

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

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

# Girl Scout Council of the Nation's Capital

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the **Girl Scout Council of the Nation's Capital** (a nonprofit organization), which comprise the Statements of Financial Position as of September 30, 2019 and 2018 and the related Statements of Activities, Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditor's Report (continued)

### *Opinion*

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, 2019 and 2018 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.

*Aronson LLC*

Rockville, Maryland  
January 22, 2020

# Girl Scout Council of the Nation's Capital

## Statements of Financial Position

<i>September 30,</i>	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 2,505,380	\$ 1,318,261
Accounts receivable, net	109,226	189,748
Contributions receivable, net	300,125	37,412
Inventory	381,915	383,594
Prepaid expenses and deposits	551,043	416,179
Investments	12,997,313	12,536,856
Beneficial interest in perpetual trusts	90,230	90,230
Property and equipment, net	25,719,499	8,251,710
<b>Total assets</b>	<b>\$ 42,654,731</b>	<b>\$ 23,223,990</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 698,459	\$ 438,886
Payroll and related liabilities	569,634	534,110
Deferred rent	880,300	893,465
Deferred revenue	22,776	11,420
Capital lease obligation	266,108	366,538
Note payable	43,073	50,305
<b>Total liabilities</b>	<b>2,480,350</b>	<b>2,294,724</b>
<b>Net assets</b>		
Without donor restrictions		
Board designated- operating reserve	9,071,295	9,005,646
Undesignated	26,994,805	8,268,270
Total net assets without donor restrictions	36,066,100	17,273,916
With donor restrictions	4,108,281	3,655,350
<b>Total net assets</b>	<b>40,174,381</b>	<b>20,929,266</b>
<b>Total liabilities and net assets</b>	<b>\$ 42,654,731</b>	<b>\$ 23,223,990</b>

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

<i>For the Years Ended September 30,</i>				
	Operating	2019 Capital	Total	2018 Total
<b>Changes in net assets without Donor Restrictions</b>				
Revenue, gains, and other support				
Sales	\$ 19,221,435	\$ -	\$ 19,221,435	\$ 19,296,880
Cost of Sales	6,748,388	-	6,748,388	6,622,487
<b>Net Sales</b>	<b>12,473,047</b>	<b>-</b>	<b>12,473,047</b>	<b>12,674,393</b>
<b>Other Support</b>				
Land contribution	-	17,900,000	17,900,000	-
Camping and other program fees	1,984,131	-	1,984,131	1,921,611
Foundation and corporate contributions	205,139	-	205,139	372,023
Annual giving campaigns	652,728	-	652,728	606,406
United Way designations	52,541	-	52,541	41,561
Interest and dividends	289,957	-	289,957	210,053
Other income	345,317	-	345,317	204,421
Net realized and unrealized gains on investments	208,280	-	208,280	621,389
<b>Total other support</b>	<b>3,738,093</b>	<b>17,900,000</b>	<b>21,638,093</b>	<b>3,977,464</b>
Net assets released from restrictions:				
Satisfaction of program restrictions	1,236,031	-	1,236,031	1,276,704
<b>Total revenue, gains, and other support</b>	<b>17,447,171</b>	<b>17,900,000</b>	<b>35,347,171</b>	<b>17,928,561</b>
<b>Expenses</b>				
<b>Program services:</b>				
Troop-type service	4,740,933	87,931	4,828,864	4,647,288
Camping and property	3,574,288	615,520	4,189,808	3,556,697
Day Camps and outreach	1,595,788	87,931	1,683,719	1,447,355
Adult/volunteer development	3,183,352	87,931	3,271,283	3,252,586
<b>Total program services</b>	<b>13,094,361</b>	<b>879,313</b>	<b>13,973,674</b>	<b>12,903,926</b>
<b>Support services:</b>				
Fundraising	1,309,091	-	1,309,091	1,337,216
Management and general	1,272,222	-	1,272,222	1,226,004
<b>Total support services</b>	<b>2,581,313</b>	<b>-</b>	<b>2,581,313</b>	<b>2,563,220</b>
<b>Total expenses</b>	<b>15,675,674</b>	<b>879,313</b>	<b>16,554,987</b>	<b>15,467,146</b>
<b>Increase in net assets without donor restrictions</b>	<b>1,771,497</b>	<b>17,020,687</b>	<b>18,792,184</b>	<b>2,461,415</b>
<b>Changes in net assets with donor restrictions</b>				
Foundation and corporate contributions	1,157,973	-	1,157,973	709,696
Individual giving contributions	522,989	-	522,989	457,162
Net assets released from restrictions	(1,236,031)	-	(1,236,031)	(1,276,704)
<b>Increase (decrease) in net assets with donor restrictions</b>	<b>444,931</b>	<b>-</b>	<b>444,931</b>	<b>(109,846)</b>
<b>Changes in net assets with donor restrictions in perpetuity</b>				
Contributions	8,000	-	8,000	15,000
<b>Increase in permanently restricted net assets</b>	<b>8,000</b>	<b>-</b>	<b>8,000</b>	<b>15,000</b>
<b>Increase in net assets</b>	<b>\$ 2,224,428</b>	<b>\$ 17,020,687</b>	<b>\$ 19,245,115</b>	<b>\$ 2,366,569</b>

