

**GIRL SCOUT COUNCIL OF
THE NATION'S CAPITAL**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Girl Scout Council of the Nation's Capital

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Audited Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 32

Independent Auditor's Report

Board of Directors
Girl Scout Council of the Nation's Capital
Washington, D.C.

Opinion

We have audited the accompanying financial statements of **Girl Scout Council of the Nation's Capital** (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, changes in net assets and functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Girl Scout Council of the Nation's Capital** as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, **Girl Scout Council of the Nation's Capital** changed its method of accounting for leases due to the adoption of ASC 842 as of October 1, 2022. Our opinion is not modified with respect to this matter.

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.

Independent Auditor's Report (Continued)

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 Scout Council of the Nation's Capital'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 Scout Council of the Nation's Capital'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 Scout Council of the Nation's Capital'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.

Aprio, LLP

Rockville, Maryland
February 14, 2024

Girl Scout Council of the Nation's Capital

Statements of Financial Position

<i>September 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 11,693,334	\$ 13,065,376
Accounts receivable, net	808,018	818,251
Contributions receivable, net	954,140	143,600
Inventory	373,927	353,474
Prepaid expenses and deposits	529,302	481,147
Investments	18,914,762	13,606,918
Beneficial interest in perpetual trusts	90,230	90,230
Property and equipment, net	10,336,797	25,308,259
Land held for sale	12,600,000	-
Right-of-use assets - operating leases	7,720,250	-
Right-of-use assets - finance leases	99,002	99,002
Total assets	\$ 64,119,762	\$ 53,966,257
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 579,204	\$ 642,507
Accrued payroll and related liabilities	815,853	659,606
Deferred rent	-	721,383
Deferred revenue	6,656	35,905
Note payable	11,086	19,566
Lease liabilities - operating leases	8,581,737	-
Lease liabilities - finance leases	94,693	121,094
Total liabilities	10,089,229	2,200,061
Net assets		
Without donor restrictions		
Board designated - operating reserve	14,494,805	7,998,306
Undesignated	36,305,386	39,465,541
Total net assets without donor restrictions	50,800,191	47,463,847
With donor restrictions	3,230,342	4,302,349
Total net assets	54,030,533	51,766,196
Total liabilities and net assets	\$ 64,119,762	\$ 53,966,257

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Girl Scout Council of the Nation's Capital

Statements of Activities

For the Years Ended September 30,	2023		2022	
	Operating	Capital	Total	Total
Changes in net assets without donor restrictions				
Revenue, gains, and other support				
Sales	\$ 27,546,596	\$ -	\$ 27,546,596	\$ 27,865,553
Cost of sales	12,359,476	-	12,359,476	13,019,096
Net sales	15,187,120	-	15,187,120	14,846,457
Other support				
Donated services	174,564	-	174,564	184,926
Camping and other program fees	1,567,484	-	1,567,484	1,032,891
Individuals, foundations and corporate contributions	974,444	-	974,444	4,016,734
Government contributions	1,429,051	-	1,429,051	1,921,505
Annual giving campaigns	992,849	-	992,849	697,061
United Way designations	24,324	-	24,324	21,903
Interest and dividends	493,916	-	493,916	374,293
Other income	93,267	-	93,267	214,909
Net realized and unrealized gain (loss) on investments	990,438	-	990,438	(2,703,654)
Total other support	6,740,337	-	6,740,337	5,760,568
Net assets released from restrictions:				
Satisfaction of program restrictions	2,351,490	-	2,351,490	1,480,750
Total revenue, gains, and other support	24,278,947	-	24,278,947	22,087,775
Expenses				
Program services:				
Troop-type service	8,596,735	76,788	8,673,523	7,369,557
Camping and property	1,142,065	537,518	1,679,583	1,643,996
Day camps and outreach	150,338	76,788	227,126	213,320
Adult/volunteer development	3,876,139	76,788	3,952,927	3,334,865
Total program services	13,765,277	767,882	14,533,159	12,561,738
Support activities:				
Fundraising	1,895,325	-	1,895,325	1,539,202
Management and general	2,057,968	-	2,057,968	1,817,459
Total support activities	3,953,293	-	3,953,293	3,356,661
Total expenses	17,718,570	767,882	18,486,452	15,918,399
Increase (decrease) in net assets without donor restrictions before impairment loss	6,560,377	(767,882)	5,792,495	6,169,376
Impairment loss on land held for sale	-	(2,456,151)	(2,456,151)	-
Increase (decrease) in net assets without donor restrictions	6,560,377	(3,224,033)	3,336,344	6,169,376
Changes in net assets with donor restrictions				
Foundation and corporate contributions	600,956	-	600,956	970,944
Individual giving contributions	572,792	-	572,792	690,083
Net assets released from restrictions	(2,351,490)	-	(2,351,490)	(1,480,750)
(Decrease) increase in net assets with donor restrictions	(1,177,742)	-	(1,177,742)	180,277
Changes in net assets with donor restrictions in perpetuity				
Contributions	105,735	-	105,735	300,000
Increase in permanently restricted net assets	105,735	-	105,735	300,000
Increase (decrease) in net assets	\$ 5,488,370	\$ (3,224,033)	\$ 2,264,337	\$ 6,649,653

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Girl Scout Council of the Nation's Capital

Statements of Changes in Net Assets

<i>For the Years Ended September 30,</i>				
	Without Donor Restrictions	With Donor Restrictions		Total
Net Assets, October 1, 2021	\$ 41,294,471	\$ 3,822,072	\$	45,116,543
Change in net assets	6,169,376	480,277		6,649,653
Net Assets, September 30, 2022	47,463,847	4,302,349		51,766,196
Change in net assets	3,336,344	(1,072,007)		2,264,337
Net Assets, September 30, 2023	\$ 50,800,191	\$ 3,230,342	\$	54,030,533

