

GIRL SCOUTS OF SOUTHERN NEVADA, INC.
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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GIRL SCOUTS OF SOUTHERN NEVADA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Southern Nevada, Inc.
Las Vegas, Nevada

Opinion

We have audited the accompanying consolidated financial statements of Girl Scouts of Southern Nevada, Inc. (a nonprofit organization) and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
January 13, 2023

GIRL SCOUTS OF SOUTHERN NEVADA, INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and equivalents	\$ 2,384,288	\$ 1,395,360
Cash and equivalents, restricted	596,669	827,309
Investments	1,966,596	2,328,738
Accounts receivable, net	156,770	290,515
Unconditional promises to give	15,525	-
Inventory	93,678	81,376
Prepaid expenses	104,558	23,369
	<u>5,318,084</u>	<u>4,946,667</u>
Property and equipment, net	9,502,915	11,032,299
Other noncurrent assets:		
Cash and equivalents, restricted	334,465	244,112
Investments, net of current	1,502,289	1,877,291
Unconditional promises to give, net of current	60,000	-
	<u>1,896,754</u>	<u>2,121,403</u>
	<u>\$ 16,717,753</u>	<u>\$ 18,100,369</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 68,622	\$ 18,045
Accrued expenses	59,768	43,507
Funds held for others	40,903	52,740
Deferred revenue	45,836	49,575
Current portion of capital lease	-	20,591
Total liabilities	<u>215,129</u>	<u>184,458</u>
Net assets:		
Without donor restriction	13,468,536	14,231,999
With donor restriction	3,034,088	3,683,912
Total net assets	<u>16,502,624</u>	<u>17,915,911</u>
	<u>\$ 16,717,753</u>	<u>\$ 18,100,369</u>

See accompanying notes to consolidated financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.**CONSOLIDATED STATEMENTS OF ACTIVITIES
SEPTEMBER 30, 2022 AND 2021**

	2022	2021
Net assets without donor restrictions		
Revenues, gains and support:		
Grants and contributions	\$ 462,477	\$ 1,455,420
Product sales, net (refer to Note 12)	1,974,973	1,630,186
Retail sales, net of cost of goods sold of \$61,508 and \$43,030 respectively	60,145	52,806
Program fees	65,114	77,089
Special events	583,922	183,136
Special events, in-kind contributions	100,000	-
Less: special events direct benefits to donors	(210,440)	(16,573)
Special events, net	473,482	166,563
Rental income	-	3,787
Investment return, net	-	291,145
Council service fees	33,717	16,267
Net assets released from restrictions	508,691	219,417
	<u>3,578,599</u>	<u>3,912,680</u>
Expenses and losses:		
Program services	2,646,867	2,693,675
Support services:		
Management and general	796,363	597,153
Fundraising	338,232	276,505
	<u>3,781,462</u>	<u>3,567,333</u>
Bad debt expense	121	10,329
Investment return, net	285,871	-
Loss on sale of property and equipment	274,608	-
	<u>4,342,062</u>	<u>3,577,662</u>
Change in net assets without donor restrictions	(763,463)	335,018
Net assets with donor restrictions		
Grants and contributions	75,525	455,886
Investment return, net	(216,658)	177,965
Net assets released from restrictions	(508,691)	(219,417)
Change in net assets with donor restrictions	(649,824)	414,434
Change in net assets	(1,413,287)	749,452
Net assets, beginning of year	<u>17,915,911</u>	<u>17,166,459</u>
Net assets, end of year	<u>\$ 16,502,624</u>	<u>\$ 17,915,911</u>

See accompanying notes to consolidated financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

