

GIRL SCOUTS OF OREGON
AND SOUTHWEST WASHINGTON, INC.

Audited Financial Statements

For the Year Ended September 30, 2022



McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Oregon and Southwest Washington

Opinion

We have audited the accompanying financial statements of Girl Scouts of Oregon and Southwest Washington (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Girl Scouts of Oregon and Southwest Washington as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Girl Scouts of Oregon and Southwest Washington 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Girl Scouts of Oregon and Southwest Washington's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Girl Scouts of Oregon and Southwest Washington'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 Girl Scouts of Oregon and Southwest Washington'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.

Report on Summarized Comparative Information

We have previously audited Girl Scouts of Oregon and Southwest Washington 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
February 6, 2023

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF FINANCIAL POSITION
September 30, 2022
(With comparative totals for 2021)

| | 2022 | 2021 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 4,005,823 | \$ 3,773,626 |
| Accounts and other receivables, net | 25,377 | 987,368 |
| Contributions receivable, net | 189,389 | 80,786 |
| Inventory | 297,598 | 355,746 |
| Prepaid expenses | 108,881 | 125,732 |
| Investments | 6,868,930 | 7,993,514 |
| Beneficial interest in perpetual trusts | 629,862 | 805,190 |
| Property and equipment, net | 8,771,356 | 8,955,346 |
| TOTAL ASSETS | \$ 20,897,216 | \$ 23,077,308 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 606,088 | \$ 734,532 |
| Accrued payroll and related expenses | 466,856 | 463,340 |
| Deferred revenue | 53,781 | 19,587 |
| Refundable advance - Paycheck Protection Program | - | 990,680 |
| Total liabilities | 1,126,725 | 2,208,139 |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 2,849,088 | 2,679,395 |
| Board designated investment reserve | 5,461,979 | 6,442,097 |
| Board designated endowment | 268,548 | 302,537 |
| Net investment in property and equipment | 8,758,078 | 8,941,458 |
| Total net assets without donor restrictions | 17,337,693 | 18,365,487 |
| With donor restrictions: | | |
| Net assets with expiring restrictions | 803,886 | 769,141 |
| Net assets with perpetual restrictions | 1,628,912 | 1,734,541 |
| Total net assets with donor restrictions | 2,432,798 | 2,503,682 |
| Total net assets | 19,770,491 | 20,869,169 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 20,897,216 | \$ 23,077,308 |

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF ACTIVITIES
For the year ended September 30, 2022
(With comparative totals for 2021)

| | 2022 | | | 2021 | |
|--|------------------|-------------------------|---------------|------------------|------------------|
| | Without Donor | With Donor Restrictions | | Total | Total |
| | Restrictions | Expiring | Perpetual | | |
| Public support and revenue: | | | | | |
| Grants and contributions | \$ 201,244 | \$ 830,988 | \$ 20,000 | \$ 1,052,232 | \$ 1,118,016 |
| Government grants | 1,384,709 | - | - | 1,384,709 | 3,106,621 |
| United Way | 28,031 | - | - | 28,031 | 42,242 |
| Bequests | 104,143 | 179,354 | 49,699 | 333,196 | 163,280 |
| Product sales | 8,969,550 | - | - | 8,969,550 | 6,017,153 |
| Less: cost of sales | (3,891,910) | - | - | (3,891,910) | (2,624,424) |
| Net proceeds from product sales | 5,077,640 | - | - | 5,077,640 | 3,392,729 |
| Program fees | 637,728 | - | - | 637,728 | 165,067 |
| Rental income | 122,702 | - | - | 122,702 | 70,036 |
| Other income | 231,521 | - | - | 231,521 | 79,098 |
| Net assets released from restrictions and other transfers | 836,635 | (836,635) | - | - | - |
| Total public support and revenue | <u>8,624,353</u> | <u>173,707</u> | <u>69,699</u> | <u>8,867,759</u> | <u>8,137,089</u> |
| Operating expenses: | | | | | |
| Program services | 7,231,894 | - | - | 7,231,894 | 6,492,100 |
| Management and general | 789,854 | - | - | 789,854 | 817,252 |
| Fundraising | 477,579 | - | - | 477,579 | 458,978 |
| Total operating expenses | <u>8,499,327</u> | <u>-</u> | <u>-</u> | <u>8,499,327</u> | <u>7,768,330</u> |
| Operating income | 125,026 | 173,707 | 69,699 | 368,432 | 368,759 |