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Girl Scout Council of the Nation's Capital

Statement of Functional Expenses

For the Year Ended September 30, 2023	Program Services				Total Program Services	Supporting Activities			Total Expenses
	Troop-Type Service	Camping and Property	Day Camps and Outreach	Adult/Volunteer Development		Fundraising	Management and General	Total	
Salaries	\$ 3,563,249	\$ 386,868	\$ 69,220	\$ 2,105,550	\$ 6,124,887	\$ 951,488	\$ 980,515	\$ 1,932,003	\$ 8,056,890
Staff health and retirement benefits	751,721	81,616	14,603	444,197	1,292,137	200,731	206,854	407,585	1,699,722
Payroll taxes	268,227	29,122	5,211	158,497	461,057	71,624	73,809	145,433	606,490
Total salaries and related expenses	4,583,197	497,606	89,034	2,708,244	7,878,081	1,223,843	1,261,178	2,485,021	10,363,102
Professional fees	131,027	171,262	15,454	59,019	376,762	95,987	370,041	466,028	842,790
Supplies	1,271,798	297,866	27,630	317,245	1,914,539	120,268	62,290	182,558	2,097,097
Communication	97,146	9,504	920	50,834	158,404	13,714	41,825	55,539	213,943
Postage and shipping	58,302	9,109	752	13,707	81,870	12,286	2,608	14,894	96,764
Occupancy	1,330,703	7,705	3,168	454,624	1,796,200	255,846	181,113	436,959	2,233,159
Rentals and maintenance	15,328	3,089	257	4,852	23,526	4,594	4,594	9,188	32,714
Outside printing and artwork	76,770	10,214	1,262	64,684	152,930	46,422	6,177	52,599	205,529
Transportation and related expenses	269,341	82,758	7,093	107,532	466,724	30,647	25,903	56,550	523,274
Adult conferences and conventions	28,526	21,334	2,031	18,146	70,037	7,130	8,062	15,192	85,229
Specific assistance to individual girls and adults	420,342	-	-	-	420,342	-	-	-	420,342
Dues for membership in other organizations	696	853	68	537	2,154	1,532	1,806	3,338	5,492
Miscellaneous	81,677	11,686	1,079	32,761	127,203	59,719	75,143	134,862	262,065
Bank and credit card fees	231,882	19,079	1,590	43,954	296,505	23,337	17,228	40,565	337,070
Total expenses before depreciation and amortization	8,596,735	1,142,065	150,338	3,876,139	13,765,277	1,895,325	2,057,968	3,953,293	17,718,570
Depreciation and amortization	76,788	537,518	76,788	76,788	767,882	-	-	-	767,882
Total expenses	\$ 8,673,523	\$ 1,679,583	\$ 227,126	\$ 3,952,927	\$ 14,533,159	\$ 1,895,325	\$ 2,057,968	\$ 3,953,293	\$ 18,486,452

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Girl Scout Council of the Nation's Capital

Statement of Functional Expenses

<i>For the Year Ended</i> <i>September 30, 2022</i>	Program Services				Total Program Services	Supporting Activities			Total Expenses
	Troop-Type Service	Camping and Property	Day Camps and Outreach	Adult/Volunteer Development		Fundraising	Management and General	Total	
Salaries	\$ 2,903,719	\$ 533,995	\$ 72,526	\$ 1,685,127	\$ 5,195,367	\$ 776,349	\$ 766,091	\$ 1,542,440	\$ 6,737,807
Staff health and retirement benefits	708,273	77,833	13,915	433,229	1,233,250	193,179	189,415	382,594	1,615,844
Payroll taxes	221,733	40,777	5,538	128,679	396,727	59,283	58,500	117,783	514,510
Total salaries and related expenses	3,833,725	652,605	91,979	2,247,035	6,825,344	1,028,811	1,014,006	2,042,817	8,868,161
Professional fees	85,749	141,486	11,953	28,243	267,431	41,629	367,449	409,078	676,509
Supplies	1,120,134	177,229	18,415	285,279	1,601,057	57,324	42,492	99,816	1,700,873
Communication	87,069	11,656	1,036	42,713	142,474	20,187	78,987	99,174	241,648
Postage and shipping	64,173	6,515	656	14,910	86,254	22,448	5,403	27,851	114,105
Occupancy	1,163,326	3,105	911	402,228	1,569,570	214,957	169,000	383,957	1,953,527
Rentals and maintenance	13,031	723	60	4,283	18,097	4,223	4,223	8,446	26,543
Outside printing and artwork	75,517	8,521	980	47,534	132,552	36,911	7,979	44,890	177,442
Transportation and related expenses	152,299	56,371	4,742	62,723	276,135	14,977	14,148	29,125	305,260
Adult conferences and conventions	8,085	10,563	945	9,392	28,985	2,995	4,126	7,121	36,106
Specific assistance to individual girls and adults	381,559	-	-	34,110	415,669	-	-	-	415,669
Dues for membership in other organizations	352	76	1	367	796	2,087	1,862	3,949	4,745
Miscellaneous	48,955	8,716	723	22,077	80,471	50,874	81,165	132,039	212,510
Bank and credit card fees	254,664	-	-	53,052	307,716	41,779	26,619	68,398	376,114
Total expenses before depreciation and amortization	7,288,638	1,077,566	132,401	3,253,946	11,752,551	1,539,202	1,817,459	3,356,661	15,109,212
Depreciation and amortization	80,919	566,430	80,919	80,919	809,187	-	-	-	809,187
Total expenses	\$ 7,369,557	\$ 1,643,996	\$ 213,320	\$ 3,334,865	\$ 12,561,738	\$ 1,539,202	\$ 1,817,459	\$ 3,356,661	\$ 15,918,399