SEPTEMBER 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Special Event Direct Benefit</u>	<u>Total</u>
Salaries and related	\$ 928,071	\$ 300,731	\$ 133,204	\$ -	\$ 1,362,006
Employee benefits	148,425	48,095	21,303	-	217,823
Payroll taxes	87,184	28,251	12,513	-	127,948
Supplies and fees	120,637	-	-	-	120,637
Occupancy	191,638	9,071	4,515	142,586	347,810
Depreciation and amortization	624,408	29,555	14,711	-	668,674
Professional services and fees	8,614	252,870	108,180	43,767	413,431
Recognition	74,397	24,108	10,678	-	109,183
Assistance and grants	22,089	-	-	-	22,089
Insurance	106,245	5,029	2,503	-	113,777
Equipment rental and maintenance	71,694	3,394	1,689	-	76,777
Telecommunications	80,483	26,080	11,552	-	118,115
Travel and transportation	46,018	14,912	6,605	-	67,535
Bank and credit card fees	-	27,994	-	-	27,994
Advertising and promotion	19,387	6,282	2,783	-	28,452
Office supplies	74,021	3,504	1,744	24,087	103,356
Conferences and meetings	34,118	11,056	4,897	-	50,071
Printing and publications	2,797	907	402	-	4,106
Postage and delivery	6,641	2,152	953	-	9,746
Interest	-	2,372	-	-	2,372
Total expenses	<u>\$ 2,646,867</u>	<u>\$ 796,363</u>	<u>\$ 338,232</u>	210,440	3,991,902
Less: direct benefit to donors				<u>(210,440)</u>	<u>(210,440)</u>
				<u>\$ -</u>	<u>\$ 3,781,462</u>

See accompanying notes to consolidated financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
SEPTEMBER 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Special Event Direct Benefit</u>	<u>Total</u>
Salaries and related	\$ 853,057	\$ 219,617	\$ 154,923	\$ -	\$ 1,227,597
Employee benefits	149,992	38,615	27,240	-	215,847
Payroll taxes	88,074	22,674	15,995	-	126,743
Supplies and fees	157,946	-	-	-	157,946
Occupancy	196,921	9,321	4,639	-	210,881
Depreciation and amortization	666,159	31,532	15,694	-	713,385
Professional services and fees	16,143	150,643	-	7,997	174,783
Recognition	132,868	34,207	24,130	-	191,205
Assistance and grants	97,676	-	-	-	97,676
Insurance	97,569	4,618	2,299	-	104,486
Equipment rental and maintenance	14,877	704	351	-	15,932
Telecommunications	80,734	20,785	14,662	-	116,181
Travel and transportation	31,484	8,106	5,718	-	45,308
Bank and credit card fees	-	25,545	-	-	25,545
Advertising and promotion	33,578	8,644	6,098	-	48,320
Office supplies	57,915	2,741	1,364	8,576	70,596
Conferences and meetings	8,297	2,136	1,507	-	11,940
Printing and publications	7,888	2,031	1,432	-	11,351
Postage and delivery	2,497	643	453	-	3,593
Interest	-	14,591	-	-	14,591
Total expenses	<u>\$ 2,693,675</u>	<u>\$ 597,153</u>	<u>\$ 276,505</u>	16,573	3,583,906
Less: direct benefit to donors				<u>(16,573)</u>	<u>(16,573)</u>
				<u>\$ -</u>	<u>\$ 3,567,333</u>

