restrictions		
Board designated	\$ 1,714,562	\$ 1,573,962
With donor restrictions		
Endowment earnings for programs and activities	357,695	289,679
Term endowment funds	48,658	45,354
Endowment	557,810	557,810
Total investments	<u>\$ 2,678,725</u>	<u>\$ 2,466,805</u>

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,894,274	\$ 2,894,274
Buildings and improvements	9,771,301	9,746,547
Furniture and equipment	1,229,287	1,540,977
Vehicles	195,309	195,309
	<u>14,090,171</u>	<u>14,377,107</u>
Less: accumulated depreciation	(3,851,930)	(3,820,805)
	<u>\$ 10,238,241</u>	<u>\$ 10,556,302</u>

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
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Depreciation expense for the years ended September 30, 2023 and 2022 is \$370,461 and \$372,821, respectively.

NOTE 9 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

At various times in prior years, donors have transferred assets to establish various funds for the benefit of the Council at the Central Carolina Community Foundation (CCCF) and The Spartanburg County Foundation (SCF). Likewise, in prior years, the Council has transferred assets to the same CCCF and SCF funds. These amounts are reported on the Council’s balance sheet as a beneficial interest in assets held by others. CCCF and SCF do not have variance power over these assets and are required to distribute them to the Council as required.

Beneficial interests in assets held by others represent investments held by the Foundations which are comprised of pooled accounts. The fair value of the asset is based on the fair value of the investment assets held by the Foundations for the benefit of the Council. Dividends, interest, realized and unrealized gains and losses and administrative fees are included in the Statements of Activities.

The fair value of these assets consists of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Funds held at CCCF:		
Camperships from Lasley Endowment	\$ 9,603	\$ 8,643
Chandler-Burns Scholarships Endowment	22,361	19,660
Funds held at SCF:		
Camp Ponderosa Fund	30,683	27,961
Girl Scout Endowment Fund	47,500	43,286
	<u>\$ 110,147</u>	<u>\$ 99,550</u>

The following table summarizes the changes in the Council’s beneficial interest in assets held by others to reflect the same categories as those used in the Statements of Activities.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 99,550	\$ 119,352
Contributions	600	500
Investment income	2,626	2,591
Net realized gains(losses)	(67)	(66)
Net unrealized gains(losses)	8,964	(21,242)
Administrative fees	(1,526)	(1,585)
Balance, end of year	<u>\$ 110,147</u>	<u>\$ 99,550</u>

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

NOTE 10 – ENDOWMENT ASSETS

See Note 3 for discussions of the methodologies and assumptions used to determine the fair value of the Council's investments.

The Council's endowment consists of approximately 14 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Council has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") enacted July 1, 2008 in the State of South Carolina as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations 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 subsequent gifts to the permanent endowment, and (c) accumulation of earnings required to be added to the permanent endowment as stipulated by the donor-applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Council and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Council.
7. The investment policies of the Council.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

Endowment net assets consist of the following at September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ (249)	\$ 1,148,799
Board-designated endowment funds	882,927	-
Total endowment net assets	<u>\$ 882,678</u>	<u>\$ 1,148,799</u>

Endowment net assets consist of the following at September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ (260)	\$ 1,066,778
Board-designated endowment funds	818,599	-
Total endowment net assets	<u>\$ 818,339</u>	<u>\$ 1,066,778</u>

Changes in endowment net assets for the year ending September 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ (260)	\$ 1,066,778
Board-designated endowment funds	818,599	-
Endowment net assets, September 30, 2022	<u>818,339</u>	<u>1,066,778</u>
Investment return:		
Investment income	9,543	15,723
Net appreciation, (realized and unrealized)	101,586	116,168
	<u>111,129</u>	<u>131,891</u>
Contributions	10	640
Appropriation of endowment assets for expenditure	<u>(46,800)</u>	<u>(50,510)</u>
Endowment net assets, September 30, 2023	<u>\$ 882,678</u>	<u>\$ 1,148,799</u>

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**NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

Changes in endowment net assets for the year ending September 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ (270)	\$ 1,347,154
Board-designated endowment funds	1,063,292	-
Endowment net assets, September 30, 2021	<u>1,063,022</u>	<u>1,347,154</u>
Investment return:		
Investment income	23,504	32,339
Net appreciation, (realized and unrealized)	(221,755)	(263,723)
	<u>(198,251)</u>	<u>(231,384)</u>
Contributions	<u>10</u>	<u>560</u>
Appropriation of endowment assets for expenditure	<u>(46,442)</u>	<u>(49,552)</u>
Endowment net assets, September 30, 2022	<u>\$ 818,339</u>	<u>\$ 1,066,778</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Council to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in net assets without donor restrictions were \$260 and \$270 as of September 30, 2023 and 2022, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of contributions with donor restrictions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level will be classified as an increase in net assets without donor restrictions or net assets with donor restrictions, as applicable.