Continued

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF ACTIVITIES
For the year ended September 30, 2022
(With comparative totals for 2021)

| | 2022 | | | 2021 | |
|---|-------------------------------|-------------------------------------|---------------------|----------------------|--|
| | Without Donor Restrictions | With Donor Restrictions Expiring | Perpetual | Total | Total |
| Operating income <i>Brought forward</i> | 125,026 | 173,707 | 69,699 | 368,432 | 368,759 |
| Non-operating activities: | | | | | |
| Investment activity: | | | | | |
| Investment return, net | (1,013,039) | (138,962) | - | (1,152,001) | 1,222,923 |
| Change in value of beneficial interest in perpetual trusts | - | - | (175,328) | (175,328) | 101,152 |
| Total investment activity | (1,013,039) | (138,962) | (175,328) | (1,327,329) | 1,324,075 |
| Loss on disposal of property and equipment | (4,759) | - | - | (4,759) | (19,472) |
| Frozen defined benefit plan contributions - Board approved | (135,022) | - | - | (135,022) | (135,267) |
| Total non-operating activities | (1,152,820) | (138,962) | (175,328) | (1,467,110) | 1,169,336 |
| Change in net assets | (1,027,794) | 34,745 | (105,629) | (1,098,678) | 1,538,095 |
| Net assets: | | | | | |
| Beginning of year | 18,365,487 | 769,141 | 1,734,541 | 20,869,169 | 19,331,074 |
| End of year | <u>\$ 17,337,693</u> | <u>\$ 803,886</u> | <u>\$ 1,628,912</u> | <u>\$ 19,770,491</u> | <u>\$ 20,869,169</u> <i>Concluded</i> |

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2022
(With comparative totals for 2021)

| | 2022 | | | 2021 | |
|--|---------------------|---------------------------|-------------------|---------------------|---------------------|
| | Program Services | Management and General | Fundraising | Total | Total |
| Salaries and related costs | \$ 4,918,476 | \$ 651,325 | \$ 417,299 | \$ 5,987,100 | \$ 5,468,115 |
| Occupancy | 395,679 | 691 | 1,831 | 398,201 | 335,723 |
| Insurance | 151,029 | 16,010 | 839 | 167,878 | 157,256 |
| Travel, training and conference | 105,178 | 23,867 | 2,068 | 131,113 | 76,566 |
| Telephone | 68,187 | 9,017 | 612 | 77,816 | 77,776 |
| Printing | 35,747 | 2,484 | 12,858 | 51,089 | 57,922 |
| Supplies | 192,971 | 1,157 | 893 | 195,021 | 201,880 |
| Assistance to members | 38,583 | - | - | 38,583 | 48,030 |
| Professional fees | 96,390 | 43,790 | 20,200 | 160,380 | 119,048 |
| Incentives and appreciation | 245,501 | 2,368 | - | 247,869 | 181,458 |
| Postage and shipping | 19,170 | 1,215 | 3,244 | 23,629 | 32,875 |
| Equipment rental and maintenance | 160,412 | 7,106 | 10,267 | 177,785 | 219,824 |
| Bank and credit card charges, net of card benefits | 100,307 | 298 | 3,085 | 103,690 | 103,241 |
| Depreciation | 622,612 | 3,536 | 3,051 | 629,199 | 589,243 |
| Frozen defined benefit plan contributions | 195,282 | 3,342 | 3,909 | 202,533 | 202,900 |
| Other expenses | 16,558 | 25,876 | 29 | 42,463 | 31,740 |
| Cost of products sold | 3,891,910 | - | - | 3,891,910 | 2,624,424 |
| | <u>11,253,992</u> | <u>792,082</u> | <u>480,185</u> | <u>12,526,259</u> | <u>10,528,021</u> |
| Less cost of product sales | (3,891,910) | - | - | (3,891,910) | (2,624,424) |
| Less non-operating frozen defined benefit plan contribution | <u>(130,188)</u> | <u>(2,228)</u> | <u>(2,606)</u> | <u>(135,022)</u> | <u>(135,267)</u> |
| Total expenses | <u>\$ 7,231,894</u> | <u>\$ 789,854</u> | <u>\$ 477,579</u> | <u>\$ 8,499,327</u> | <u>\$ 7,768,330</u> |

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF CASH FLOWS
For the year ended September 30, 2022
(With comparative totals for 2021)

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash receipts: | | |
| Grants and contributions | \$ 1,235,157 | \$ 1,291,233 |
| Government grants | 1,359,473 | 2,141,177 |
| Product sales | 8,969,550 | 6,017,153 |
| Program fees | 671,922 | 167,703 |
| Interest, dividends and other income | <u>512,030</u> | <u>272,912</u> |
| Total cash receipts | <u>12,748,132</u> | <u>9,890,178</u> |
| Cash disbursements: | | |
| Product purchases | 3,833,762 | 2,598,761 |
| Payroll and related expenses | 5,916,073 | 5,398,698 |
| Other operating expenses | 1,994,621 | 1,717,433 |
| Frozen defined benefit plan | <u>202,533</u> | <u>202,900</u> |
| Total cash disbursements | <u>11,946,989</u> | <u>9,917,792</u> |
| Net cash flows from operating activities | <u>801,143</u> | <u>(27,614)</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (449,969) | (604,797) |
| Purchase of investments | (1,473,060) | (1,449,289) |
| Proceeds from the sale of investments | <u>1,284,384</u> | <u>1,325,173</u> |
| Net cash flows from investing activities | <u>(638,645)</u> | <u>(728,913)</u> |
| Cash flows from financing activities: | | |
| Contributions to perpetual endowment | <u>69,699</u> | <u>62,215</u> |
| Net cash flows from financing activities | <u>69,699</u> | <u>62,215</u> |
| Net change in cash and cash equivalents | 232,197 | (694,312) |
| Cash and cash equivalents - beginning of year | <u>3,773,626</u> | <u>4,467,938</u> |
| Cash and cash equivalents - end of year | <u>\$ 4,005,823</u> | <u>\$ 3,773,626</u> |