See accompanying notes to consolidated financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2022 AND 2021**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (1,413,287)	\$ 749,452
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	668,674	713,385
Unrealized/realized loss (gain) on investments	561,068	(425,801)
Loss on disposal of property and equipment	274,608	-
Bad debt expense	121	10,329
Changes in assets and liabilities:		
Accounts receivable	133,624	(285,608)
Unconditional promises to give	(75,525)	-
Inventory	(12,302)	3,549
Prepaid expenses	(81,189)	112,558
Accounts payable	50,577	(71,888)
Accrued expenses	16,261	(70,981)
Funds held for others	(11,837)	(2,987)
Deferred revenue	(3,739)	30,925
Net cash provided by operating activities	107,054	762,933
Cash flows from investing activities:		
Proceeds from the sale of property and equipment	800,000	-
Purchases of property and equipment	(213,898)	(656,829)
Sales of investments	594,252	224,336
Purchases of investments	(418,176)	(196,604)
Net cash provided by (used in) investing activities	762,178	(629,097)
Cash flows from financing activities:		
Payments of capital lease obligations	(20,591)	(44,319)
Net cash used in financing activities	(20,591)	(44,319)
Net change in cash	848,641	89,517
Cash and equivalents, beginning of year	2,466,781	2,377,264
Cash and equivalents, end of year	\$ 3,315,422	\$ 2,466,781
Summary of cash accounts		
Cash and equivalents	\$ 2,384,288	\$ 1,395,360
Cash and equivalents, restricted	596,669	827,309
Cash and equivalents, restricted, noncurrent	334,465	244,112
	\$ 3,315,422	\$ 2,466,781
Supplemental disclosures:		
Cash paid for interest	\$ 2,372	\$ 14,591

See accompanying notes to consolidated financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022 AND 2021

1. Organization and Nature of Activities

The accompanying consolidated financial statements (financial statements) include the accounts of Girl Scouts of Southern Nevada, Inc. (GSSNV); Frias Girl Scouts Camp I, LLC; Frias Girl Scouts Camp II, LLC; and Frias Girl Scouts Camp III, LLC (collectively, the Organization).

GSSNV is a Nevada nonprofit corporation that has been issued a charter by the Girl Scouts of the United States of America (GSUSA). GSSNV is the premier leadership development organization where girls ages 5 to 17 thrive in an all-girl and girl-led environment. GSSNV provides girls and families with a clear roadmap for success that focuses on four key pillars: STEAM education, outdoor experiences, life skills, and entrepreneurship opportunities. All of the GSSNV's participants come from the Southern Nevada and Inyo County, California areas.

GSSNV is supported through government grants, appeals and contributions, program service fees, sales of merchandise, and investment income.

GSSNV provides the following programs: Camp, Events, Series, Travel, Troop, and Adult Learning. Camp programs offer a variety of camp sessions with a focus on the out-of-doors and/or environmental education. Event programs help girls explore their skills and interests in areas such as community service, cultural arts, healthy living, math and science, aquatics, green initiatives, leadership development and more. Series programs are thematic in nature and developed to support initiatives in the areas of science, technology, math, engineering, healthy living, financial literacy, entrepreneurship and the environment. Travel programs offer girls leadership and cross-cultural opportunities through regional, national and international travel. Troop programs offer girls an opportunity to develop team relationships and leadership skills with girls of their own age. Adult Learning programs motivate and inspire Girl Scout volunteers and staff with resources, techniques, and strategies to utilize when working with girls.

Frias Girl Scouts Camp I, LLC; Frias Girl Scouts Camp II, LLC; and Frias Girl Scouts Camp III, LLC (the Camps) are wholly owned subsidiaries of GSSNV whose purpose is to hold certain assets in Alamo, Nevada. These assets constitute the gift contributed by Charles and Phyllis M. Frias Charitable Trust to the Organization during the year ended September 30, 2019 and are held and managed by GSSNV through the Camps in furtherance of GSSNV's mission.

2. Summary of Significant Accounting Policies

Basis of Consolidation – The consolidated financial statements include the financial information of GSSNV and the aforementioned subsidiaries. Intercompany transactions have been eliminated in the consolidation.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

2. **Summary of Significant Accounting Policies (continued)**

Basis of Presentation – The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Organization is required to report information regarding its financial position and changes in financial position activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Support Revenues – The Organization accounts for contributions in accordance with the FASB Codification. As such, contributions are recognized as revenue when they are received or unconditionally pledged. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the existence and/or nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities (statements of activities) as net assets released from restrictions.

Reclassifications - Certain reclassifications have been made to the 2021 presentation to conform to the 2022 presentation.

Cash and Equivalents - For purposes of the consolidated statements of cash flows (statements of cash flows), the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory – Inventory consists of uniforms, badges, and other Girl Scout-related merchandise and is stated at the lower of cost or net realizable value under the first-in, first-out method.

Investments - The investments of the Organization are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of the investments are reflected on a trade-date basis.

Property and Equipment - Property and equipment are carried at cost. Additions greater than \$1,000 and with a useful life greater than one year are capitalized while replacements and maintenance or repairs which do not improve or extend the lives of the respective assets are expensed. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets as follows:

Building - office	40 years
Buildings and other improvements	5 - 40 years
Computer hardware and software	3 - 7 years
Equipment and office furniture	2 - 20 years
Vehicles	5 - 6 years

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

2. Summary of Significant Accounting Policies (continued)

Deferred Revenue - Council service fees collected in advance and fees collected up front for future events are included in deferred revenue in the accompanying consolidated statements of financial position (statements of financial position). This deferred revenue is expected to be recognized within one year.

Funds Held for Others - Funds held for others represents monies held for Organization members in a custodial capacity.

Receivables - Accounts receivable consists of revenues generated from various sources to include program and membership dues income, event receipts, product sales and government tax credits. It is the Organization's policy to charge off uncollectible receivables when management determines the receivables will not be collected. The allowance for doubtful accounts receivable at September 30, 2022 and 2021, respectively, was \$5,054 and \$4,933.

Promises to give - Unconditional promises to give are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. As of September 30, 2022, all unconditional promises to give are considered collectible within one year and \$60,000 of the balance is pledged for long-term purposes. As of September 30, 2021, all unconditional promises to give were considered collectible within one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Expense Allocations - The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and in the consolidated statements of functional expenses (statements of functional expenses). Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following expenses were allocated on the basis of estimated employee time and effort used for each function: salaries and related, employee benefits, payroll taxes, recognition, telecommunications, travel and transportation, advertising and promotion, conferences and meetings, printing and publications, and postage and delivery.

The following expenses were allocated on the basis of estimated space used for each function: occupancy, depreciation and amortization, insurance, equipment rental and maintenance and office supplies.

The following expenses were directly allocated by function based on the nature of the expense: supplies and fees, professional services and fees, assistance and grants, bank and credit card fees, and interest.

Income Tax Status - Girl Scouts of Southern Nevada, Inc. is a not-for-profit organization as described in Section 501(c)(3) and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

The Camps are considered disregarded entities for federal income tax purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

2. **Summary of Significant Accounting Policies (continued)**

Impairment of Long-Lived Assets – The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets. During the years ended September 30, 2022 and 2021 no such impairment existed.

Donated Goods and Services – Donated goods are recorded as contributions at their estimated fair value at the date of donation. Donated services are recognized in accordance with FASB ASC 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 if not contributed.

Advertising Costs - Advertising costs are expensed as incurred.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Subsequent Events – Subsequent events were evaluated through January 13, 2023, which is the date the financial statements were available to be issued.

Accounting Pronouncement – During the year ended September 30, 2022, the organization adopted the FASB issued (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which is effective for fiscal years beginning after June 15, 2021 and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The adoption of this ASU had no effect on the balance of net assets.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2022 AND 2021

3. Liquidity and Availability of Resources

The Organization receives program and contribution revenues and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets as of September 30, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and equivalents, current	\$ 2,980,956	\$ 2,222,669
Investments, current	1,966,596	2,328,738
Accounts receivable, net	156,770	290,515
Unconditional promises to give	<u>75,525</u>	<u>-</u>
Total financial assets	5,179,847	4,841,922
Funds held for others	<u>(40,903)</u>	<u>(52,740)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 5,138,944</u>	<u>\$ 4,789,182</u>

During the year ended September 30, 2021, to help manage unanticipated liquidity needs, the Organization secured a committed line of credit in the amount of \$1,000,000 which it could draw upon. Advances on the line of credit are payable upon demand and carry an interest rate equal to the Bloomberg Short-term Bank Yield of 3.81% plus 2.5%. The credit line is secured by the entire balance of the Organization's investments without donor restrictions. No amount was drawn on this line as of September 30, 2022.

4. Fair Value Measurements

The Organization measures fair value in accordance with FASB Codification 820, *Fair Value Measurements and Disclosures*, which establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

4. Fair Value Measurements (continued)

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 1,209,990	\$ 1,209,990	\$ -	\$ -
Fixed income	1,688,765	1,688,765	-	-
Hedge funds	567,630	567,630	-	-
Real estate funds	<u>2,500</u>	<u>2,500</u>	-	-
	<u>\$ 3,468,885</u>	<u>\$ 3,468,885</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 1,735,746	\$ 1,735,746	\$ -	\$ -
Fixed income	1,825,764	1,825,764	-	-
Hedge funds	642,019	642,019	-	-
Real estate funds	<u>2,500</u>	<u>2,500</u>	-	-
	<u>\$ 4,206,029</u>	<u>\$ 4,206,029</u>	<u>\$ -</u>	<u>\$ -</u>

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2022 AND 2021

5. Endowment Funds

The Organization has three endowment funds that are all held in investments and cash and equivalents as of September 30, 2022 and 2021. The endowment funds includes donor-restricted and Board designated funds. As required by generally accepted accounting principles in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The *Building Maintenance Fund* was started in August 2002. At that time the Organization was awarded a grant in the amount of \$4,245,390 by the Donald W. Reynolds Foundation for the purpose of constructing the new training and service center. This grant required the Organization to restrict in perpetuity an amount equal to 20% of the awarded grant (\$849,078) to a *Building Maintenance Fund* in which only the earnings could be spent. Subsequently in 2013, the Reynolds Foundation changed the restriction over this building fund to allow expenditure of up to 5% of the corpus each year.

The initial contribution to fund the *Betty L. Shultz Scholarship Fund* of \$50,000 was received in 2005. This fund could not be expended until the principal balance reached \$100,000 or 7 years had passed; currently, the funds can be expended for scholarships up to 5% of the fund per year.

In 2011, the Reynolds Foundation awarded another grant in the amount of \$849,078 to establish a *Restricted Fund for Programs*. The Organization is allowed to spend the earnings and up to 5% of the corpus each year.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the 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 Organization considers net assets restricted in perpetuity as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

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

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

5. Endowment Funds (continued)

Return Objectives and Risk Parameters

Girl Scouts of Southern Nevada, Inc. has adopted investment policies for endowed assets that have the dual goals of striving to preserve assets in addition to maximizing the fund's total rate of return. Endowment assets include those assets of donor-restricted funds that the Organization must hold long-term. Under this policy approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that should achieve a rate of return in excess of inflation (Consumer Price Index) while assuming a reasonable level of risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a current policy of retaining the earnings within the endowment fund until such time that the Board of Directors has determined specific expenditures in which to use the earnings not restricted by the donor.

Endowment net asset composition by type of fund as of September 30, 2022:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Cash and equivalents	\$ -	\$ 334,465	\$ 334,465
Investments	67,991	1,502,289	1,570,280
	<u>\$ 67,991</u>	<u>\$ 1,836,754</u>	<u>\$ 1,904,745</u>

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

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ -	\$ 2,121,403	\$ 2,121,403
Investment return, net	-	(216,658)	(216,658)
Appropriation	67,991	(67,991)	-
Endowment net assets, ending	<u>\$ 67,991</u>	<u>\$ 1,836,754</u>	<u>\$ 1,904,745</u>

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

5. Endowment Funds (continued)

Endowment net asset composition by type of fund as of September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Cash and equivalents	\$ -	\$ 244,112	\$ 244,112
Investments	-	1,877,291	1,877,291
	<u>\$ -</u>	<u>\$ 2,121,403</u>	<u>\$ 2,121,403</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 1,943,438	\$ 1,943,438
Investment return, net	-	186,965	186,965
Appropriation	-	(9,000)	(9,000)
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 2,121,403</u>	<u>\$ 2,121,403</u>

6. Property and Equipment

During the year ended September 30, 2022, the Organization sold land which resulted in a loss on sale of property and equipment of \$274,608.

Property and equipment consists of the following at September 30,:

	2022	2021
Artwork	\$ 156,902	\$ 156,902
Land and improvements	2,605,429	1,339,318
Land patent – Calico	1,642	1,642
Building and improvements	10,683,115	11,995,947
Construction in progress	-	1,191,821
Computer hardware and software	202,791	246,320
Equipment and office furniture	1,126,491	1,299,077
Vehicles	139,339	122,062
	<u>14,915,709</u>	<u>16,353,089</u>
Less: accumulated depreciation and amortization	<u>5,412,794</u>	<u>5,320,790</u>
	<u>\$ 9,502,915</u>	<u>\$ 11,032,299</u>

Depreciation expense totals \$654,641 and \$674,600 for the years ended September 30, 2022 and 2021, respectively, and is included in depreciation and amortization expense in the statements of functional expenses.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

7. Capital Leases

In March 2019, the Organization entered into an agreement to lease two copiers for 36 months due in monthly installments of \$3,009. During the years ended September 30, 2022 and 2021, amortization expense for these leases was \$12,601 and \$21,600, respectively.

In October 2018, the Organization entered into an agreement to lease laptop and desktop computers for 36 months due in monthly installments of \$1,900. During the year ended September 30, 2022 and 2021, amortization expense on this lease was \$1,432 and \$17,185, respectively.

During the year ended September 30, 2022, all agreements related to these assets expired.

Amortization related to these assets is included in depreciation and amortization in the statements of functional expenses. Assets under capital lease obligations as of September 30, include the following:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ -	\$ 64,803
Computer hardware	-	<u>51,555</u>
	-	116,358
Less: accumulated amortization	-	<u>102,325</u>
	<u>\$ -</u>	<u>\$ 14,033</u>

8. Operating Leases

The Organization occupies facilities in Henderson under a lease arrangement at \$1 per year and land in Las Vegas through a ground lease agreement at \$1 per year. It also has an informal understanding for facilities in Boulder City at \$1 per year. In addition, the Organization has the right to use outdoor facilities at Camp Foxtail under a use permit from the United States Forest Service and at Calico under a land patent from the Bureau of Land Management. The value of this use is not estimable at as of September 30, 2022 and 2021.

The Organization had one lease for office equipment and one lease for a vehicle that expired in December 2021 and February 2022, respectively. In June 2022, the Organization entered into a lease for computer equipment requiring monthly payments of \$1,107 and expiring in May 2025. Expenses for these leases for the years ended September 30, 2022 and 2021, respectively, were \$6,797 and \$9,109.

Future minimum rental payments under operating leases are as follows for the years ending September 30,:

2023	\$ 13,286
2024	13,286
2025	<u>9,964</u>
	<u>\$ 36,536</u>

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

9. Employee Benefit Plan

The Organization participates in a 401(k) profit-sharing plan. The Plan allows eligible employees to defer a portion of their compensation. The Organization, at its discretion, may match a portion of the employees' contributions. During the years ended September 30, 2022 and 2021, the Organization made \$18,288 and \$18,815 in matching contributions, respectively.

10. Participation in Multiemployer Plan

The Organization offers participation in the National Girl Scout Council Retirement Plan (the Plan). The Plan is a multiemployer, noncontributory, defined benefit pension plan sponsored by the Girls Scouts of the USA. The risk of participating in multiemployer defined benefit pension plans is different from single employer plans. Assets contributed to a multiemployer defined benefit pension plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Effective July 31, 2010, the Plan was frozen to new entrants and to further benefits accruals for existing participants; although previously earned benefits can continue to vest. Accrued benefits earned prior to July 31, 2010 are based on years of service levels. The Organization is required to make estimated contributions to the plan to cover the unfunded liability for benefits frozen through December 31, 2023. The plan is currently not subject to the provisions of the Pension Protection Act of 2006 with regards to minimum funding or benefits restriction rules.

The Organization's participation in the multiemployer defined benefit pension plan for the year ended September 30, 2022 and 2021 is outlined below. The employer identification number (EIN) and three-digit plan number (PN) are included. The available annual report represents the year-end date of the plan to which the annual report (Form 5500) relates.

Pension Plan:	National Girl Scout Council Retirement Plan
EIN/PN:	13-1624016/002
Most Recent Contributions:	2022 - \$108,288
	2021 - \$108,288
Available Annual Report (Form 5500):	12/31/2021

Contributions to the plan are made monthly under the terms of a participation agreement, which does not have an expiration date. The Organization's contributions do not represent more than 5% of total contributions to the plan as indicated in the plan's most recently available annual report (Form 5500).

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes and periods as of September 30,:

	<u>2022</u>	<u>2021</u>
Building	\$ 525,140	\$ 735,200
Building maintenance	794,085	972,826
Program restrictions	917,149	1,006,916
Scholarships	125,520	141,660
Equestrian capital upgrades	60,000	-
Financial empowerment services	15,000	15,000
STEAM Career Conference	643	643
Other	149,545	149,545
Frias Frontier	431,481	662,122
Time restricted	15,525	-
	<u>\$ 3,034,088</u>	<u>\$ 3,683,912</u>

Net assets with donor restrictions were held as follows as of September 30,:

	<u>2022</u>	<u>2021</u>
Buildings	\$ 525,140	\$ 735,200
Investments	1,502,289	1,877,291
Unconditional promises to give	75,525	-
Cash and equivalents	931,134	1,071,421
	<u>\$ 3,034,088</u>	<u>\$ 3,683,912</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Frias Frontier	\$ 230,641	\$ -
Building maintenance	67,990	-
STEAM Career Conference	-	9,357
	<u>298,631</u>	<u>9,357</u>
Expiration of time restrictions:		
Building	210,060	210,060
Total net assets released from donor restrictions	<u>\$ 508,691</u>	<u>\$ 219,417</u>

During the year ended September 30, 2022, the Organization experienced losses on investments resulting in decreases in the balance of net assets with donor restrictions related to endowments. Losses on investments related to endowments are as follows:

	<u>2022</u>	<u>2021</u>
Building maintenance	\$ 110,751	\$ -
Program restrictions	89,767	-
Scholarships	16,140	-
Endowment investment return, net	<u>\$ 216,658</u>	<u>\$ -</u>

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

12. Product Sales

As part of the programing to teach girls financial literacy, the Organization holds sales of cookies, nuts, candies, and magazines during the year, which are point of sale transactions. The price set for each unit is established by the Organization and as each item is individually processed no allocation of the transaction price is required. The Organization is required to assess the probability of collection of accounts receivable related to these transactions to determine whether there is a substantive transaction. In making this collectability assessment, the Organization exercises judgment and considers all facts and circumstances, including its knowledge of the customer. For all product sales, the performance obligation is the delivery of the product, which is fulfilled by the Organization at predetermined times and locations. Revenue recognition occurs when the product has been delivered. For the years ended September 30, 2022 and 2021, there were no accounts receivable related to product sales. A portion of the revenue from these sales is provided to the troops and service units, while the Organization retains a portion of these sales as follows for the years ended September 30,:

	<u>2022</u>	<u>2021</u>
Gross product sales	\$ 3,550,439	\$ 3,013,230
Less: cost of goods sold	894,418	803,278
Less: allocation to troops and service units	<u>681,048</u>	<u>579,766</u>
Net product sales	<u>\$ 1,974,973</u>	<u>\$ 1,630,186</u>

13. Concentrations

The Organization maintains deposits at one financial institution which, at most times, exceeded amounts covered by the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Organization has not experienced any losses on deposits and does not believe they are exposed to a significant credit risk.