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Girl Scout Council of the Nation's Capital

Statements of Cash Flows

<i>For the Years Ended September 30,</i>	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 2,264,337	\$ 6,649,653
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debt expense	32,804	-
Allowance for doubtful accounts	2,353	-
Realized and unrealized (gain) loss on investments and perpetual trusts	(990,438)	2,703,654
Impairment loss on land held for sale	2,456,151	-
Depreciation and amortization	738,181	789,387
Right-of-use asset amortization for finance lease obligations	29,701	19,800
Proceeds from contributions restricted for investment in net assets with donor restrictions in perpetuity	(105,735)	(300,000)
PPP loan forgiveness	-	(1,257,500)
(Increase) decrease in assets		
Accounts receivable	(24,924)	(737,260)
Contributions receivable	(810,540)	73,095
Inventory	(20,453)	(39,558)
Prepaid expenses and deposits	(48,155)	(47,801)
Right-of-use assets - operating leases	898,578	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(63,303)	238,676
Accrued payroll and related liabilities	156,247	20,333
Deferred revenue	(29,249)	(14,888)
Deferred rent	-	(82,716)
Lease liabilities - operating leases	(884,305)	-
Net cash provided by operating activities	3,601,250	8,014,875
Cash flows from investing activities		
Proceeds from sales and maturities of investments	6,487,531	2,842,494
Purchases of investments	(10,804,937)	(3,459,722)
Capital expenditures	(726,740)	(653,440)
Net cash used by investing activities	(5,044,146)	(1,270,668)
Cash flows from financing activities		
Proceeds from contributions restricted for investment in net assets with donor restrictions	105,735	300,000
Principal payments on note payable	(8,480)	(8,150)
Principal payments on finance lease obligations	(26,401)	(57,303)
Net cash provided by financing activities	70,854	234,547
Net change in cash and cash equivalents	(1,372,042)	6,978,754
Cash and cash equivalents, beginning of year	13,065,376	6,086,622
Cash and cash equivalents, end of year	\$ 11,693,334	\$ 13,065,376
Supplemental information		
Cash paid for interest on finance lease obligations	\$ 12,193	\$ 7,381
Cash paid for interest on note payable	\$ 657	\$ 987
Supplemental non-cash investing activities		
Leasehold improvements covered by tenant allowance	\$ 125,831	\$ -
Equipment obtained through finance lease	\$ -	\$ 148,503

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: The Girl Scout Council of the Nation's Capital ("the Council"), a nonprofit organization, was incorporated in the state of Virginia on January 1, 1963. The Council serves youth throughout the District of Columbia, eight counties in Maryland, ten counties in Virginia, and seven counties in West Virginia. The accompanying financial statements do not include financial data for individual Girl Scout Troops.

Description of Program and Supporting Services:

Troop-type Service:

The Council is the support organization of Girl Scouting in neighborhoods throughout the District of Columbia, eight counties in Maryland, ten counties in Virginia, and seven counties in West Virginia. It is responsible for the recruitment of youth and adults and the formation of Girl Scout troops throughout the region. The Council develops programs for youth and troops, provides outreach to low-income and linguistically diverse populations, as well as providing the financial support to ensure equal access to programs and activities by all members.

Camping and Property:

The Council provides overnight and multi-day outdoor experiences that teach teamwork, cooperation, self-reliance, and leadership while enhancing youth's skills in numerous sports, crafts, arts, and outdoor related activities. The Council maintains ten properties, eight with developed campsites that are used as overnight camps, summer day programs, service unit and troop camping and training. The Council provides financial support for resident camping through camperships to youth.

Day Camps and Outreach:

The Council provides weeks of summer programs for youth that focus on self-awareness and skill building activities, as well as outdoor education, science, arts, and crafts. Some of the programs are located in economically depressed and/or at-risk areas or in neighborhoods where English is not the primary language, while others are more traditional and are located on campsites and in state parks. Through the day camps, the Council is able to serve the diverse population of youth in the region. The Council also provides financial support for day camps through camperships to youth.

Adult/Volunteer Development:

The Council facilitates volunteer involvement in Girl Scouts by providing the resources, the administrative and financial support, adult education courses, training for skills enhancement and safety, publications and communications materials, and the support services that enhance the delivery of the Girl Scout program.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

Fundraising:

The Council also secures private financial support, grants, individuals, foundations and corporations, and the United Way and Combined Federal Campaigns. The Council coordinates a planned giving program, as well as communicating the progress and activities of the Council to the donor community.

Management and General:

The Council's resources are used to support a professional working environment, which allows for the coordination, articulation, and dissemination of the organization's mission and programs. The Council provides leadership support, guidelines, and policy for all the volunteers within the organization. The Council administers programs and manages the financial and budgetary responsibilities of the Council.

Basis of presentation: The financial statements of the Council have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Net assets of the Council and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets result from revenues derived from contributions without donor restrictions, investment income, and other inflows of assets that are not subject to donor-imposed stipulations. This also includes Board designated net assets which consist of net assets designated by the Board for a specific use.

Board designated net assets – The board may designate the use of net assets without donor restrictions to enhance operational capabilities. For the years ended September 30, 2023 and 2022, the board approved the use of \$14,494,805 and \$7,998,306, respectively, of net assets without donor restrictions for operating reserves.

Net assets with donor restrictions – The Council reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

Cash and cash equivalents: Cash and cash equivalents consist of deposits in checking, savings, and money market accounts, and all liquid debt instruments with original maturities of three months or less. Certain money market accounts intended for long-term investment are categorized as investments. The Council maintains cash balances which may exceed the federally insured limit of \$250,000 per financial institution. At September 30, 2023, the Council held approximately \$11,109,000 over the FDIC limit at two institutions. At September 30, 2022, the Council held approximately \$12,495,000 over the FDIC limit at two institutions. The Council has not experienced any losses through the date when the financial statements were available to be issued.