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

I. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Girl Scouts of Oregon and Southwest Washington, a nonprofit corporation, (the Council) is a chartered Council of the Girl Scouts of the United States of America. The purpose of Girl Scouting is to build girls of courage, confidence, and character who make the world a better place. The Council serves approximately 15,000 members throughout Oregon, and Clark and Skamania Counties in Washington. The Council's revenues are derived primarily from contributions and product sales within those geographic areas.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Cash in investment accounts is reported in investments.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management provides for potentially uncollectible amounts through a valuation allowance based on its assessment of the current status of individual accounts. The Council determines its allowance for uncollectible accounts by considering a number of factors, including the length of time accounts are past due, ability to pay and previous collection history, as well as the economy as a whole.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

I. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Contributions Receivable

Contributions receivable are reported at the amount management expects to collect on balances outstanding at year-end. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity. The discount to present value of amounts receivable in more than one year is insignificant.

Inventory

Inventory consists of uniforms, badges, and other Girl Scout related merchandise. Inventory is valued at the lower of average cost or net realizable value.

Investments

Investments in equity securities, money market funds, and all debt securities are carried at fair value. Donor-restricted investment income is reported as an increase in net assets with donor restrictions and classified according to the nature of the restriction. All other investment income is reported as an increase in net assets without donor restrictions. Interest and dividend income is accrued as earned and reported net of investment advisory fees.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for land improvements, buildings, and building improvements and from 3 to 10 years for office and program equipment. Land is not subject to depreciation.

Revenue Recognition

Revenues from various sources are recognized as follows:

Grants, Contributions and Bequests: Grants and contributions (including United Way), which include unconditional promises to give (pledges), are recognized as revenues in the period the Council is notified of the commitment. Bequests are recorded as revenue at the time the Council has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

I. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Revenue Recognition, Continued

Paycheck Protection Program Loan: The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. The Council received a PPP loan during the year ended September 30, 2020 and satisfied the conditions during 2021 and \$990,680 was recognized as government grant revenue. The Council received a second PPP loan of \$990,680 during the year ended September 30, 2021 and satisfied the conditions during 2022 and \$990,680 was recognized as government grant revenue.

Employee Retention Credit: The Employee Retention Credit (ERC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Council recognizes revenue when the claim was filed, based on incurring qualified expenses, in the form of eligible wages. Approximately \$2,100,000 was recognized as government grant revenue for the year ended September 30, 2021.

Donated Assets and Services: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about the duration these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Council recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would be purchased if not provided by donation. These donated services are recognized at fair value. During the year ended September 30, 2022, the Council recorded approximately \$3,100 (\$2,000 in the year ended September 30, 2021) of in-kind professional services which are included in management and general.

Product Sales: Revenues from product sales are recognized at the time the goods are provided and the revenue is earned.

Program Fees and Rental Income: Revenues from program services and rental income are recognized as revenue in the period services are provided. Amounts collected in advance of providing services are reported as deferred revenue in the statement of financial position.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

I. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Advertising

Advertising costs are expensed as incurred. Total advertising expense approximated \$11,000 and \$22,200 for the years ended September 30, 2022 and 2021, respectively.

Unemployment Insurance

The Council is self-insured for unemployment and maintains a balance with a trust company in an amount sufficient to pay estimated future claims. Deposits to the trust are recorded as prepaid expenses. Unemployment claims paid reduce the trust asset and are expensed as incurred. Unpaid claims outstanding at year end represent a potential liability of the Council.

Income Tax Status

Girl Scouts of Oregon and Southwest Washington is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as the Council has no activities subject to unrelated business income tax. The Council is not a private foundation.

The Council follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Council's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and related costs, insurance, telephone, printing, supplies, postage and shipping, equipment rental and maintenance, frozen defined benefit plan contributions, and other expenses which are allocated on the basis of estimates of time and effort.

Change in Accounting Principle

The Council has implemented Accounting Standards Update 2020-07, *Presentation and Disclosures by Non-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07) for the year ended September 30, 2022 on a retrospective basis. The standard provides new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements. There was no impact on the Council's financial position and change in net assets upon adoption and the Council had no significant contributions of nonfinancial assets during the years ended September 30, 2022 and 2021.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2021

The financial information as of September 30, 2021 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Future Accounting Standard

Effective for financial statements for the year ending September 30, 2023, the Council expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Council is lessee. Upon adoption, among other effects, the Council will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes may require certain retrospective adjustments. The quantitative and qualitative effects on the Council's future financial statements of these changes and related retrospective adjustments have not yet been determined.