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

*For the Years Ended September 30,*

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, October 1, 2017	\$ 14,812,501	\$ 3,750,196	\$ 18,562,697
Change in net assets	2,461,415	(94,846)	2,366,569
Net Assets, September 30, 2018	17,273,916	3,655,350	20,929,266
Change in net assets	18,792,184	452,931	19,245,115
Net Assets, September 30, 2019	\$ 36,066,100	\$ 4,108,281	\$ 40,174,381

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, 2019	Program Services					Supporting Services			
	Troop-Type Service	Camping and Property	Day Camps and Outreach	Adult/Volunteer Development	Total Program Services	Fundraising	Management and General	Total	Total Expenses
Salaries	\$ 1,994,207	\$ 1,434,897	\$ 589,835	\$ 1,497,562	\$ 5,516,501	\$ 645,119	\$ 547,054	\$ 1,192,173	\$ 6,708,674
Staff health and retirement benefits	522,010	296,931	134,600	407,119	1,360,660	181,197	149,562	330,759	1,691,419
Payroll taxes	149,409	107,504	44,191	112,199	413,303	48,333	40,986	89,319	502,622
Total salaries and related expenses	2,665,626	1,839,332	768,626	2,016,880	7,290,464	874,649	737,602	1,612,251	8,902,715
Professional fees	126,329	348,610	128,904	136,668	740,511	34,367	122,302	156,669	897,180
Supplies	545,631	410,157	124,112	206,735	1,286,635	57,863	22,350	80,213	1,366,848
Communication	68,558	62,592	31,604	53,546	216,300	39,744	52,475	92,219	308,519
Postage and shipping	64,320	15,960	6,540	14,530	101,350	16,486	3,522	20,008	121,358
Occupancy	547,957	487,451	209,867	370,498	1,615,773	162,197	159,917	322,114	1,937,887
Rentals and maintenance	8,107	4,934	4,342	5,061	22,444	4,559	4,655	9,214	31,658
Outside printing and artwork	127,029	33,400	17,829	80,939	259,197	37,390	6,995	44,385	303,582
Transportation and related expenses	152,972	146,373	137,948	146,838	584,131	20,767	15,255	36,022	620,153
Adult conferences and conventions	6,418	19,338	6,711	8,381	40,848	3,472	3,703	7,175	48,023
Specific assistance to individual girls and adults	333,944	152,024	125,800	93,938	705,706	-	-	-	705,706
Dues for membership in other organizations	632	6,540	2,874	780	10,826	3,637	9,378	13,015	23,841
Bad debt expense	119	-	-	-	119	-	-	-	119
Miscellaneous	93,291	47,577	30,631	48,558	220,057	53,960	134,068	188,028	408,085
Total expenses before depreciation and amortization	4,740,933	3,574,288	1,595,788	3,183,352	13,094,361	1,309,091	1,272,222	2,581,313	15,675,674
Depreciation and amortization	87,931	615,520	87,931	87,931	879,313	-	-	-	879,313
Total expenses	\$ 4,828,864	\$ 4,189,808	\$ 1,683,719	\$ 3,271,283	\$ 13,973,674	\$ 1,309,091	\$ 1,272,222	\$ 2,581,313	\$ 16,554,987

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, 2018	Program Services					Supporting Services			Total Expenses
	Troop-Type Service	Camping and Property	Day Camps and Outreach	Adult/Volunteer Development	Total Program Services	Fundraising	Management and General	Total	
Salaries	\$ 1,921,190	\$ 1,380,726	\$ 568,047	\$ 1,457,811	\$ 5,327,774	\$ 622,261	\$ 497,323	\$ 1,119,584	\$ 6,447,358
Staff health and retirement benefits	488,276	271,123	124,774	383,086	1,267,259	169,503	135,926	305,429	1,572,688
Payroll taxes	151,772	84,273	38,784	119,075	393,904	52,687	42,250	94,937	488,841
Total salaries and related expenses	2,561,238	1,736,122	731,605	1,959,972	6,988,937	844,451	675,499	1,519,950	8,508,887
Professional fees	101,911	259,074	100,078	123,007	584,070	23,129	107,426	130,555	714,625
Supplies	508,353	425,400	134,463	186,662	1,254,878	62,018	29,241	91,259	1,346,137
Communication	60,455	40,386	21,415	46,556	168,812	16,439	22,389	38,828	207,640
Postage and shipping	52,219	16,583	5,898	17,318	92,018	21,179	2,103	23,282	115,300
Occupancy	525,492	458,843	201,582	354,739	1,540,656	158,881	156,158	315,039	1,855,695
Rentals and maintenance	8,510	6,828	4,952	5,282	25,572	4,641	4,739	9,380	34,952
Outside printing and artwork	63,411	24,411	12,436	64,704	164,962	41,959	4,795	46,754	211,716
Transportation and related expenses	128,503	173,330	60,313	103,471	465,617	20,729	16,684	37,413	503,030
Adult conferences and conventions	4,182	17,769	5,800	9,222	36,973	1,246	2,037	3,283	40,256
Specific assistance to individual girls and adults	245,024	146,826	59,569	150,654	602,073	-	-	-	602,073
Dues for membership in other organizations	1,337	1,278	1,173	1,568	5,356	8,703	6,310	15,013	20,369
Bad debt expense	62,337	-	-	-	62,337	-	-	-	62,337
Miscellaneous	38,803	48,269	31,347	39,317	157,736	56,320	126,653	182,973	340,709
Total expenses before depreciation and amortization	4,361,775	3,355,119	1,370,631	3,062,472	12,149,997	1,259,695	1,154,034	2,413,729	14,563,726
Depreciation and amortization	285,513	201,578	76,724	190,114	753,929	77,521	71,970	149,491	903,420
Total expenses	\$ 4,647,288	\$ 3,556,697	\$ 1,447,355	\$ 3,252,586	\$ 12,903,926	\$ 1,337,216	\$ 1,226,004	\$ 2,563,220	\$ 15,467,146

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>	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 19,245,115	\$ 2,366,569
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>		
Bad debt expense	119	62,337
Loss on disposal of property and equipment	11,916	1,600
Realized and unrealized gains on investments and perpetual trusts	(208,280)	(621,389)
Depreciation and amortization	879,313	903,420
Proceeds from contributions restricted for investment in net assets with donor restrictions in perpetuity	(8,000)	(15,000)
Land contribution	(17,900,000)	-
<b>(Increase) decrease in assets</b>		
Accounts receivable	80,403	(90,333)
Contributions receivable	(262,713)	196,533
Inventory	1,679	(55,070)
Prepaid expenses and deposits	(134,864)	56,058
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	259,573	4,800
Payroll and related liabilities	35,524	38,073
Deferred revenue	11,356	(36,400)
Deferred rent	(13,165)	17,672
<b>Net cash provided by operating activities</b>	<b>1,997,976</b>	<b>2,828,870</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	5,196,264	6,773,065
Purchases of investments	(5,448,441)	(8,950,507)
Capital expenditures	(459,018)	(503,021)
<b>Net cash used by investing activities</b>	<b>(711,195)</b>	<b>(2,680,463)</b>
<b>Cash flows from financing activities</b>		
Proceeds from contributions restricted for investment in net assets with donor restrictions	8,000	15,000
Principal payments on note payable	(7,232)	(6,950)
Principal payments on capital lease obligations	(100,430)	(90,911)
Principal payments on line-of-credit	-	(400,000)
Borrowings on line-of-credit	-	400,000
<b>Net cash used by financing activities</b>	<b>(99,662)</b>	<b>(82,861)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,187,119</b>	<b>65,546</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,318,261</b>	<b>1,252,715</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,505,380</b>	<b>\$ 1,318,261</b>
<b>Supplemental information</b>		
Cash paid for interest	\$ 34,121	\$ 49,974
Taxes paid	\$ 35,572	\$ -
<b>Supplemental non-cash investing activities</b>		
Donation of land	\$ 17,900,000	\$ -

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 girls 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 girls and adults and the formation of Girl Scout troops throughout the region. The Council develops programs for girls 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 girls' 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 girls.

##### Day Camps and Outreach:

The Council provides weeks of summer programs for girls 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 girls in the region. The Council also provides financial support for day camps through camperships to girls.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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### 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.

### 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 included 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, 2019 and 2018, the board approved the use of \$9,071,295 and \$9,005,646, respectively, of net assets without donor restrictions for operating reserves.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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**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, where by the donor has stipulated the funds be maintained in perpetuity.

**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.

**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, 2019 and 2018. 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, 2019 and 2018, respectively.

**Accounts and contributions receivable:** Accounts receivable consists mainly of receivables from the cookie program, 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, 2019 and 2018, 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, 2019 and 2018, the Council had no other significant concentration of credit risk, except as described in Note 2.

**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	4 years
Office equipment	3 to 15 years

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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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, 2019 and 2018, \$208,762 and \$377,262, respectively, of construction in progress was reclassified to buildings and improvements as the construction was completed. During the years ended September 30, 2019 and 2018, \$140,990 and \$98,501, 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. There was no impairment at September 30, 2019 and 2018.

**Deferred rent:** The Council recognizes the minimum non-contingent 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 are recorded as deferred rent on the statements of financial position.

**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 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

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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

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### **Revenue recognition:**

**Sales** – Sales are recognized as revenue when the customer receives and pays for goods with cash. For online sales shipped to customers, sales are recognized at the time the customer has received the goods.

**Camping and other program fees** – Revenue from camping and other program fees are recognized when the services have been rendered.

**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.

**Deferred revenue** – Payments received in advance of an event and not yet earned is deferred to the applicable period.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

**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 services 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 girls and adults	Actual expenses
Dues for membership in other organizations	Time and effort
Bad debt expenses	Actual expenses
Miscellaneous	Time and effort
Depreciation and amortization	Actual expenses

**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.

Donated property is capitalized at the estimated fair market value at the date of receipt. During the year September 30, 2019, the Council was gifted with multiple parcels of land. The Council obtained an independent appraisal from a professional real estate analysis and consulting firm. The value of the donated land of \$17,900,000 is included in property and equipment on the Statements of Financial Position.

**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.

# Girl Scout Council of the Nation's Capital

## Notes to 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, 2019 and 2018, 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 2016 through the current year remain open for examination by tax authorities.

Under provisions contained in the 2017 Tax Cuts and Jobs Act that became effective on January 1, 2018, a business deduction for certain qualified transportation fringes (QTF) is no longer available to tax-exempt organizations. The IRC provides that a tax-exempt organization's UBTI is increased by the amount of the QTF expense that is nondeductible under the IRC. This requires the Council to add the nondeductible amount associated with providing its employees with certain transportation fringe benefits to its UBTI. The accompanying financial statements include \$22,964 for federal and state taxes paid for 2019 related to QTF. No taxes were paid on UBTI activity for the year ended September 30, 2018, as there was no unrelated business activity.

**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.

**Recently adopted accounting standard:** On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update address the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. The Council has adopted ASU 2016-14 and has adjusted the presentation of these statements accordingly. The Council has exercised the option to omit the prior year liquidity and availability of resources footnote.

**Subsequent events:** Management has evaluated subsequent events for disclosure in these financial statements through January 22, 2020, which is the date the financial statements were available to be issued.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

### 2. Liquidity and availability of Resources

The table below presents financial assets available for general expenditures within one year at September 30, 2019:

Cash and cash equivalents	\$ 2,505,380
Pledges receivable	39,190
Contracts and grants receivable	260,935
Investments	12,997,313
<b>Total financial assets</b>	<b>15,802,818</b>
Less: net assets with donor restrictions	(4,108,281)

### **Financial assets available to meet general expenditures over the next twelve months**

**\$ 11,694,537**

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. Uninsured cash balances

The Council maintains cash balances at several financial institutions. At times, during the year, these balances may exceed federally insured limits. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

### 4. Accounts receivable

Accounts receivable consist of the following at:

September 30,	2019	2018
Cookie receivables	\$ 49,078	\$ 60,081
Other receivables	98,648	160,167
<b>Total Receivables</b>	<b>147,726</b>	<b>220,248</b>
Less: allowance for doubtful accounts	(38,500)	(30,500)
<b>Net accounts receivable</b>	<b>\$109,226</b>	<b>\$ 189,748</b>

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

### 5. Contributions receivable

Contributions receivable consist of the following at:

September 30,	2019	2018
Unconditional promises to give	\$ 328,600	\$ 117,412
Less: Allowance for doubtful accounts	(28,475)	(80,000)
<b>Net unconditional promises to give</b>	<b>\$ 300,125</b>	<b>\$ 37,412</b>

No discount has been recorded for the years ended September 30, 2019 and 2018 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,	2019	2018
Amounts due in:		
Less than one year	\$ 153,600	\$ 79,412
One to five years	175,000	38,000
<b>Unconditional promises to give before allowance for doubtful accounts</b>	<b>\$ 328,600</b>	<b>\$ 117,412</b>

### 6. Fair value

Investments, at fair value, consist of the following at:

September 30, 2019	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate securities	\$ 984,931	\$ 984,931	\$ -	\$ -
Exchange traded funds	4,428,116	4,428,116	-	-
Mutual funds	7,544,504	7,544,504	-	-
Money market funds	39,762	39,762	-	-
<b>Total investments</b>	<b>\$ 12,997,313</b>	<b>\$ 12,997,313</b>	<b>\$ -</b>	<b>\$ -</b>

September 30, 2018	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate securities	\$ 1,048,810	\$ 1,048,810	\$ -	\$ -
Exchange traded funds	3,606,018	3,606,018	-	-
Government securities	1,991,565	1,991,565	-	-
Mutual funds	5,680,498	5,680,498	-	-
Money market funds	209,965	209,965	-	-
<b>Total investments</b>	<b>\$ 12,536,856</b>	<b>\$ 12,536,856</b>	<b>\$ -</b>	<b>\$ -</b>

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

### 7. Property and equipment

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

	2019	2018
<b>Land</b>	<b>\$ 19,737,677</b>	<b>\$ 1,837,677</b>
<b>Building and Improvements</b>		
Aquasco	446,164	466,835
Brighton Woods	2,270,366	2,381,272
Coles Trip	1,504,972	1,923,830
Crowell	481,260	507,243
May Flather	174,533	224,666
Potomac Woods	1,585,126	1,731,573
White Rock	703,535	736,399
Winona	4,508,245	4,718,637
Leasehold improvements – headquarters	543,293	543,293
Frederick, VA Archive Center	207,750	207,750
Martinsburg Office Space	80,670	67,270
Total building and improvements	12,505,914	13,508,768
<b>Equipment</b>		
Office equipment	186,130	250,569
Equipment under capital lease	519,931	519,931
Vehicles	210,903	133,407
Camp and program equipment	70,752	45,965
Potomac Woods	69,236	69,236
Brighton Woods	15,616	-
Aquasco	17,829	23,029
Coles Trip	64,951	30,081
May Flather	21,409	37,057
White Rock	23,180	13,680
Winona	35,508	35,508
Total equipment	1,235,445	1,158,463
Construction in progress	140,988	98,501
Total Property and equipment at cost	33,620,024	16,603,409
Less: Accumulated depreciation and amortization	(7,900,525)	(8,351,699)
<b>Property and equipment, net</b>	<b>\$ 25,719,499</b>	<b>\$ 8,251,710</b>