Return Objectives and Risk Parameters

The Council has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable, stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period as well as board-designated funds. As authorized by Board-approved policies, these assets are invested to maximize long-term returns, while simultaneously mitigating risk through maintaining a diversified portfolio.

A multi-generational window not only allows for the typical diversification across asset classes, but also for time diversification across both up and down markets. The assets are invested in a manner that is intended to produce results that meet or exceed the composite return and are within the risk parameters of an appropriate benchmark that corresponds to each fund goal. The long-term objective is to attain, within

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

acceptable risk parameters, an average annual total return that exceeds the sum of the Council’s approved payout rate plus inflation, plus investment management and related fees. The objective is expected to be obtained over time but not in each and every reporting period.

Strategies Employed for Achieving Objectives

To address its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council’s spending policy appropriates for distribution each year a certain percentage of its endowment funds’ average fair value for the prior three years through the fiscal yearend preceding the fiscal year in which the distribution is planned. In establishing this policy, the Council considered the expected return on its endowment. The goal of such spending policy is to allow the endowment to maintain its purchasing power, achieve a reasonable degree of stability and predictability in income availability for operations and to achieve a balance between present and future needs. Real growth is achieved through new gifts and any excess investment return.

NOTE 11 – BOARD-DESIGNATED FUNDS

As of September 30, the Board had approved designations of net assets without donor restrictions as follows:

	<u>2023</u>	<u>2022</u>
Girl Scouts Trust Fund	\$ 882,928	818,599
Congaree Area Property Fund	831,635	755,363
She Sees The Future Fund	456,807	456,807
	<u>\$ 2,171,370</u>	<u>\$ 2,030,769</u>

During the years ended September 30, 2023 and 2022, the Girl Scouts Trust Fund released \$46,800 and \$46,442, respectively, of earnings for general operating use by the Council, per year.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2023 are restricted for the following purposes or periods:

<u>Subject to expenditure for a specific purpose:</u>	
Susan Phifer-Johnson Leadership Fund	\$ 75,594
Promises to Give - Capital Expenditures	25,909
CME & Me Program - Capital Expenditures	65,579
CampWabak - Capital Expenditures	4,600
Other	<u>2,901</u>
Total purpose restrictions	<u>174,583</u>
 <u>Endowment:</u>	
Perpetual in nature:	
Camperships from Lasley Endowment	4,550
Juliette Low Endowment	24,186
Chandler-Burns Scholarship Endowment	10,500
Becky Johnson Fund	7,874
Pearl Society Endowment	557,810
Penny Cooper Girl Tech Fund	12,462
Bobbie Hagins Scholarship Fund	10,560
Lillian Holley Martin Travel Endowment	<u>15,663</u>
Total Perpetual in nature endowments	<u>643,605</u>
Subject to endowment spending policy and appropriation:	<u>505,194</u>
Total net assets with donor restrictions	<u>\$ 1,323,382</u>

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NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

Net assets with donor restrictions for September 30, 2022 are restricted for the following purposes or periods:

<u>Subject to expenditure for a specific purpose:</u>	
Susan Phifer-Johnson Leadership Fund	\$ 75,518
Promises to Give - Capital Expenditures	69,859
CME & Me Program - Capital Expenditures	61,569
Other	<u>2,408</u>
Total purpose restrictions	<u>209,354</u>
<u>Endowment:</u>	
Perpetual in nature:	
Camperships from Lasley Endowment	4,450
Juliette Low Endowment	24,186
Chandler-Burns Scholarship Endowment	10,000
Becky Johnson Fund	7,874
Pearl Society Endowment	557,810
Penny Cooper Girl Tech Fund	12,422
Bobbie Hagins Scholarship Fund	10,560
Lillian Holley Martin Travel Endowment	<u>15,663</u>
Total Perpetual in nature endowments	<u>642,965</u>
Subject to endowment spending policy and appropriation:	<u>423,814</u>
Total net assets with donor restrictions	<u>\$ 1,276,133</u>

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were \$103,780 and \$132,893 for the years ended September 30, 2023 and 2022, respectively.

NOTE 13 – LEASE OBLIGATIONS

The Council has entered into an operating lease for office space which houses the Council's operations. The lease is scheduled to expire July 31, 2031, and includes a one-time right by the Council to terminate the lease effective any time after July 31, 2028.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
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Future payments due under the lease obligations are as follows:

<u>September 30,</u>	
2024	\$ 98,215
2025	101,162
2026	104,196
2027	107,322
2028	110,542
Thereafter	<u>331,291</u>
Total lease payments	852,728
Less: amounts representing interest	<u>222,336</u>
Present value of operating lease liabilities	<u>\$ 630,392</u>

As of September 30, 2023, right-of-use asset relating to operating leases were as follows:

Right-of-use assets	
Cost	\$ 722,320
Less: accumulated amortization	<u>(115,282)</u>
	<u>\$ 607,038</u>

At the adoption of ASC 842, the Council made a prior period adjustment to record the lease as shown below:

	<u>Prior Period Adjustment</u>
Beginning balance, as previously reported September 30, 2021	<u>\$ 10,930,709</u>
Prior period adjustment:	
Operating lease right of use asset	713,983
Operating lease liability	<u>(715,816)</u>
	<u>(1,833)</u>
Net position, as restated at October 1, 2021	<u>\$ 10,928,876</u>

Management has evaluated all lease contracts held by the Council and determined that no other current leases result in a material impact on the financial statements.