Inventory: Inventory, stated at net realizable value, consists of clothing, supplies, and other items sold in the Girl Scout shops. There is no cookie inventory because the cookie sales occur between December and March each year and all cookies are sold and delivered by year-end.

Investments: Investments are recorded at readily determinable fair values. The Council utilized readily available market prices to value its investments as of September 30, 2023 and 2022. Therefore, all assets are classified at Level 1 as defined under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820. Unrealized and realized gains and losses are included in the statements of activities.

Beneficial interest in perpetual trusts: The Council is the beneficiary of several trusts. Net unrealized gains and losses in these trusts are reported as restricted support based on the various donor gifts to the trusts which restrict distribution from the trust to interest and dividend income. The carrying value of these assets is equal to the estimated fair value of the underlying trust assets, which approximates the present value of the future cash flows to be derived from those trust accounts. The Council does not require collateral to secure its beneficial interest in perpetual trusts.

Fair value: The Council values its investments at fair value in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes to the fair value methodologies used at September 30, 2023 and 2022, respectively.

Accounts and contributions receivable: Accounts receivable consists mainly of receivables from the cookie program, fall product, troop loans and donor pledges. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

The allowance method is used to determine doubtful accounts. The allowance for doubtful accounts is based on specifically identified amounts that the Council believes to be uncollectible. The Council also records an additional allowance for doubtful accounts based on certain percentages of aged receivables, which are determined based on management's historical experience and an assessment of general financial conditions. If actual collection experience changes, revisions to the allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. As of September 30, 2023 and 2022, the Council believes that the allowance for doubtful accounts is adequate. However, future write-offs might exceed the recorded allowance.

Financial instruments and credit risk: Financial instruments which potentially subject the Council to concentrations of credit risk consist principally of cash and investments held at creditworthy financial institutions. These investments are kept within limits designed to prevent risks caused by concentration. As of September 30, 2023 and 2022, the Council had no other significant concentration of credit risk.

Property and equipment, and depreciation: Land, buildings, and equipment are recorded at cost, or if donated, such assets are capitalized at the estimated fair market value at the date of receipt. The value of the land represents the historical cost at the date of acquisition or donation. Depreciation of buildings and equipment is computed using the straight-line method with the following estimated useful lives:

Buildings and improvements	20 to 40 years
Camp equipment	5 to 15 years
Vehicles	5 years
Office equipment	3 to 15 years

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

The Council capitalizes all acquisitions of land, buildings, and equipment over \$2,500. When assets are sold or disposed of, the cost and corresponding accumulated depreciation and amortization are removed from the accounts with any gain or loss recognized currently. Expenditures for repairs and maintenance are charged to expense as incurred. Costs associated with leasehold improvements are amortized over the life of the lease. Costs associated with construction in progress are held until the asset is placed in service, at which point the asset is transferred out of construction in progress and depreciated over its estimated useful life. During the years ended September 30, 2023 and 2022, \$203,088 and \$67,760, respectively, of construction in progress was reclassified to buildings and improvements as the construction was completed. During the years ended September 30, 2023 and 2022, \$873,808 and \$592,569, respectively, remained as construction in progress.

It is not the Council's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as support without donor restrictions once placed in service.

Impairment of long-lived assets: The Council reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced to its current fair value by a charge to the statements of activities.

The Council received a donation of 638.71 acres of land during 2019 with an appraised value of \$17,900,000. In December 2023, the Council signed a purchase agreement to sell 537.24 acres of the donated land valued at \$15,056,151 for \$12,600,000 and recognized an impairment loss of \$2,456,151. This loss is reported as a separate line item in the statement of activities at September 30, 2023. There was no impairment at September 30, 2022.

Leases: Prior to adoption of Accounting Standards Codification 842, *Leases*, (ASC 842), the Council recognized the minimum rents required under operating leases as rent expense on a straight-line basis over the life of the lease. Differences between amounts recognized as expense and the amounts paid were recorded as deferred rent on the statements of financial position.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

As of October 1, 2022, the Council adopted ASC 842. Operating lease right-of-use assets ("ROU") and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. The ROU assets resulting from operating leases are disclosed as right-of-use assets - operating leases and the related liabilities are included in lease liabilities - operating leases in the statements of financial position. The ROU assets resulting from finance leases are disclosed as right-of-use assets - finance leases and the related liabilities are included in the lease liabilities - finance leases in the statements of financial position. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as occupancy expense in the accompanying statements of functional expenses. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise that option. Lease and non-lease components of operating lease agreements are accounted for as a single component. The Council determines if an arrangement is a lease at inception. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the Council made the short-term lease election.

The Council leases equipment under leases for periods of three to five years. The lessors agree to maintain the equipment associated with the leases over the lease term. In accordance with ASC 842, the Council allocated the consideration in the contract to the lease (equipment) and non-lease (maintenance) components, which was allocated based on observable standalone prices for the equipment.

Endowments: The Council has interpreted the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The associated gains and income on donor-restricted endowment funds are classified as net assets with restriction until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

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

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.

Endowment Investment and Spending Policies – The objective of the Endowment Fund is principal preservation pursued as a long-term goal designed to maximize the income returns without exposure to undue risk. It is understood that fluctuating rates of return are characteristic of the securities markets. This fund has a long-term performance horizon of 3-5 years.

For purposes of measuring performance:

1. The total return, net of investment expenses, will be compared to an index comprised of a blend of indices whose mix approximates the mix of the Endowment Fund.
2. The total return, net of investment expenses, of each investment manager will be evaluated against an appropriate individual benchmark and a peer universe.