Subsequent Events

The Council has evaluated all subsequent events through February 6, 2023, the date the financial statements were available to be issued.

2. AVAILABLE RESOURCES AND LIQUIDITY

The Council regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Council considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

2. AVAILABLE RESOURCES AND LIQUIDITY, Continued

Financial assets available for general expenditure consist of the following at September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 4,005,823 | \$ 3,773,626 |
| Accounts and other receivables, net | 25,377 | 987,368 |
| Contributions receivable, net | 189,389 | 80,786 |
| Investments | 6,868,930 | 7,993,514 |
| Beneficial interest in perpetual trusts | <u>629,862</u> | <u>805,190</u> |
| | 11,719,381 | 13,640,484 |
| Less amounts unavailable for general expenditure: | | |
| Net assets with donor restrictions, excluding restricted land and building | 2,419,520 | 2,489,794 |
| Board designations | <u>5,730,527</u> | <u>6,744,634</u> |
| Financial assets available for general expenditure | <u>\$ 3,569,334</u> | <u>\$ 4,406,056</u> |

The board designated reserve is available for spending when approved by the Board of Directors. See Note 8 regarding board designated net assets.

3. ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are unsecured and consist of the following at September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|---|------------------|-------------------|
| Accrued interest receivable | \$ 23,581 | \$ 22,517 |
| Employee retention credits receivable | - | 965,443 |
| Accounts receivable | <u>11,007</u> | <u>7,778</u> |
| Total accounts and other receivables | 34,588 | 995,738 |
| Less allowance for uncollectible accounts | <u>9,211</u> | <u>8,370</u> |
| Accounts and other receivables, net | <u>\$ 25,377</u> | <u>\$ 987,368</u> |

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give as follows at September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|------------------|
| Contributions receivable within one year | \$ 190,028 | \$ 81,563 |
| Less allowance for uncollectible accounts | <u>639</u> | <u>777</u> |
| Contributions receivable, net | <u>\$ 189,389</u> | <u>\$ 80,786</u> |

The Council was awarded grants for \$429,500 contingent on meeting matching requirements and program performance. If the conditions are satisfied, the Council may receive \$199,500, \$200,500 and \$29,500 during the years ending September 30, 2023, 2024, and 2025, respectively. Accordingly, the remaining conditional portion of the pledge is not reflected in the financial statements. The Council will recognize the pledge as revenue when conditions have been met.

5. INVESTMENTS

Investments are summarized as follows at September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 95,540 | \$ 66,572 |
| U.S. Government and corporate debt securities | 2,314,957 | 2,511,336 |
| Equity securities | 3,051,482 | 3,864,189 |
| Beneficial interest in assets held at Oregon Community Foundation | <u>1,406,951</u> | <u>1,551,417</u> |
| Total investments | <u>\$ 6,868,930</u> | <u>\$ 7,993,514</u> |

The Council has entered into various agreements with the Oregon Community Foundation (OCF) in order to achieve improved performance results with respect to investments and enhance long-term planned giving goals. Under the terms of the agreements, variance power has been granted to OCF; however, the Council is the beneficiary of the funds and the transfer is reciprocal in nature. Accordingly, OCF recognizes the funds as liabilities on its statement of financial position. The Council receives distributions based on the provisions of the agreement with OCF. Additional distributions up to the entire balance of the funds may be made on a resolution of both OCF and the Council's Boards of Directors.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 September 30, 2022

6. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Council has a beneficial interest in two perpetual trusts that are held and administered by third-party trustees. Under the terms of the agreements, the Council receives periodic distributions from the trustees and retains an irrevocable right to such future distributions. The Council has recorded its interest in these trusts as a component of net assets with perpetual donor restrictions since the Council does not have access to the principal of the trusts.

The beneficial interest has been recorded using the fair value of each trust (based on quoted market prices) multiplied by the Council's interest in each as follows:

| | <u>Value</u> | <u>Percentage</u> | <u>Beneficial Interest</u> |
|---------------------------|--------------|-------------------|--------------------------------|
| September 30, 2022 | | | |
| Vanstrom Trusts | \$ 1,762,024 | 25% | \$ 440,506 |
| Lynch Trust | 946,781 | 20% | <u>189,356</u> |
| Total beneficial interest | | | <u>\$ 629,862</u> |
| September 30, 2021 | | | |
| Vanstrom Trusts | \$ 2,230,842 | 25% | \$ 557,710 |
| Lynch Trust | 1,237,399 | 20% | <u>247,480</u> |
| Total beneficial interest | | | <u>\$ 805,190</u> |