NOTE 14 – MORTGAGE NOTE PAYABLE

In December 2021, the Council refinanced a previous long-term construction loan and a FFE loan with a 15-year amortizing mortgage in the amount of \$6,150,000. The loan is payable in 180 equal payments of \$42,961 determined on a fixed interest rate of 3.12% and has a maturity date of December 28, 2036. The Cathy Novinger Girl Scout Leadership Center in Columbia serves as collateral.

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022

Scheduled principal payments of the new loan for the next five years are as follows:

<u>September 30,</u>	
2024	344,098
2025	355,619
2026	367,033
2027	378,814
2028	390,993
Thereafter	<u>3,715,322</u>
	<u>\$ 5,551,879</u>

NOTE 15 – LINE OF CREDIT

In December 2021, the Council obtained a \$1,000,000 revolving line of credit. Interest on amounts drawn will be payable monthly at a rate equal to the *Wall Street Journal Prime Rate*, but not more than 18.00% and not less than 5.00%. The Council renewed the line of credit on April 1, 2023, and the maturity date is April 1, 2024. The furniture, fixtures and equipment owned by the Council serve as collateral. The balance on the line of credit at September 30, 2023 and 2022 was \$0.

NOTE 16 – DONATED SERVICES

The Council receives a significant amount of donated services from unpaid volunteers who assist in programming, fundraising, and special projects. The value of these contributions is not susceptible to objective measurement and does not meet the criteria for recognition of in-kind contributions, and, accordingly, is not recognized in the financial statements. Gifts in-kind represent donated supplies, materials, and fixed assets and are recognized at their estimated fair value, if readily determinable, in the Statements of Activities.

NOTE 17 – RETIREMENT EXPENSES

The Council provides a 401(k) Plan for its employees. Participation in the 401(k) Plan is open to substantially all employees of the Council subject to length of employment, age, and hours worked per year. The 401(k) Plan is a safe harbor contributory plan where the Council matches the participant's contributions up to a maximum of 3% of the participant's wages and an additional one-half of the participant's contributions up to a maximum Council contribution of 4% of the participant's wages. Accordingly, the Council incurred employer-match contribution expenses of \$43,486 and \$49,193 for the years ended September 30, 2023 and 2022, respectively.

The Council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the

GIRL SCOUTS OF SOUTH CAROLINA – MOUNTAINS TO MIDLANDS, INC.

**NOTES TO FINANCIAL STATEMENTS - Continued
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USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the plan prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Net Plan assets declined during the year and are less than the actuarial present value of accumulated Plan benefits as of January 1, 2023. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2022 and 2023 were \$32.2 million and \$27.5 million, respectively. Aggregate contributions to be made in fiscal year 2024 are expected to be \$26 million. Contributions made by the Mountains to Midlands Council in fiscal year 2023 and 2022 respectively, were \$245,040 and \$284,784.

NOTE 18 – STATEMENT OF FUNCTIONAL EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Council providing those services.

NOTE 19 – COMMITMENTS

The Council's Wistagoman Lodge is constructed on land leased from the Secretary of the Army. The terms of the lease include the following:

1. Total cost for the current ten-year lease expiring June 30, 2028 is \$1,000 plus "any sum which may have to be expended after termination of the lease in restoring the premises to a condition satisfactory to the District of Engineer, U.S. Army District, Savannah, Georgia."
2. "This lease may be revoked by the Secretary of the Army in the event the lessee violates any of the terms and conditions of this lease and continues and persists therein for a period of 30 days after notice thereof in writing by the said officer or in the event the said officer determined the premises are required for project purposes of/for a higher priority use."

In management's opinion, no conditions exist which would cause this lease to be revoked by the Secretary of the Army.

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**NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

NOTE 20 – CONTINGENCIES – ERTC FUNDING

In March 2023, the Council filed amended quarterly federal tax returns to claim refunds under the Employee Retention Tax Credit (ERTC) program offered by the IRS to organizations that were affected during the COVID-19 pandemic. Management of the Council determined it was eligible for the credits for 3 quarters in 2021, totaling \$598,751. Due to the nature of this program and delays in processing by the IRS, the Council will not recognize any revenue associated with the ERTC until confirmation of acceptance of the returns or the refunds are received by the Council.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.