For purposes of measuring performance, total return is defined as all dividends and interest and both realized and unrealized gains and losses reduced by investment expenses and fees.

To satisfy 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 return objectives within prudent risk parameters.

The Council's fiscal policy governs the use of resources in the endowment fund for scholarships, camperships, and financial assistance for programs. Endowment funds are used for the specified purpose, or over the specified time period, designated by the donor.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

Revenue recognition:

The Council recognizes revenue in accordance with Accounting Standards Codification 606, *Revenue from Contracts with Customers* ("ASC 606"). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Sales: Sales are recognized as revenue at the point in time when the customer receives and pays for goods with cash. For online sales shipped to customers, sales are recognized at the point in time that the goods are shipped.

Camping and other program fees: Revenue from camping and other program fees are recognized at the point in time when the services have been rendered.

Contract costs – Costs to fulfill the contracts for sales, camping, and other program fees include materials, direct salaries, fringe benefits, allocated overhead, and other miscellaneous expenses. The Council does not incur incremental costs to obtain the contracts.

Contract assets and liabilities – Contract liabilities include payments received in advance of an event and not yet earned and are included in deferred revenue. There was deferred revenue of \$6,656 and \$35,905 at September 30, 2023 and 2022, respectively. There was deferred revenue of \$50,793 at October 1, 2021. Contract assets include accounts receivable which were \$802,444, \$814,028 and \$80,570 at September 30, 2023, 2022, and October 1, 2021, respectively.

Other income: Other income arises from rebates of credit cards and vendors, and non-recurring camp site rentals. The rebates are recognized when received and camp site rentals, usually short-term, are recognized at the end of the rental period.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

The following revenue streams are outside of the scope of ASC 606:

Contributions: The Council recognizes all contributions as revenue in the period received or unconditionally promised. Contributions are recorded as net assets without restrictions or net assets with restrictions depending on the presence or absence of donor stipulations that limit the use of the contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified as net assets without restrictions and reported in the statements of activities as net assets released from restrictions. SHARE is a contribution campaign wherein families and friends can donate to help make Girl Scouting possible.

Annual giving campaigns: Revenue from the annual giving campaigns is recognized when a pledge or contribution is received in accordance with contribution revenue policies.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited.

Expenses that are allocated include the following:

Expense Type	Allocation Method
Professional fees	Time and effort
Supplies	Time and effort
Communication	Time and effort
Postage and shipping	Time and effort
Occupancy	Time and effort
Rentals and maintenance	Time and effort
Outside printing and artwork	Time and effort
Transportation and related expenses	Time and effort
Adult conferences and conventions	Time and effort
Specific assistance to individual youth and adults	Actual expenses
Dues for membership in other organizations	Time and effort
Bank and credit card fees	Time and effort
Miscellaneous	Time and effort
Depreciation and amortization	Actual expenses

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

Donated services and property: A substantial number of volunteers have donated significant amounts of time to the Council's program services and to its fund-raising campaigns. Although the value of these services is significant, the Council does not record such value in its financial statements since the criteria for recognition are not met. During the years ended September 30, 2023 and 2022, the Council received donated professional services. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Council. The Council recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair values at the time of the donation.

Income tax status: The Council is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation within the meaning of Section 509(a)(2) of the Internal Revenue Code. Accordingly, no provision for income taxes is recognized in the financial statements.

The Council evaluates uncertainty in income tax positions taken or expected to be taken on a tax return based on a more-likely-than not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the financial statements. As of September 30, 2023 and 2022, the Council recognized no uncertain tax positions nor accrued interest and penalties associated with uncertain tax positions. If applicable, the Council records interest and penalties as a component of income tax expense. Tax years from 2020 through the current year remain open for examination by tax authorities.

Management estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

Recently adopted accounting pronouncements: The Council adopted Accounting Standards Codification 842, *Leases*, (ASC 842) effective October 1, 2022. This standard requires lessees to recognize leases on the Statement of Financial Position as right-of-use (ROU) assets and lease liabilities based on the value of the discounted future lease payments. In adopting ASC 842, the Council elected to use the practical expedient package, which includes not reevaluating if a contract is or contains a lease, not reevaluating the classification of a lease, and not reevaluating initial direct costs.

Upon adoption, the Council recognized operating lease ROU assets and lease liabilities in the amounts of \$8,618,818 and \$9,466,042, respectively, using the modified retrospective alternative method. No cumulative-effect adjustments were required. The ROU assets for finance leases were previously capitalized as property and equipment under ASC 840 and the related finance lease obligations are now referred to as lease liabilities – finance leases on the statements of financial position.

Reclassification: Certain prior year balances have been reclassified to conform to the current year presentation.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through February 14, 2024, which is the date the financial statements were available to be issued.

2. Liquidity and availability of Resources

The table below presents financial assets available for general expenditures within one year at September 30:

	2023	2022
Cash and cash equivalents	\$ 11,693,334	\$ 13,065,376
Accounts receivable	808,018	818,251
Contributions receivable	954,140	143,600
Investments	18,914,762	13,606,918
Total financial assets	32,370,254	27,634,145
Less: net assets with donor restrictions	(3,230,342)	(4,302,349)
Financial assets available to meet general expenditures over the next twelve months	\$ 29,139,912	\$ 23,331,796

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

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. The Council has various sources of liquidity including cash and cash equivalents, marketable equity securities, and contributions with and without donor restrictions. The board designated reserve fund is available for general expenditure with the authorization of the board. The Council considers all expenditures related to its ongoing activities of supporting the Council's operating activities, fundraising and administration to be general expenditures. The organization strives to maintain liquid financial assets sufficient to cover at least 6 months of general expenditures.

