



GIRL SCOUTS OF WESTERN WASHINGTON

Financial Statements
For the Year Ended September 30, 2020

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Independent Auditor's Report

**To the Board of Directors
Girl Scouts of Western Washington
Seattle, Washington**

We have audited the accompanying financial statements of Girl Scouts of Western Washington (the Organization) which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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.



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Opinion

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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and our report dated March 10, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clark Nuber PS

Certified Public Accountants
March 19, 2021

GIRL SCOUTS OF WESTERN WASHINGTON

Statement of Financial Position

September 30, 2020

(With Comparative Totals for September 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,781,461 | \$ 121,057 |
| Short-term investments (Note 3) | 186,506 | 264,549 |
| Accounts and grants receivable | 130,882 | 132,237 |
| Pledges receivable, current (Note 2) | 168,143 | 72,245 |
| Inventory of Girl Scout merchandise | 462,611 | 467,787 |
| Prepaid expenses | 417,647 | 129,030 |
| Total Current Assets | 3,147,250 | 1,186,905 |
| Long-term investments (Note 3) | 6,020,196 | 7,336,360 |
| Pledges receivable, long-term portion (Note 2) | 120,466 | |
| Property, buildings and equipment, net (Note 5) | 9,360,913 | 11,366,285 |
| Property held for sale (Note 1) | 2,757,005 | 2,930,751 |
| Beneficial interests in perpetual trusts (Note 6) | 157,280 | 149,945 |
| Total Assets | \$ 21,563,110 | \$ 22,970,246 |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts payable | \$ 117,423 | \$ 355,901 |
| Accrued expenses | 688,010 | 663,933 |
| Unearned revenue | 350 | 39,444 |
| Line of credit (Note 9) | | 2,600,000 |
| Current portion of obligations under capital leases (Note 10) | 114,216 | 190,327 |
| Current portion of forgivable loan (Note 8) | 1,462,683 | |
| Current portion of long-term obligations on property held for sale (Notes 1 and 8) | | 65,319 |
| Total Current Liabilities | 2,382,682 | 3,914,924 |
| Deferred rent obligation | 224,329 | 199,196 |
| Obligations under capital leases, less current portion (Note 10) | 327,480 | 121,730 |
| Long-term obligation of forgivable loan (Note 8) | 908,017 | |
| Long-term obligations on property held for sale, less current portion (Notes 1 and 8) | | 2,255,321 |
| Total Liabilities | 3,842,508 | 6,491,171 |
| Net Assets: | | |
| Net assets without donor restrictions (Note 12) | 15,841,802 | 15,062,742 |
| Net assets with donor restrictions (Note 13) | 1,878,800 | 1,416,333 |
| Total Net Assets | 17,720,602 | 16,479,075 |
| Total Liabilities and Net Assets | \$ 21,563,110 | \$ 22,970,246 |

See accompanying notes.

GIRL SCOUTS OF WESTERN WASHINGTON

**Statement of Activities
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|--|-------------------------------|----------------------------|----------------------|----------------------|
| Public Support: | | | | |
| Contributions | \$ 671,206 | \$ 649,400 | \$ 1,320,606 | \$ 1,351,438 |
| Special events (Note 1) | 299,508 | 136,216 | 435,724 | 610,077 |
| In-kind donations (Note 1) | 181,568 | | 181,568 | 98,694 |
| Total Public Support | 1,152,282 | 785,616 | 1,937,898 | 2,060,209 |
| Program Service and Other Revenue: | | | | |
| Cookie and other food product sales, less direct costs of \$5,180,042 (2019 - \$4,933,217) | 16,964,203 | 49,257 | 17,013,460 | 16,795,213 |
| Program service fees, net | 120,996 | | 120,996 | 1,493,032 |
| