

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

AUDITED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 and 2019

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

**TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4-5
STATEMENTS OF FUNCTIONAL EXPENSES	6-7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9-33

Independent Auditor's Report

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

We have audited the accompanying financial statements of Girl Scouts of South Carolina – Mountains to Midlands, Inc. (a not-for-profit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



To the Board of Directors
Girl Scouts of South Carolina –
Mountains to Midlands, Inc.
January 13, 2021

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 South Carolina – Mountains to Midlands, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mckinley, Cooper & Co., LLC

Greenville, South Carolina
January 13, 2021

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

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019**

Assets	2020	2019
Current assets		
Cash and cash equivalents	\$ 3,598,897	\$ 3,076,563
Short-term investments (Note 7)	153,023	129,462
Total cash and cash equivalents	3,751,920	3,206,025
Accounts receivable, net (Note 5)	26,465	38,280
Promises to give, net (Note 6)	100,361	104,297
Inventories, net	127,883	116,469
Prepaid expenses	118,319	89,801
Total current assets	4,124,948	3,554,872
Non-current assets		
Long-term investments (Note 7)	2,614,665	2,542,010
Long-term promises to give (Note 6)	97,958	185,893
Property and equipment, net (Note 8)	11,191,030	11,437,207
Beneficial interest in assets held by others (Note 9)	101,405	95,625
Total non-current assets	14,005,058	14,260,735
Total assets	\$ 18,130,006	\$ 17,815,607
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 48,004	\$ 163,468
Accrued liabilities	181,491	330,035
Accrued interest	24,706	24,932
Deferred revenue	215,503	147,108
Funds held for others	68,666	64,802
Deposits	1,000	500
PPP loan (Note 20)	467,000	-
Current portion of mortgage payable (Note 14)	89,235	-
Total current liabilities	1,095,605	730,845
Noncurrent liabilities		
Mortgage payable (Note 14)	6,187,997	6,277,232
Total noncurrent liabilities	6,187,997	6,277,232
Total liabilities	7,283,602	7,008,077
Net assets		
Net assets without donor restrictions		
Operating	2,232,101	1,970,560
Board-designated (Note 11)	2,194,396	2,126,590
Net investment in property and equipment	4,913,798	5,159,975
Total net assets without donor restrictions	9,340,295	9,257,125
Net assets with donor restrictions (Note 12)	1,506,109	1,550,405
Total net assets	10,846,404	10,807,530
Total liabilities and net assets	\$ 18,130,006	\$ 17,815,607

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

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

**STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
United Way support	\$ 229,824	\$ -	\$ 229,824
Grants	34,192	-	34,192
Contributions			
Individuals	92,498	75,850	168,348
Corporations and civic groups	25,796	122,467	148,263
Foundations	75,500	15,100	90,600
Product sales			
Sales	6,698,714	-	6,698,714
Cost of sales	(3,029,848)	-	(3,029,848)
Council Shop			-
Sales	186,888	-	186,888
Cost of sales	(90,573)	-	(90,573)
Program service fees	37,094	-	37,094
Income on investments	47,593	15,791	63,384
Net unrealized and realized gains on investments	62,800	60,959	123,759
Other income	74,412	-	74,412
Donated goods and services	1,424	-	1,424
Special fundraising, net	36,507	-	36,507
Net assets released from restrictions			
Restrictions satisfied by payments	334,463	(334,463)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	4,817,284	(44,296)	4,772,988
EXPENSES			
Program services	3,901,588	-	3,901,588
Supporting services			
Management and general	292,622	-	292,622
Fundraising	539,904	-	539,904
TOTAL EXPENSES	4,734,114	-	4,734,114
INCREASE (DECREASE) IN NET ASSETS	83,170	(44,296)	38,874
NET ASSETS, BEGINNING OF YEAR	9,257,125	1,550,405	10,807,530
NET ASSETS, END OF YEAR	\$ 9,340,295	\$ 1,506,109	\$ 10,846,404

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

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

**STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
United Way support	\$ 311,916	\$ -	\$ 311,916
Grants	42,533	-	42,533
Contributions			
Individuals	58,502	446,270	504,772
Corporations and civic groups	92,470	127,125	219,595
Foundations	34,971	18,000	52,971
Product sales			
Sales	6,603,734	-	6,603,734
Cost of sales	(2,928,973)	-	(2,928,973)
Council Shop			
Sales	287,158	-	287,158
Cost of sales	(163,331)	-	(163,331)
Program service fees	316,368	-	316,368
Income on investments	59,030	17,824	76,854
Net unrealized and realized gains on investments	(19,279)	14,546	(4,733)
Other income	72,356	-	72,356
Donated goods and services	1,314	-	1,314
Special fundraising, net	8,794	-	8,794
Net assets released from restrictions Restrictions satisfied by payments	799,836	(799,836)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>5,577,399</u>	<u>(176,071)</u>	<u>5,401,328</u>
EXPENSES			
Program services	4,355,976	-	4,355,976
Supporting services			
Management and general	307,182	-	307,182
Fundraising	658,841	-	658,841
TOTAL EXPENSES	<u>5,321,999</u>	<u>-</u>	<u>5,321,999</u>
INCREASE (DECREASE) IN NET ASSETS	255,400	(176,071)	79,329
NET ASSETS, BEGINNING OF YEAR	<u>9,001,725</u>	<u>1,726,476</u>	<u>10,728,201</u>
NET ASSETS, END OF YEAR	<u>\$ 9,257,125</u>	<u>\$ 1,550,405</u>	<u>\$ 10,807,530</u>

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

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

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Employee compensation and related expenses				
Salaries	\$ 1,567,062	\$ 143,168	\$ 331,300	\$ 2,041,530
Employee health and retirement benefits	488,427	45,300	69,605	603,332
Payroll taxes	136,556	15,242	28,651	180,449
Total employee compensation and related expenses	2,192,045	203,710	429,556	2,825,311
Other expenses				
Professional services and fees	92,972	19,378	17,976	130,326
Food and beverage	9,271	144	352	9,767
Supplies	47,328	737	1,795	49,860
Printing and publications	42,989	148	2,287	45,424
Advertising	25,158	86	1,339	26,583
Telecommunications	147,382	5,833	14,013	167,228
Postage and delivery	16,736	697	1,337	18,770
Occupancy	223,176	16,643	26,025	265,844
Utilities	80,669	6,016	9,407	96,092
Rental, repair and maintenance on equipment	75,676	3,093	12,675	91,444
Taxes, licenses and permits	1,574	117	184	1,875
Travel	6,870	319	1,037	8,226
Automobile expense	51,947	2,411	7,847	62,205
Training and development - volunteers and staff	11,974	1,690	2,577	16,241
Assistance and grants	57,007	-	-	57,007
Membership dues (in other organizations)	3,367	475	724	4,566
Interest expense	296,927	-	4,488	301,415
Insurance	101,152	6,868	-	108,020
Recruitment expense	3,281	25,516	-	28,797
Bank fees	14,057	5,822	1,028	20,907
Miscellaneous	15,383	2,869	-	18,252
Total expenses before depreciation	3,516,941	302,572	534,647	4,354,160
Depreciation	375,591	-	4,363	379,954
Total expenses	\$ 3,892,532	\$ 302,572	\$ 539,010	\$ 4,734,114

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

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

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Employee compensation and related expenses				
Salaries	\$ 1,770,682	\$ 134,762	\$ 324,650	\$ 2,230,094
Employee health and retirement benefits	500,941	67,032	86,608	654,581
Payroll taxes	162,837	7,985	28,174	198,996
Total employee compensation and related expenses	2,434,460	209,779	439,432	3,083,671
Other expenses				
Professional services and fees	156,005	13,339	71,926	241,270
Food and beverage	56,627	1,647	3,844	62,118
Supplies	105,140	3,058	7,137	115,335
Printing and publications	76,158	131	11,122	87,411
Advertising	32,263	56	4,711	37,030
Telecommunications	145,649	21,536	18,597	185,782
Postage and delivery	13,587	610	3,071	17,268
Occupancy	357,021	3,006	40,341	400,368
Utilities	78,135	658	8,829	87,622
Rental, repair and maintenance on equipment	117,511	7,934	13,161	138,606
Taxes, licenses and permits	4,860	41	549	5,450
Travel	50,633	1,596	6,842	59,071
Automobile expense	133,176	4,197	17,995	155,368
Training and development - volunteers and staff	26,826	5,397	6,775	38,998
Assistance and grants	103,476	-	-	103,476
Membership dues (in other organizations)	5,427	1,092	1,370	7,889
Interest expense	211,049	-	566	211,615
Insurance	94,806	3,086	2	97,894
Recruitment expense	7,921	21,205	43	29,169
Bank fees	30,691	6,390	1,801	38,882
Miscellaneous	10,365	2,250	4	12,619
Total expenses before depreciation	4,251,786	307,008	658,118	5,216,912
Depreciation	104,190	174	723	105,087
Total expenses	\$ 4,355,976	\$ 307,182	\$ 658,841	\$ 5,321,999

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

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

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 38,874	\$ 79,329
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	379,954	105,087
(Gain)/loss on sale of investments	147,909	(70,665)
Unrealized (gain)/loss on investments	(24,150)	17,946
Unrealized (gain) on assets held by others	(3,640)	(851)
(Increase) decrease in assets		
Accounts receivable, net	11,815	41,392
Promises to give, net	91,871	167,095
Inventories, net	(11,414)	9,228
Prepaid expenses	(28,518)	(1,950)
Increase (decrease) in liabilities		
Accounts payable	(115,464)	65,296
Accrued liabilities	(148,544)	129,763
Accrued interest	(226)	17,773
Deferred revenue	68,395	(2,713)
Funds held for others	3,864	(1,155)
Deposits	500	-
Net cash provided by operating activities	411,226	555,575
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and disposals of fixed assets, net	(133,777)	(5,826,508)
Proceeds from sales and maturities of investments	1,051,462	679,998
Purchases of investments	(1,247,876)	(609,518)
Contributions to assets held by others	(1,100)	(1,000)
Realized net change in assets held by others	(1,040)	(1,288)
Net cash (used in) investing activities	(332,331)	(5,758,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	-	(2,256)
Proceeds from PPP loan	467,000	-
Proceeds from/payments on mortgage payable, net	-	4,429,732
Net cash provided by financing activities	467,000	4,427,476
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	545,895	(775,265)
CASH AND CASH EQUIVALENTS, beginning of year	3,206,025	3,981,290
CASH AND CASH EQUIVALENTS, end of year	\$ 3,751,920	\$ 3,206,025
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 301,415	\$ 211,615

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

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

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2020 and 2019

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 an affiliate of the 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 increases 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

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

NOTES TO FINANCIAL STATEMENTS - *Continued*
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

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.

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 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.

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 – Vacation and sick days are accumulated by each employee. Upon retirement or other termination, employees are not paid for any accumulated sick leave; however, they are paid for unused vacation days 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, 2020 and 2019, the Council has accrued a liability for earned but unused compensated absences in the amount of \$70,118 and \$69,356, respectively.

Fair Value of Financial Instruments – The carrying values of cash and cash equivalents, accounts receivable, 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,

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

NOTES TO FINANCIAL STATEMENTS - *Continued*
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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 may have been made to the 2019 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 2019.

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 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.

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

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	\$ 3,598,897
Contributions receivable - for general operations	100,361
Accounts receivable	26,465
Total liquid assets as of year end	<u>3,725,723</u>
Planned appropriation from endowments for general expenditures in subsequent year:	
Board-designated endowment	42,504
General endowment	42,504
Total financial assets available to meet general expenditures within the next 12 months	<u><u>\$ 3,810,731</u></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 one committed unsecured line of credit and one committed secured line of credit, with a total of \$1,400,000, which it could draw upon. Additionally, the Council has Board-designated funds of \$2,194,396. 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, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019

NOTE 3 – FAIR VALUE MEASUREMENTS – Continued

	2020			Total
	Level 1	Level 2	Level 3	
Investments				
Short-term investments				
Money market funds	\$ 153,023	\$ -	\$ -	\$ 153,023
Fixed income securities				
Corporate bonds				
Domestic	-	162,438	-	162,438
International	-	25,464	-	25,464
Global	-	69,726	-	69,726
U.S. Treasury securities	-	31,931	-	31,931
Residential mortgage-backed securities	-	17,096	-	17,096
Mutual funds				
Domestic	329,489	-	-	329,489
Global	54,386	-	-	54,386
Equities securities				
Domestic	783,448	-	-	783,448
International	412,142	-	-	412,142
Mutual funds				
Domestic	251,968	-	-	251,968
International/Global	141,527	-	-	141,527
Alternative strategies	335,050	-	-	335,050
	<u>2,461,033</u>	<u>306,655</u>	<u>-</u>	<u>2,767,688</u>
Other financial instruments				
Beneficial interests in assets held by others	-	-	101,405	101,405
Total investments and financial instruments	<u>\$ 2,461,033</u>	<u>\$ 306,655</u>	<u>\$ 101,405</u>	<u>\$ 2,869,093</u>

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 3 – FAIR VALUE MEASUREMENTS – Continued

	2019			Total
	Level 1	Level 2	Level 3	
Investments				
Short-term investments				
Money market funds	\$ 129,462	\$ -	\$ -	\$ 129,462
Fixed income securities				
Corporate bonds				
Domestic	-	148,895	-	148,895
International	-	31,974	-	31,974
Global	-	21,349	-	21,349
U.S. Treasury securities	-	36,967	-	36,967
Residential mortgage-backed securities	-	11,174	-	11,174
Mutual funds				
Domestic	355,817	-	-	355,817
Global	34,805	-	-	34,805
Equities securities				
Domestic	994,386	-	-	994,386
International	350,130	-	-	350,130
Mutual funds				
Domestic	290,112	-	-	290,112
International/Global	114,132	-	-	114,132
Alternative strategies	152,269	-	-	152,269
	<u>2,421,113</u>	<u>250,359</u>	<u>-</u>	<u>2,671,472</u>
Other financial instruments				
Beneficial interests in assets held by others	-	-	95,625	95,625
Total investments and financial instruments	<u>\$ 2,421,113</u>	<u>\$ 250,359</u>	<u>\$ 95,625</u>	<u>\$ 2,767,097</u>

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, 2020 and 2019.

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.

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 3 – FAIR VALUE MEASUREMENTS - Continued

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.

The following table summarizes the changes in the fair value of the Council’s Level 3 financial assets for the periods ending September 30, 2020 and 2019:

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 3 – FAIR VALUE MEASUREMENTS – Continued

	Fair value measurements using significant unobservable inputs (Level 3)		
	Beneficial Interest in Assets Held by Others		
	CCCF	SCF	Total
	\$	\$	\$
Balance, September 30, 2018	28,338	64,148	92,486
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Total gains or losses			
Included in changes in net assets	487	1,652	2,139
Purchases, issues, sales, and settlements			
Purchases	-	1,000	1,000
Issues	-	-	-
Sales	-	-	-
Settlements	-	-	-
Balance, September 30, 2019	28,825	66,800	95,625
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Total gains or losses			
Included in changes in net assets	1,296	3,384	4,680
Purchases, issues, sales, and settlements			
Purchases	100	1,000	1,100
Issues	-	-	-
Sales	-	-	-
Settlements	-	-	-
Balance, September 30, 2020	30,221	71,184	101,405
Change in unrealized gains or losses for the period included in changes in net assets for assets held at September 30, 2020	\$ 575	\$ 3,065	

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

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 4 – CASH AND CASH EQUIVALENTS – Continued

year, the Council’s cash deposits may exceed the federally insured limits and at September 30, 2020 and 2019, its uninsured deposits totaled \$2,888,163 and \$2,233,860, 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.

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, 2020 and 2019 is \$153,023 and \$129,462, 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, 2020 and 2019 is \$157,365 and \$157,064 of restricted funds, respectively.

NOTE 5 – ACCOUNTS RECEIVABLE

Receivables represent amounts due for short-term trade receivables, product sales, grants and financial aid, and returned checks. Accounts receivable consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Other accounts receivable	\$ 20,238	\$ 29,665
Returned checks from current year	12,453	17,229
Allowance for uncollectibles	(6,226)	(8,614)
	<u>\$ 26,465</u>	<u>\$ 38,280</u>

All receivables are considered collectible within the next year.

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 6 – PROMISES TO GIVE

Promises to give due in excess of one year are discounted between 1.00% and 2.29%, depending upon 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:

	2020	2019
Promises to give expected to be collected in:		
Less than one year	\$ 118,072	\$ 122,703
Allowance for uncollectible promises to give	(17,711)	(18,406)
	100,361	104,297
One to five years	125,000	233,615
Allowance for uncollectible promises to give	(18,750)	(35,042)
Discount of promises to give	(8,292)	(12,680)
	97,958	185,893
	\$ 198,319	\$ 290,190

NOTE 7 – INVESTMENTS

Investments are summarized as follows as of September 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Short-term investments				
Money market funds	\$ 153,023	\$ 153,023	\$ 129,462	\$ 129,462
Fixed income securities				
Corporate bonds				
Domestic	153,694	162,438	140,694	148,895
International	23,911	25,464	30,645	31,974
Global	73,962	69,726	24,981	21,349
U.S. Treasury securities	26,576	31,931	31,411	36,967
Residential mortgage-backed securities	17,108	17,096	10,948	11,174
Mutual funds				
Domestic	334,471	329,489	365,816	355,817
Global	54,209	54,386	36,121	34,805
Equities securities				
Domestic	577,394	783,448	758,560	994,386
International	352,219	412,142	308,718	350,130
Mutual funds				
Domestic	240,696	251,968	256,155	290,112
International/Global	132,701	141,527	101,107	114,132
Alternative strategies	319,189	335,050	139,804	152,269
Total investments	\$ 2,459,153	\$ 2,767,688	\$ 2,334,422	\$ 2,671,472

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 7 – INVESTMENTS - Continued

Investment income from cash equivalents and investments comprise the following for the years ended September 30, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 64,477	\$ 29,155	\$ 93,632
Realized gains	83,536	64,373	147,909
Unrealized gains (losses)	(20,736)	(3,414)	(24,150)
	<u>\$ 127,277</u>	<u>\$ 90,114</u>	<u>\$ 217,391</u>

Corresponding investment expenses and bank fees for the year ending September 30, 2020 totaled \$30,248.

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 75,818	\$ 31,086	\$ 106,904
Realized gains	33,613	37,229	70,842
Unrealized gains (losses)	(52,892)	(22,683)	(75,575)
	<u>\$ 56,539</u>	<u>\$ 45,632</u>	<u>\$ 102,171</u>

Corresponding investment expenses and bank fees for the year ending September 30, 2019 totaled \$30,050.

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

	2020	2019
Without donor restrictions		
Board designated	\$ 1,737,589	\$ 1,670,283
With donor restrictions		
Endowment earnings for programs and activities	440,998	413,179
Term endowment funds	31,291	30,200
Endowment	557,810	557,810
Total investments	<u>\$ 2,767,688</u>	<u>\$ 2,671,472</u>

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 8 – PROPERTY AND EQUIPMENT

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

	2020	2019
Land	\$ 2,894,274	\$ 2,894,274
Buildings and improvements	9,730,532	9,676,296
Furniture and equipment	1,519,612	1,474,182
Vehicles	195,309	195,309
	<u>14,339,727</u>	<u>14,240,061</u>
Less: accumulated depreciation	(3,148,697)	(2,802,854)
	<u>\$ 11,191,030</u>	<u>\$ 11,437,207</u>

Depreciation expense for the years ended September 30, 2020 and 2019 is \$379,954 and \$105,087, 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 is 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:

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 9 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS – Continued

	<u>2020</u>	<u>2019</u>
Funds held at CCCF:		
Camperships from Lasley Endowment	\$ 9,509	\$ 9,077
Chandler-Burns Scholarships Endowment	20,712	19,748
Funds held at SCF:		
Camp Ponderosa Fund	27,936	26,585
Girl Scout Endowment Fund	43,248	40,215
	<u>\$ 101,405</u>	<u>\$ 95,625</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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 95,625	\$ 92,486
Contributions	1,100	1,000
Investment income	2,143	2,253
Net realized gains	279	177
Net unrealized gains	3,640	851
Administrative fees	(1,382)	(1,142)
Balance, end of year	<u>\$ 101,405</u>	<u>\$ 95,625</u>

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 13 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

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 10 – ENDOWMENT ASSETS – Continued

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.

Endowment net assets consist of the following at September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ (280)	\$ 1,205,690
Board-designated endowment funds	969,025	-
Total endowment net assets	\$ 968,745	\$ 1,205,690

Endowment net assets consist of the following at September 30, 2019:

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 10 – ENDOWMENT ASSETS – Continued

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ (290)	\$ 1,170,883
Board-designated endowment funds	940,410	-
Total endowment net assets	\$ 940,120	\$ 1,170,883

Changes in endowment net assets for the year ending September 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ (290)	\$ 1,170,883
Board-designated endowment funds	940,410	-
Endowment net assets, September 30, 2019	940,120	1,170,883
Investment return:		
Investment income	12,701	15,707
Net appreciation, (realized and unrealized)	58,418	60,959
	71,119	76,666
Contributions	10	1,155
Appropriation of endowment assets for expenditure	(42,504)	(43,014)
Endowment net assets, September 30, 2020	\$ 968,745	\$ 1,205,690

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 10 – ENDOWMENT ASSETS – Continued

Changes in endowment net assets for the year ending September 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ (319)	\$ 1,179,959
Board-designated endowment funds	955,661	-
Endowment net assets, September 30, 2018	955,342	1,179,959
Investment return:		
Investment income	13,956	17,725
Net appreciation, (realized and unrealized)	13,298	14,546
	27,254	32,271
Contributions	28	1,685
Appropriation of endowment assets for expenditure	(42,504)	(43,032)
Endowment net assets, September 30, 2019	\$ 940,120	\$ 1,170,883

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 \$280 and \$290 as of September 30, 2020 and 2019, 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

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 10 – ENDOWMENT ASSETS – Continued

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 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:

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 11 – BOARD-DESIGNATED FUNDS - Continued

	2020	2019
Girl Scouts Trust Fund	\$ 969,025	\$ 940,410
Congaree Area Property Fund	768,564	729,373
She Sees The Future Fund	456,807	456,807
	<u>\$ 2,194,396</u>	<u>\$ 2,126,590</u>

During the years ended September 30, 2020 and 2019, the Girl Scouts Trust Fund released \$42,504 of earnings for general operating use by the Council, per year.

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2020 are restricted for the following purposes or periods:

<u>Subject to expenditure for a specific purpose:</u>	
Susan Phifer-Johnson Leadership Fund	\$ 83,177
Anna Mae Dickson-Future Capital Expenditures	3,134
Lilla Gilliam Endowment	1,500
Program Grants	1,302
Promises to Give - Capital Expenditures	198,319
CME & Me Program - Capital Expenditures	11,975
Other	1,011
Total purpose restrictions	300,418
<u>Endowment:</u>	
<u>Perpetual in nature:</u>	
Camperships from Lasley Endowment	4,450
Juliette Low Endowment	24,186
Chandler-Burns Scholarship Endowment	9,500
Becky Johnson Fund	7,874
Pearl Society Endowment	557,810
Penny Cooper Girl Tech Fund	12,352
Bobbie Hagins Scholarship Fund	10,560
Lillian Holley Martin Travel Endowment	15,663
Total Perpetual in nature endowments	642,395
Subject to endowment spending policy and appropriation:	563,296
Total net assets with donor restrictions	\$ 1,506,109

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS – Continued

Net assets with donor restrictions for September 30, 2019 are restricted for the following purposes or periods:

<u>Subject to expenditure for a specific purpose:</u>		
Susan Phifer-Johnson Leadership Fund	\$	83,094
Anna Mae Dickson-Future Capital Expenditures		3,134
Lilla Gilliam Endowment		1,500
Program Grants		1,302
Promises to Give - Capital Expenditures		290,190
Other		302
Total purpose restrictions		379,522
<u>Endowment:</u>		
<u>Perpetual in nature:</u>		
Camperships from Lasley Endowment		4,450
Juliette Low Endowment		24,186
Chandler-Burns Scholarship Endowment		9,500
Becky Johnson Fund		7,874
Pearl Society Endowment		557,810
Penny Cooper Girl Tech Fund		12,197
Bobbie Hagins Scholarship Fund		10,560
Lillian Holley Martin Travel Endowment		15,663
Total Perpetual in nature endowments		642,240
Subject to endowment spending policy		
and appropriation:		528,643
Total net assets with donor restrictions	\$	1,550,405

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were \$334,463 and \$799,836 for the years ended September 30, 2020 and 2019, respectively.