3. Accounts receivable

Accounts receivable consist of the following at:

September 30,	2023	2022
Cookie receivables	\$ 8,360	\$ 11,387
Fall sales receivable	534,876	627,833
Other receivables	269,482	181,378
Total receivables	812,718	820,598
Less: allowance for doubtful accounts	(4,700)	(2,347)
Net accounts receivable	\$ 808,018	\$ 818,251

4. Contributions receivable

Contributions receivable consist of the following at:

September 30,	2023	2022
Unconditional promises to give	\$ 977,140	\$ 168,600
Less: Allowance for doubtful accounts	(23,000)	(25,000)
Net unconditional promises to give	\$ 954,140	\$ 143,600

No discount has been recorded for the years ended September 30, 2023 and 2022 as the overall amount would be immaterial to the financial statements.

The expected future cash receipts of contributions receivable are as follows at:

September 30,	2023	2022
Amounts due in:		
Less than one year	\$ 977,140	\$ 93,600
One to five years	-	75,000
Unconditional promises to give before allowance for doubtful accounts	\$ 977,140	\$ 168,600

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

5. Fair value Investments, at fair value, consist of the following at:

September 30, 2023	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate securities	\$ 1,713,409	\$ 1,713,409	\$ -	\$ -
Exchange traded funds	3,263,791	3,263,791	-	-
Mutual funds	13,884,194	13,884,194	-	-
Money market funds	53,368	53,368	-	-
Total investments	\$ 18,914,762	\$ 18,914,762	\$ -	\$ -

September 30, 2022	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate securities	\$ 1,715,612	\$ 1,715,612	\$ -	\$ -
Exchange traded funds	3,269,537	3,269,537	-	-
Mutual funds	8,541,107	8,541,107	-	-
Money market funds	80,662	80,662	-	-
Total investments	\$ 13,606,918	\$ 13,606,918	\$ -	\$ -

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

6. Property and equipment

Property and equipment consists of the following at:

September 30,	2023	2022
Land		
Land	\$ 4,961,526	\$ 20,017,677
Land held for sale	12,600,000	-
Total land	17,561,526	20,017,677
Building and Improvements		
Aquasco	165,232	165,232
Brighton Woods	1,737,588	1,734,403
Coles Trip	1,899,935	1,793,682
Crowell	425,057	425,057
May Flather	335,174	335,174
Potomac Woods	1,564,897	1,534,611
White Rock	865,370	865,370
Winona	4,389,649	4,392,834
Leasehold improvements – headquarters	547,228	421,397
Frederick, MD Archive Center	207,750	207,750
Martinsburg Office Space	72,270	72,270
Total building and improvements	12,210,150	11,947,780
Equipment		
Office equipment	391,964	273,026
Vehicles	386,598	263,837
Camp and program equipment	170,608	103,345
Potomac Woods	69,236	69,236
Brighton Woods	15,616	15,616
Aquasco	17,829	17,829
Coles Trip	66,229	66,229
May Flather	21,409	21,409
White Rock	14,310	14,310
Winona	30,988	30,988
Total equipment	1,184,787	875,825
Construction in progress	873,808	592,569
Total Property and equipment at cost	31,830,271	33,433,851
Less: Accumulated depreciation and amortization	(8,893,474)	(8,125,592)
Property and equipment, net	\$ 22,936,797	\$ 25,308,259

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

The Council leases, for a nominal value, the land on which Camp May Flather is located from the National Park Service and a portion of the land used for Camp Aquasco from the Maryland Capital Parks and Planning Commission.

Depreciation and amortization expense for the years ended September 30, 2023 and 2022 was \$767,882 and \$809,187, respectively.

7. Note payable

In August 2014, the Council received donated land in Brookeville, Maryland from an individual donor and issued a deed of trust agreement (the agreement) between the Council and the donor to execute the purchase and donation of the land. At the time of the donation, the land was appraised at \$350,000. As part of the agreement, the Council was required to pay the donor \$50,000 in cash and issue a note payable amounting to \$75,000. The remaining amount of \$225,000 was recorded as a contribution from the donor and included in the statement of activities. The note bears a 4% interest rate, payable in 40 regular payments of \$2,284 starting in November 2014. As of September 30, 2023 and 2022, principal payments of \$8,480 and \$8,149, respectively, have been made.

Future maturities of the note payable are as follows:

Years Ending September 30,	Amount
2024	\$ 8,825
2025	2,261
Total	\$ 11,086

Interest expense for the years ended September 30, 2023 and 2022 was \$657 and \$987, respectively.

8. Paycheck Protection Program loan

The Council was granted a loan of \$1,250,000 on February 22, 2021, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The CARES Act provides that the PPP loan may be partially or wholly forgiven if the funds are used for certain qualifying expenses as described in the CARES Act. On April 8, 2022, the Council was approved for loan forgiveness for \$1,250,000 plus accrued interest of \$7,500. The PPP loan forgiveness was reported under government contributions on the statements of activities.

The Council elected ASC 470 – *Debt* to account for the initial proceeds of the PPP loan. Accordingly, the PPP loan was initially recorded as a liability. Upon notification of full loan forgiveness of the PPP loan, the Council recorded a contribution totaling \$1,257,500 for the year ended September 30, 2022, to reflect the nonreciprocal legal release of the obligation as required by ASC 958 – *Not-for-profit Entities*.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

9. Lines-of-credit In November 2019, the Council opened an unsecured \$2,000,000 line-of-credit with PNC Bank. At September 30, 2023 and 2022, the balance of the line-of-credit was \$0. The interest rate on this line-of-credit was LIBOR plus 1.5% with a maturity date of April 30, 2021. In May 2021, the line-of-credit was amended to extend the maturity date to April 30, 2022. In May 2022, the line-of-credit was amended to extend the maturity date to April 30, 2023. In May 2023, the line-of-credit was amended to extend the maturity date to April 30, 2024 and to increase the interest rate to LIBOR plus 1.75% which was 7.2% and 4.9% as of September 30, 2023 and 2022. As of September 30, 2023 and 2022, the line-of-credit has not been used.

10. Board designated net assets The Board established a fund called the "Operating Reserve". In accordance with the guidelines of Girl Scouts of the USA, it is the goal of the Council to build a reserve fund equal to 50% of annual operating expenses. The fund is at 78.4% and 58.8% for the years ended September 30, 2023 and 2022, respectively.

11. Net assets with donor restrictions Net assets with donor restrictions were available for the following purposes as of:

September 30,	2023	2022
Camp programs	\$ 190,450	\$ 210,322
Troop-type service	484,676	1,742,350
Acquisition of land, building, and equipment	200,780	100,976
Endowment fund – held in perpetuity	2,354,436	2,248,701
Total net assets with donor restrictions	\$ 3,230,342	\$ 4,302,349

12. Net assets released from restrictions Net assets were released from donor restrictions during the years ended September 30, 2023 and 2022 by incurring expenses satisfying the purpose of restrictions specified by donors, as follows:

	2023	2022
Camp programs	\$ 130,381	\$ 263,655
Troop-type service	1,976,064	886,723
Acquisition of land, building, and equipment	245,045	278,045
Event sponsorship	-	100,280
Total net assets released from restrictions	\$ 2,351,490	\$ 1,528,703

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

13. Net assets with donor restrictions in perpetuity	The Council's endowment fund consists of the following as of:		
	September 30,	2023	2022
	Ewing Fund for Campership	\$ 15,578	\$ 15,578
	Schwartz/Wolff Foundation Fund	18,208	18,208
	Juliette Low Society	830,673	828,173
	Con Corazon/Heart	103,235	-
	Phillips Gold Award Fund	250,000	250,000
	Samuel Rosenstock Irrevocable Trust	225,277	225,277
	Pangborn Trust	38,150	38,150
	Shingleton Trust	41,913	41,913
	Eva Woolridge Scholarship Fund	54,864	54,864
	Verhage Campership Fund	759,374	759,374
	Bobby Lerch Endowment Fund	17,164	17,164
Total net assets with donor restrictions in perpetuity	\$ 2,354,436	\$ 2,248,701	

14. Sales

For the year ended September 30, 2023:

	Cookies	Fall Sale	Girl Scout Shops	Total
Sales	\$ 23,135,702	\$ 2,897,385	\$ 1,513,509	\$ 27,546,596
Cost of Sales	9,863,096	1,758,349	738,031	12,359,476
Net Sales	\$ 13,272,606	\$ 1,139,036	\$ 775,478	\$ 15,187,120

For the year ended September 30, 2022:

	Cookies	Fall Sale	Girl Scout Shops	Total
Sales	\$ 22,808,055	\$ 3,707,416	\$ 1,350,082	\$ 27,865,553
Cost of Sales	10,305,291	2,090,561	623,244	13,019,096
Net Sales	\$ 12,502,764	\$ 1,616,855	\$ 726,838	\$ 14,846,457

Cookie sales are net of \$4,297,485 and \$4,062,495 retained by troops for the years ended September 30, 2023 and 2022, respectively. Fall sales are net of \$560,621 and \$548,233 retained by troops for the years ended September 30, 2023 and 2022, respectively.

Net revenues from product sales represented 65.4% and 66.3% of operating revenue for the years ended September 30, 2023 and 2022, respectively.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

15. Annual giving campaigns

Annual giving campaigns revenue consists of the following:

September 30,	2023	2022
SHARE	\$ 552,477	\$ 521,111
Major Gifts	440,372	175,950
Total annual giving campaigns	\$ 992,849	\$ 697,061

16. Employee benefit plan

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 the majority 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. This obligation is held at NGSCRCP. Contributions made by the Council for the years ended September 30, 2023 and 2022 were \$552,833 and \$690,746, respectively.

During the year ended September 30, 2011, as a result of the National Girl Scout Council Retirement Plan being frozen, the Board of Directors appointed an Ad-Hoc Committee to develop a new single employer retirement plan for the Council's employees. The Committee worked with the Council's management to design a defined contribution plan that would include a 3% non-discretionary contribution by the Council for all employees who met the eligibility requirements, and in addition, the Council would also match up to 2% of the contribution made by each eligible employee to their retirement savings. The Council's pension expense and contributions to this plan for the years ended September 30, 2023 and 2022 were \$292,830 and \$273,520, respectively. Employees are fully vested in the Council's non-discretionary contributions immediately, and are fully vested in the Council's matching contributions after 3 years of service.

17. Operating leases

Upon adoption of the new lease standard, ASC 842, the Council evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Council's right to use underlying assets for the lease term, and the lease liabilities represent the Council's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, under the operating leases, were calculated based on the present value of future lease payments over the lease terms. The weighted-average discount rate applied to calculate operating lease liabilities as of September 30, 2023, was 3.7%. As of September 30, 2023, the weighted-average remaining lease term for the Organization's operating leases was approximately 7.6 years.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

The Council has commitments under operating leases, expiring at various times through the year 2032, for office space and equipment. Some leases have scheduled rental increases and some contain options to renew.

For the year ended September 30, 2023, total operating lease cost was \$1,236,578.

Cash paid for operating leases for the year ended September 30, 2023 was \$1,220,523. There were no noncash investing and financing transactions related to leasing.

Future maturities of the lease obligation under non-cancellable leases as of September 30, 2023 are as follows:

Years Ending September 30,	Total
2024	\$ 1,249,256
2025	1,284,384
2026	1,317,664
2027	1,265,855
2028	1,236,656
Thereafter	3,550,107
Total	9,903,922
Less: imputed interest	(1,322,185)
Lease liabilities – operating	\$ 8,581,737

For the year ended September 30, 2022, under FASB ASC 840 (pre-adoption of the new standard, ASC 842), total rent expense for all operating leases was \$1,146,136.

The following is a schedule by years of future minimum rental payments required under the operating lease as of September 30, 2022:

Years Ending September 30,	Total
2023	\$ 1,222,546
2024	1,234,405
2025	1,183,078
2026	1,179,059
2027	462,661
Thereafter	404,012
Total	\$ 5,685,761

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

18. Finance leases The Council is obligated for leases of equipment as a lessee under agreements classified as finance leases. The weighted-average discount rate applied to calculate finance lease liabilities as of September 30, 2023, was 10%, the rate implicit in the lease. As of September 30, 2023, the weighted-average remaining lease term for the Organization's finance leases was approximately 3.1 years.

For the year ended September 30, 2023, total finance lease cost was \$41,894.

Cash paid for finance leases for the year ended September 30, 2023 was \$38,594. There were no noncash investing and financing transactions related to leasing.

The following is a schedule by year of the future maturities under the finance leases as of September 30, 2023:

Years Ending September 30,	Total
2024	\$ 29,165
2025	37,773
2026	41,264
2027	3,129
Total	111,331
Less: imputed interest	(16,638)
Lease liabilities – finance	\$ 94,693
Finance lease asset	
Original asset value	\$ 148,503
Less: accumulated amortization	(49,501)
Net book value at year end	\$ 99,002
Amortization of ROU Asset – finance leases	\$ 29,701
Interest on lease liabilities – finance leases	12,193
Total finance lease cost	\$ 41,894

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

The following is a schedule by years of future minimum rental payments required under the capital lease as of September 30, 2022 under FASB ASC 840 (pre-adoption of the new standard, ASC 842):

Years Ending September 30,	Total
2023	\$ 32,073
2024	34,837
2025	37,891
2026	41,264
2027	3,129
Subtotal	149,194
Amount representing interest	(28,100)
Net present value of future minimum lease payments	\$ 121,094
Capital lease asset	
Original asset value	\$ 148,503
Less: accumulated amortization	(19,800)
Net book value at year end	\$ 128,703
Amortization expense	\$ 19,800

19. Endowments

The Council's endowment consists of contributions with donor restrictions to be held in perpetuity established for the purpose of funding scholarships and financial assistance to Girl Scouts. Net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The endowment net asset composition by type of fund was as follows:

September 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,354,436	\$ 2,354,436
Accumulated investment gains	-	-	-
Total endowment funds	\$ -	\$ 2,354,436	\$ 2,354,436

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

September 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,248,701	\$ 2,248,701
Accumulated investment gains	-	-	-
Total endowment funds	\$ -	\$ 2,248,701	\$ 2,248,701

Changes in endowment net assets during the year ended September 30, 2023 are as follows:

Endowments	Without Restrictions	With Restrictions	Total
Endowments, September 30, 2022	\$ -	\$ 2,248,701	\$ 2,248,701
Investment return			
Investment income	63,328	-	63,328
Net gains (realized and unrealized)	142,858	-	142,858
Total investment return	206,186	-	206,186
Contribution and transfers in	-	105,735	105,735
Appropriation of endowment income for expenditure	(206,186)	-	(206,186)
Endowments, September 30, 2023	\$ -	\$ 2,354,436	\$ 2,354,436

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

Changes in endowment net assets during the year ended September 30, 2022 are as follows:

Endowments	Without Restrictions	With Restrictions	Total
Endowments, September 30, 2021	\$ -	\$ 1,948,701	\$ 1,948,701
Investment return			
Investment income	64,614	-	64,614
Net losses (realized and unrealized)	(506,147)	-	(506,147)
Total investment return	(441,533)	-	(441,533)
Contribution and transfers in	506,147	300,000	806,147
Appropriation of endowment income for expenditure	(64,614)	-	(64,614)
Endowments, September 30, 2022	\$ -	\$ 2,248,701	\$ 2,248,701

20. Employee retention tax credit

The Council applied for the Employer Retention Tax Credit (ERTC) under the provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which is recorded in government contributions on the accompanying statements of activities in accordance with FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. The Council was eligible for 70% of the first \$10,000 of qualified wages for the first three quarters of the year ended September 30, 2021. The credit for the first and second quarter was received in full in May 2023 and the credit for the third quarter was received in full in December 2021. The credits for the first quarter and second quarter of 2021, have been recognized in the amounts of \$682,704 and \$692,005, respectively in the year ended September 30, 2023 and are included in government contributions on the statement of activities. Interest payments received totaling \$54,342 were also recognized in the year ended September 30, 2023. The credit for the third quarter of 2021, was recognized in the amount of \$671,505, in the year ended September 30, 2022. Amounts recorded and amounts received under the CARES Act are subject to audit by the Internal Revenue Service.

21. Donated services and property

The Council received pro bono legal services valued at \$174,564 and \$184,926 for the years ended September 30, 2023 and 2022, respectively. The donated services are valued at hourly rates established by the attorneys. All donated services were utilized by the Council's supporting activities. There were no donor-imposed restrictions associated with the in-kind contributions.

Girl Scout Council of the Nation's Capital

Notes to Financial Statements

22. Subsequent event

The Council received a donation of 638.71 acres of land during 2019 with an appraised value of \$17,900,000. On January 5, 2024, the Council sold 537.24 acres for \$12,600,000 to the Maryland National Capital Park and Planning Commission. An impairment was recorded for the expected loss on the sale of the land for \$2,456,151 as of September 30, 2023 based on the proportion of land to be sold and the original assessed value. The criteria for held for sale assets, including the commitment to sell, were met prior to year-end.