In accordance with the trust agreement, distributions from the Lynch Trust are restricted for use in specific Council programs. A separate bank account has been established to account for unspent distributions from the trust.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|---------------------|---------------------|
| Land and land improvements | \$ 2,285,369 | \$ 2,256,453 |
| Buildings | 8,131,506 | 8,082,208 |
| Building improvements | 4,451,997 | 4,174,636 |
| Furniture and equipment | 1,488,634 | 1,408,964 |
| Vehicles | <u>166,861</u> | <u>162,304</u> |
| | 16,524,367 | 16,084,565 |
| Less accumulated depreciation | <u>7,753,011</u> | <u>7,129,219</u> |
| Property and equipment, net | <u>\$ 8,771,356</u> | <u>\$ 8,955,346</u> |

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

7. PROPERTY AND EQUIPMENT, Continued

Property and equipment includes land carried at \$10,486 that was received as a donation in a previous year. The donor included a stipulation that the land must always be used for Girl Scouting activities. As such, this land has been recorded as a component of the net assets with perpetual restrictions class (Note 9).

Property and equipment includes buildings and improvements with a net book value of \$2,792 and \$3,402 at September 30, 2022 and 2021, respectively that were received as a donation in a previous year. The donors included a stipulation that the buildings must be used for Girl Scouting activities. Since these buildings do not have a permanent life, they have been recorded as a component of the net assets with expiring restrictions class (Note 9). Releases from restrictions are recorded ratably over the estimated useful lives of the buildings.

8. BOARD DESIGNATED NET ASSETS

Board designated net assets include investments totaling \$5,461,979 and \$6,442,097 at September 30, 2022 and 2021, respectively, that the Board has reserved for future programs and unexpected circumstances. The Board has also designated funds to function as an endowment totaling \$268,548 and \$302,537 at September 30, 2022 and 2021, respectively (see Note 11). Funds can be released from the reserve by a vote of the Board.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Net assets with expiring donor restrictions: | | |
| Lynch Trust distributions | \$ 36,330 | \$ 24,417 |
| Net book value of donated buildings | 2,792 | 3,402 |
| Endowment earnings (Note 11) | 167,491 | 347,667 |
| Other program restrictions | 407,884 | 335,849 |
| Pledges receivable | <u>189,389</u> | <u>57,806</u> |
| Total net assets with expiring donor restrictions | <u>803,886</u> | <u>769,141</u> |
| Net assets with perpetual donor restrictions: | | |
| General endowments | 88,373 | 88,373 |
| Named endowments | 900,191 | 830,492 |
| Beneficial interest in perpetual trusts | <u>629,862</u> | <u>805,190</u> |
| Total endowments (Note 11) | 1,618,426 | 1,724,055 |
| Donated land | <u>10,486</u> | <u>10,486</u> |
| Total net assets with perpetual donor restrictions | <u>1,628,912</u> | <u>1,734,541</u> |
| Total net assets with donor restrictions | <u>\$ 2,432,798</u> | <u>\$ 2,503,682</u> |

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 September 30, 2022

10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with expiring restrictions were released from associated restrictions during the years ended September 30, 2022 and 2021 as follows:

| | 2022 | 2021 |
|---|------------|------------|
| Satisfaction of purpose and time restrictions | \$ 794,811 | \$ 574,286 |
| Expended earnings from donor-restricted endowment funds and other adjustments | 41,214 | 37,666 |
| Depreciation of donated buildings and improvements | 610 | 610 |
| Total net assets released from restrictions | \$ 836,635 | \$ 612,562 |

11. ENDOWMENTS

The Council's endowment consists of 16 individual funds established for a variety of purposes. These funds include beneficial interests in perpetual trusts, which are further discussed in Note 6. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles in the United States of America, funds invested in the endowment may be included in net assets with and without donor restrictions.

Interpretation of Relevant Law

The Board of Directors of Girl Scouts of Oregon and Southwest Washington has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (the Act or UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as net assets with perpetual restrictions (a) the original value of gifts, including subsequent gifts, donated to the perpetual endowment and (b) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual restrictions is classified as net assets with expiring restrictions 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 UPMIFA, 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 Council
- (2) The purposes of the Council and the donor-restricted Council
- (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 OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

II. ENDOWMENTS, Continued

Interpretation of Relevant Law, Continued

The Council classifies gift amounts received from donors that are restricted to the endowment fund as net assets with perpetual restrictions. If the market value of a donor-restricted endowment fund exceeds the original gift as a result of investment earnings, then the excess amount is classified within net assets with expiring restrictions, until all or a portion of the excess is appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

If the market value of an endowment is less than the original gift amount, the valuation difference is reflected in the financial statements as a reduction of net assets without donor restrictions. Funds designated by the Board of Directors to function as endowments are classified as net assets without donor restrictions. Donated land that is perpetually restricted is not included in the endowment fund.