The Organization maintains cash balances in investment accounts held by one investment broker which, at most times, exceeded amounts covered by the Securities Investor Protection Corporation (SIPC) limit of \$250,000. SIPC insurance covers losses due to investment fraud. The Organization has not experienced any such losses and does not believe they are exposed to a significant credit risk.

For the years ended September 30, 2022 and 2021 approximately 63% and 38%, respectively, of the Organization's support came from the sale of cookies, nuts, candies, and magazines.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2022 AND 2021

14. Related Party Transactions

The Organization is a chartered member of the Girl Scouts of the United States of America (GSUSA). GSUSA is the supplier of resale items for the Organization's retail store, provides training, materials and schooling for members, volunteers, and staff of the Organization, and also provides registration information collected from members. The Organization collects annual dues from its members and forwards them to GSUSA. The amounts remitted to GSUSA for the year ending September 30, 2022 were \$9,545 for membership dues and \$73,357 for purchases from GSUSA for resale in the Organization's store. The amounts remitted to GSUSA for the year ending September 30, 2021 were \$3,425 for membership dues and \$48,348 for purchases from GSUSA for resale in the Organization's store. As of September 30, 2022 and 2021, \$3,350 and \$2,433, respectively, was payable to GSUSA.

15. Donated Goods and Services

During the year ended September 30, 2021, no donated goods or services were recognized by the Organization. During the year ended September 30, 2022, the Organization recognized donated goods and services utilized for the annual Dessert Before Dinner fundraising event as follows:

<u>Category</u>	<u>Usage</u>	<u>Total</u>
Goods	Food and Beverage	\$ 20,772
Goods	Venue	63,251
Services	Event Planning	14,877
Services	Auctioneer	1,100
		<u>\$ 100,000</u>

A substantial number of volunteers have donated significant amounts of time in the Organization's program services; the value of these services has not been reflected in these statements as they do not meet the criteria under FASB Codification, as stated above.

16. Paycheck Protection Program Loan

On March 24, 2021, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act from Lexicon Bank for an aggregate principal amount of \$319,035 (PPP Loan). The PPP Loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the SBA. The principal and accrued interest of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization.

The Organization accounted for the PPP Loan as a conditional contribution in accordance with FASB ASC 958-605 and recognized the contribution in full during the year ended September 30, 2021, as all conditions were substantially met. The Organization applied for forgiveness of the PPP Loan with respect to these covered expenses and forgiveness of principal and accrued interest was granted during the year ended September 30, 2022.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

17. Conditional Promises to Give

In August 2020, GSSNV received a conditional promise to give for \$30,000. According to the original agreement, conditions will be met as GSSNV meets certain barriers to recognition to include the design and implementation of a specific financial literacy initiative. As of September 30, 2022, GSSNV has recognized \$22,500 of this conditional promise to give.

In December 2021, GSSNV received a conditional promise to give for \$100,000. According to the original agreement, conditions will be met as GSSNV meets certain barriers to recognition to include operational costs related to the All Together Program. As of September 30, 2022, GSSNV has recognized \$50,000 of this conditional promise to give.

In December 2021, GSSNV received a conditional promise to give for \$58,000. According to the original agreement, conditions will be met as GSSNV meets certain barriers to recognition to include operational costs related to the Troopa Exploradora Program. As of September 30, 2022, GSSNV has recognized \$38,803 of this conditional promise to give. All funds were received and the remaining balance of \$19,197 is recorded as deferred revenue as of September 30, 2022.

18. Commitments

In July 2022, the Organization entered into a construction agreement with a vendor to build custom, fully functional, ADA accessible covered wagons to be utilized as cabins for a total cost of \$307,650. As of September 30, 2022, the Organization has committed to make the remaining payments of \$230,738 upon completion of the construction, which is expected to be in March 2023.