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 13 – OPERATING LEASES

The Council leases certain office space and equipment under various operating leases. As of September 30, 2020, minimum lease payments under these non-cancelable lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2021	\$ 146,437	\$ 54,337	\$ 200,774
2022	-	53,032	53,032
2023	-	49,117	49,117
2024	-	37,415	37,415
2025	-	65	65
	<u>\$ 146,437</u>	<u>\$ 193,966</u>	<u>\$ 340,403</u>

NOTE 14 – MORTGAGE NOTE PAYABLE

On March 25, 2011, the Council obtained a 2 year mortgage note issued by a private bank in the amount of \$1,850,000, with an original maturity of April 5, 2013.

In November 2018, this mortgage note was rolled into a long-term construction loan. The bank committed to extend a loan of up to \$5.6 million for the up-fit and construction of the Cathy Novinger Girl Scout Leadership Center located in Columbia, SC, as well as a second loan of up to \$2 million for the purchase of furniture, fixtures, and equipment. The construction loan accrues interest at a fixed rate of 4.75%, with monthly payments of interest only until December 2020. Beginning in January 2021, monthly payments of principal and interest based on a 25-year amortization are due until the final balloon payment in October, 2027. The Council intends to negotiate new terms upon maturity. The balance of the loan is \$5,600,000 at September 30, 2020.

The FFE loan accrues interest at a floating rate of Wall Street Journal Prime minus 0.35%, with monthly payments of interest only until December 5, 2021, at which time all unpaid principal and accrued interest is due. The Council intends to negotiate new terms upon maturity. The principal balance of the FFE loan is \$677,232 at September 30, 2020 and 2019. The interest rate is 4.50% at September 30, 2020.

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 14 – MORTGAGE NOTE PAYABLE - Continued

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

<u>September 30,</u>	
2021	\$ 89,235
2022	800,552
2023	129,392
2024	135,056
2025	142,412
Thereafter	4,980,585
	<u>\$ 6,277,232</u>

NOTE 15 – LINES OF CREDIT

At September 30, 2020, the Council had a \$100,000 uncollateralized line of credit with a bank to be drawn upon as needed with an interest rate of 4.0% percent. As of September 30, 2020 and 2019, the outstanding balance on this line of credit was \$0.

NOTE 16 – DONATED SERVICES

The Council receives a significant amount of donated services from unpaid volunteers who assist in 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 \$25,411 and \$34,498 for the years ended September 30, 2020 and 2019, respectively.

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

NOTE 17 – RETIREMENT EXPENSES – Continued

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

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2020. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCRCP the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCRCP 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 for calendar years 2021 and 2022 to \$26 million starting in calendar year 2023 until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). Aggregate annual contributions made in fiscal years 2019 and 2020 were \$32.2 million. Aggregate contributions made in fiscal year 2021 are expected to be \$32.2 million. Contributions made by the Mountains to Midlands Council in fiscal years 2020 and 2019 were \$284,784 for both years.

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.

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

NOTES TO FINANCIAL STATEMENTS - Continued
YEARS ENDED SEPTEMBER 30, 2020 and 2019

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.

NOTE 20 – CONTINGENCIES – PPP LOAN

In May 2020, the Council received a loan in the amount of \$467,000 from the Small Business Administration Payroll Protection Program ("PPP") which was established as part of the Coronavirus Aid, Relief, and Economic Security Act. In accordance with the American Institute of Certified Public Accountants ("AICPA") Technical Question and Answer (TQA) 3200.18, the Council, as a not-for-profit entity, is permitted to record the PPP loan in accordance with ASC Subtopic 958-605 as a conditional contribution upon receipt. As of September 30, 2020, the Council has qualifying expenses according to the guidelines established by the program and believes that it has used the proceeds for purposes consistent with the Payroll Protection Program, and thus anticipates the loan will be forgiven during the next fiscal year.

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.