Investment Objectives and Endowment Spending Policies

The Council has adopted investment and spending policies, approved by the Board of Directors, which attempt to provide a predictable stream of funding to programs supported by its endowment funds without subjecting those assets to investment risk. As such, the Council's endowment assets (except for funds held at OCF and its interests in perpetual trusts) have been invested in a savings account, where the amount expended each year is the amount of interest actually earned.

Funds held at OCF follow investment and spending policies determined by the Board of Directors of OCF. OCF's investment policy is intended to provide for long-term growth and currently the spending rate is 4.3 percent (per annum) of the average fair market value of the invested assets based on a 13-quarter trailing average.

The Council's interest in perpetual trusts, described in Note 6, is included in the Council's endowment funds. The investment of these funds is determined by the trustees of the trusts rather than the Council.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

II. ENDOWMENTS, Continued

Changes in endowment net assets and the composition of those endowment net assets, for the year ended September 30, 2022, are as follows:

| | Board | <u>Donor-Restricted Endowment</u> | | Total |
|---|-------------------------|-----------------------------------|--------------------------------|---------------------|
| | Designated Endowment | With Expiring Restrictions | With Perpetual Restrictions | |
| Endowment fund activity | | | | |
| Endowment net assets - | | | | |
| September 30, 2021 | \$ 302,537 | \$ 347,667 | \$ 1,724,055 | \$ 2,374,259 |
| Contributions | - | - | 69,699 | 69,699 |
| Investment return | (33,989) | (138,962) | - | (172,951) |
| Appropriation of endowment assets for expenditure, net | - | (41,214) | - | (41,214) |
| Change in value of interest in perpetual trusts | - | - | (175,328) | (175,328) |
| Endowment net assets - | | | | |
| September 30, 2022 | <u>\$ 268,548</u> | <u>\$ 167,491</u> | <u>\$ 1,618,426</u> | <u>\$ 2,054,465</u> |
| Endowment fund composition | | | | |
| September 30, 2022 | | | | |
| OCF balances | \$ 268,548 | \$ 167,491 | \$ 970,912 | \$ 1,406,951 |
| Perpetual trusts | - | - | 629,862 | 629,862 |
| Savings account | - | - | 17,652 | 17,652 |
| | <u>\$ 268,548</u> | <u>\$ 167,491</u> | <u>\$ 1,618,426</u> | <u>\$ 2,054,465</u> |

Changes in endowment net assets and the composition of those endowment net assets, for the year ended September 30, 2021, are as follows:

| | Board | <u>Donor-Restricted Endowment</u> | | Total |
|---|-------------------------|-----------------------------------|--------------------------------|---------------------|
| | Designated Endowment | With Expiring Restrictions | With Perpetual Restrictions | |
| Endowment fund activity | | | | |
| Endowment net assets - | | | | |
| September 30, 2020 | \$ 230,206 | \$ 92,892 | \$ 1,560,688 | \$ 1,883,786 |
| Contributions | - | - | 62,215 | 62,215 |
| Investment return | 72,331 | 292,441 | - | 364,772 |
| Appropriation of endowment assets for expenditure, net | - | (37,666) | - | (37,666) |
| Change in value of interest in perpetual trusts | - | - | 101,152 | 101,152 |
| Endowment net assets - | | | | |
| September 30, 2021 | <u>\$ 302,537</u> | <u>\$ 347,667</u> | <u>\$ 1,724,055</u> | <u>\$ 2,374,259</u> |
| Endowment fund composition | | | | |
| September 30, 2021 | | | | |
| OCF balances | \$ 302,537 | \$ 347,667 | \$ 901,213 | \$ 1,551,417 |
| Perpetual trusts | - | - | 805,190 | 805,190 |
| Savings account | - | - | 17,652 | 17,652 |
| | <u>\$ 302,537</u> | <u>\$ 347,667</u> | <u>\$ 1,724,055</u> | <u>\$ 2,374,259</u> |

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 September 30, 2022

11. ENDOWMENTS, Continued

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the donor or UPMIFA requires the Council to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in the net assets with expiring restrictions. There were no significant funds with deficiencies at September 30, 2022 and 2021.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits and deferred revenue (contract liabilities) on the statements of financial position.

- Revenue from cookie sales and council shop and trading posts are recognized when control passes to the customer, generally at point of sale.
- Revenue from camp, training, and other program fees are recognized as the activities are provided to the participants.
- Revenue from rent is recognized at the time the space is provided.