# 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, 2019 and 2018 was \$879,313 and \$903,420, respectively.

### 8. 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, 2019 and 2018, principal payments of \$7,232 and \$6,950, respectively, have been made.

Future maturities of the note payable are as follows:

Years Ending September 30,	Amount
2020	\$ 7,526
2021	7,831
2022	8,149
2023	8,480
2024	8,825
and thereafter	2,262
<b>Total</b>	<b>\$ 43,073</b>

Interest expense for the years ended September 30, 2019 and 2018 was \$1,905 and \$2,178, respectively.

### 9. Line-of-credit

During the years ended September 30, 2019 and 2018, the Council had an unsecured \$4,000,000, line-of-credit with Capital One Bank. At September 30, 2019 and 2018, the balance of the line-of-credit was \$0. The interest rate on this line-of-credit was LIBOR plus 2.5%, which was 4.29% and 4.68% as of September 30, 2019 and 2018, respectively. The line had a maturity date of June 30, 2019. The line of credit was not renewed after this point, and the Council no longer has the line of credit.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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 currently at 59.5% and 61.8% for the years ended September 30, 2019 and 2018, respectively.		
11. Net assets with donor restrictions	Net assets with donor restrictions were available for the following purposes as of September 30:	2019	2018
	Camp programs	\$ -	\$ 10,000
	Troop-type service	2,096,828	1,737,864
	Acquisition of land, building, and equipment	157,997	62,030
	Endowment fund – held in perpetuity	1,853,456	1,845,456
	<b>Total net assets with donor restrictions</b>	<b>\$ 4,108,281</b>	<b>\$ 3,655,350</b>
12. Net assets released from restrictions	Net assets were released from donor restrictions during the years ended September 30, 2019 and 2018 by incurring expenses satisfying the purpose of restrictions specified by donors, as follows:	2019	2018
	Camp programs	\$ 100,300	\$ 93,100
	Troop-type service	1,019,131	1,016,165
	Acquisition of land, building, and equipment	116,600	167,439
	<b>Total net assets released from restrictions</b>	<b>\$ 1,236,031</b>	<b>\$ 1,276,704</b>
13. Net assets with donor restrictions in perpetuity	The Council's endowment fund consists of the following as of September 30:	2019	2018
	Ewing Fund for Campership	\$ 15,578	\$ 15,578
	Schwartz/Wolff Foundation Fund	18,208	18,208
	Juliette Low Society	438,153	430,153
	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	754,149	754,149
	Bobby Lerch Endowment Fund	17,164	17,164
	<b>Total net assets with donor restrictions in perpetuity</b>	<b>\$ 1,853,456</b>	<b>\$ 1,845,456</b>

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

### 14. Sales

For the year ended September 30, 2019:

	Cookies	Fall Sale	Girl Scout Shops	Total
Sales	\$ 16,003,629	\$ 1,479,315	\$ 1,738,491	\$ 19,221,435
Cost of Sales	5,240,560	614,002	893,826	6,748,388
Net Sales	\$ 10,763,069	\$ 865,313	\$ 844,665	\$ 12,473,047

For the year ended September 30, 2018:

	Cookies	Fall Sale	Girl Scout Shops	Total
Sales	\$ 16,098,518	\$ 1,409,784	\$ 1,788,578	\$ 19,296,880
Cost of Sales	5,095,923	596,174	930,390	6,622,487
Net Sales	\$ 11,002,595	\$ 813,610	\$ 858,188	\$ 12,674,393

Cookie sales are net of \$3,152,535 and \$3,233,754 retained by troops for the years ended September 30, 2019 and 2018, respectively. Fall sales are net of \$289,902 and \$271,275 retained by troops for the years ended September 30, 2019 and 2018 respectively.

Net revenues from product sales represented 71.7% and 71.1% of operating revenue for the years ended September 30, 2019 and 2018, respectively.

### 15. Annual giving campaigns

Annual giving campaigns revenue consists of the following:

September 30,	2019	2018
SHARE	\$ 469,265	\$ 512,104
Major Gifts	183,463	94,302
<b>Total annual giving campaigns</b>	<b>\$ 652,728</b>	<b>\$ 606,406</b>

### 16. Employee 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 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 NGSCR. Contributions made by the Council in fiscal years 2019 and 2018 were \$724,566 and \$725,541, respectively.

## Girl Scout Council of the Nation's Capital

### Notes to Financial Statements

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, 2019 and 2018 were \$252,401 and \$241,559, 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. Commitments and contingencies

The Council has commitments under operating leases, expiring at various times through the year 2029, for office space and equipment. Some leases have scheduled rental increases and some contain options to renew.

Future minimum rental payments under non-cancelable operating leases are as follows:

Years Ending September 30,	Total
2020	\$ 1,055,532
2021	1,082,500
2022	1,110,191
2023	1,138,623
2024	1,148,024
Thereafter	2,761,434
<b>Total</b>	<b>\$ 8,296,304</b>

Rent expense was \$1,207,258 and \$1,169,131 for the years ended September 30, 2019 and 2018 respectively.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

### 18. Capital lease

The Council is obligated for a lease of equipment as a lessee under an agreement classified as a capital lease. The following is a schedule by year of the future minimum lease payments under the capital lease together with the net present value of the minimum lease payments as of September 30, 2019:

Years ending September 30,	Total
2020	\$ 132,564
2021	132,564
2022	33,141
Subtotal	298,269
Amount representing interest	(32,161)
<b>Net present value of future minimum lease payments</b>	<b>\$ 266,108</b>

Capital lease asset	
Original asset value	\$ 519,931
Less: depreciation amortization	(285,962)
Net book value at year end	\$ 233,969
Depreciation expense	\$ 103,986

### 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, 2019	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	\$ -	\$ 1,853,456	\$ 1,853,456
Accumulated investment gains	-	-	-
<b>Total endowment funds</b>	<b>\$ -</b>	<b>\$ 1,853,456</b>	<b>\$ 1,853,456</b>

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

September 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,845,456	\$ 1,845,456
Accumulated investment gains	-	-	-
Total endowment funds	\$ -	\$ 1,845,456	\$ 1,845,456

Changes in endowment net assets during the year ended September 30, 2019 are as follows:

Endowments	Without Restrictions	With Restrictions	Total
Endowments, September 30, 2018	\$ -	\$ 1,845,456	\$ 1,845,456
Investment return			
Investment income	69,006	-	69,006
Net appreciation (realized and unrealized)	8,806	-	8,806
Total investment return	77,812	-	77,812
Contribution and transfers in	-	8,000	8,000
Appropriation of endowment income for expenditure	(77,812)	-	(77,812)
<b>Endowments, September 30, 2019</b>	<b>\$ -</b>	<b>\$ 1,853,456</b>	<b>\$ 1,853,456</b>

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

Changes in endowment net assets during the year ended September 30, 2018 are as follows:

Endowments	Without Restrictions	With Restrictions	Total
Endowments, September 30, 2017	\$ -	\$ 1,830,456	\$ 1,830,456
Investment return			
Investment income	110,444	-	110,444
Net depreciation (realized and unrealized)	(100,222)	-	(100,222)
Total investment return	10,222	-	10,222
Contribution and transfers in	-	15,000	15,000
Appropriation of endowment income for expenditure	(10,222)	-	(10,222)
Endowments, September 30, 2018	\$ -	\$ 1,845,456	\$ 1,845,456