Total revenue by contract type is as follows:

| | 2022 | 2021 |
|---|--------------|--------------|
| Cookie sales, net | \$ 4,800,224 | \$ 3,169,504 |
| Council shop and trading post sales, net | 277,416 | 223,225 |
| Program fees | 637,728 | 165,067 |
| Rental income | 122,702 | 70,036 |
| Total revenue recognized at a point in time | \$ 5,838,070 | \$ 3,627,832 |

The beginning and ending contract balances are as follows

| | September 30, | | |
|---------------------------------|---------------|-----------|-----------|
| | 2022 | 2021 | 2020 |
| Contract liabilities: | | | |
| Deferred revenue - program fees | \$ 53,781 | \$ 19,587 | \$ 16,951 |

Deferred revenue is recognized when programs are delivered which is generally in the year immediately following. The Council has no significant contract assets associated with these activities at September 30, 2022 and 2021.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 September 30, 2022

13. PRODUCT SALES ACTIVITY

Product sales activity consists of the following for the year ended September 30, 2022, with comparative net proceeds totals for the year ended September 30, 2021:

| | Sales | | Net Proceeds | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Sales | Sales | 2022 | 2021 |
| Cookies and fall sale | \$ 8,407,932 | \$ 3,607,708 | \$ 4,800,224 | \$ 3,169,504 |
| Council shop and trading post | 561,618 | 284,202 | 277,416 | 223,225 |
| | <u>\$ 8,969,550</u> | <u>\$ 3,891,910</u> | <u>\$ 5,077,640</u> | <u>\$ 3,392,729</u> |

14. PENSION PLANS

Defined Benefit Plan

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 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 grew during the year and are greater than the actuarial present value of accumulated Plan benefits as of January 1, 2022. 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 2021 and 2022 were \$32.7 million and \$32.2 million, respectively. Aggregate contributions to be made in fiscal 2023 are expected to be \$27.55 million.

Aggregate annual contributions made in fiscal years 2022 and 2021 totaled approximately \$202,500 and \$202,900, respectively.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 September 30, 2022

14. PENSION PLANS, Continued

Defined Contribution Plan

The Council has established a 403(b) employer contribution plan covering all employees meeting certain eligibility requirements. The Council's contribution is at the discretion of the Board of Directors and is currently 3.5% of eligible participants' gross wages. The Council's contributions to this plan for the years ended September 30, 2022 and 2021 totaled approximately \$149,300 and \$146,700, respectively.

15. UNEMPLOYMENT RESERVE

The Council has elected to be self-insured for unemployment benefits. The Council has mitigated the potential for a large number of claims in one year by purchasing a stop loss policy that limits the annual benefit payments. The Council has contracted with a third-party trust to manage its unemployment program, and generally maintains a deposit with the trust which is used to pay unemployment claims as they arise. The deposit balance totaled approximately \$80,300 and \$105,600 at September 30, 2022 and 2021, respectively, which is included with prepaid expenses on the statement of financial position.

16. LEASE COMMITMENTS

The Council leases some of its administrative offices and various office equipment under non-cancellable operating leases expiring at various dates through January 2024. Rent expense for the above leases and other short-term rentals totaled approximately \$84,900 and \$83,900 for the years ended September 30, 2022 and 2021, respectively.

Future minimum lease commitments under operating leases are as follows:

| | |
|--------------------------------|-------------------------|
| Year ending September 30, 2023 | \$ 74,300 |
| 2024 | <u>20,800</u> |
| Total | <u><u>\$ 95,100</u></u> |

17. CONCENTRATIONS OF CREDIT RISK

The Council maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$3,705,000 and \$3,331,000 as of September 30, 2022 and 2021.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

17. CONCENTRATIONS OF CREDIT RISK, Continued

For the years ended September 30, 2022 and 2021, the Council received approximately 52% and 34% of total revenue from its cookie sales and fall sale programs respectively. The cookie sale program, which is the most significant program, takes place during the winter each year and involves the selling of cookies by Girl Scout members. This program provides life-long business literacy skills such as goal setting, decision making, money management, people skills, and business ethics. The Council contracts with one supplier for the purchase of the cookies (Note 18).

Additionally, in 2022 and 2021 approximately 11% and 39%, respectively, of operating support and revenue was received from pandemic relief government programs including the Paycheck Protection Program and Employee Retention Credits

Financial instruments that could potentially subject the Council to concentrations of credit risk include investments. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

18. COMMITMENTS

The Council has entered into a contract with an unrelated company, for the purchase of all cookies related to the cookie sale program described in Note 17. The contract was renewed for a new term ending September 30, 2025. Based on historical trends, purchases under this contract have approximated \$2,122,000 per year.

19. FAIR VALUE MEASUREMENTS

Assets recorded at fair value in the statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

19. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at September 30, 2022 are as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| U.S. Government and corporate | | | | |
| debt securities: | | | | |
| Treasury bonds | \$ - | \$ 1,127,070 | \$ - | \$ 1,127,070 |
| Corporate bonds | - | 1,187,887 | - | 1,187,887 |
| Total U.S. Government and | | | | |
| corporate debt securities | <u>\$ -</u> | <u>\$ 2,314,957</u> | <u>\$ -</u> | <u>\$ 2,314,957</u> |
| Equity securities: | | | | |
| Common stocks: | | | | |
| Communication services | \$ 131,997 | \$ - | \$ - | \$ 131,997 |
| Consumer discretionary | 247,923 | - | - | 247,923 |
| Consumer staples | 126,443 | - | - | 126,443 |
| Energy | 99,214 | - | - | 99,214 |
| Financials | 245,112 | - | - | 245,112 |
| Healthcare | 336,957 | - | - | 336,957 |
| Industrials | 229,183 | - | - | 229,183 |
| Information technology | 583,938 | - | - | 583,938 |
| Other | 121,675 | - | - | 121,675 |
| Small cap mutual fund | 225,376 | - | - | 225,376 |
| International stocks: | | | | |
| Europe | 114,509 | - | - | 114,509 |
| Asia and emerging markets | 80,832 | - | - | 80,832 |
| Canada | 39,410 | - | - | 39,410 |
| International equity mutual funds | 119,496 | - | - | 119,496 |
| Real estate investment trusts | 349,417 | - | - | 349,417 |
| Total equity securities | <u>\$ 3,051,482</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,051,482</u> |
| Investments held at OCF | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,406,951</u> | <u>\$ 1,406,951</u> |
| Perpetual trusts | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 629,862</u> | <u>\$ 629,862</u> |

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

19. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at September 30, 2021 are as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| U.S. Government and corporate debt securities: | | | | |
| Treasury bonds | \$ - | \$ 1,135,715 | \$ - | \$ 1,135,715 |
| Corporate bonds | - | 1,375,621 | - | 1,375,621 |
| Total U.S. Government and corporate debt securities | \$ - | \$ 2,511,336 | \$ - | \$ 2,511,336 |
| Equity securities: | | | | |
| Common stocks: | | | | |
| Communication services | \$ 332,892 | \$ - | \$ - | \$ 332,892 |
| Consumer discretionary | 363,971 | - | - | 363,971 |
| Consumer staples | 108,636 | - | - | 108,636 |
| Energy | 84,898 | - | - | 84,898 |
| Financials | 338,720 | - | - | 338,720 |
| Healthcare | 337,167 | - | - | 337,167 |
| Industrials | 300,506 | - | - | 300,506 |
| Information technology | 781,039 | - | - | 781,039 |
| Other | 144,686 | - | - | 144,686 |
| Small cap mutual fund | 246,816 | - | - | 246,816 |
| International stocks: | | | | |
| Europe | 167,408 | - | - | 167,408 |
| Asia and emerging markets | 114,410 | - | - | 114,410 |
| Canada | 47,422 | - | - | 47,422 |
| International equity mutual funds | 160,030 | - | - | 160,030 |
| Real estate investment trusts | 335,588 | - | - | 335,588 |
| Total equity securities | \$ 3,864,189 | \$ - | \$ - | \$ 3,864,189 |
| Investments held at OCF | \$ - | \$ - | \$ 1,551,417 | \$ 1,551,417 |
| Perpetual trusts | \$ - | \$ - | \$ 805,190 | \$ 805,190 |

The fair value of equity securities is determined by reference to quoted market prices or other relevant market data as provided by the bank or broker.

The fair value for U.S. Government obligations and corporate debt securities are based on pricing models, quoted prices of securities with similar characteristics, yield curves, and other relevant economic measures.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2022

19. FAIR VALUE MEASUREMENTS, Continued

Investments held at OCF represent the Council's share of a pooled investment portfolio managed by OCF. The Council's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs. A portion of the investments held at OCF consists of investments held in limited partnerships and real estate whose fair market values have been estimated by OCF management in the absence of readily determinable market values. The estimates are based on information provided by fund managers or the general partners, and real estate appraisals; therefore, the reported values may differ from the values that would have been used, had a quoted market price existed. The Council carries its interest in perpetual trusts, described in Note 6, at fair value based on the Council's proportionate share of the underlying investments.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

| | 2022 | | 2021 | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | OCF | Perpetual Trusts | OCF | Perpetual Trusts |
| Balance at beginning of year | \$ 1,551,417 | \$ 805,190 | \$ 1,162,096 | \$ 704,038 |
| Investment return | (172,951) | (175,328) | 364,772 | 101,152 |
| Additions | 69,699 | - | 62,215 | - |
| Distributions and adjustments | (41,214) | - | (37,666) | - |
| Balance at end of year | <u>\$ 1,406,951</u> | <u>\$ 629,862</u> | <u>\$ 1,551,417</u> | <u>\$ 805,190</u> |

20. RELATED PARTY TRANSACTIONS

The Council purchases the majority of the inventory for the Council shop from the Girl Scouts of the United States of America, its national affiliate. For the years ended September 30, 2022 and 2021, total inventory purchases approximated \$156,500 and \$99,000, respectively.

In addition, the Council collects member dues on behalf of Girl Scouts of the United States of America and remits those dues periodically throughout the year for members who register through the Council's office. Dues for members who register online are collected directly by Girl Scouts of the United States of America and are at no time in the custody of the Council. For the years ended September 30, 2022 and 2021, dues remitted totaled approximately \$42,700 and \$43,700 respectively.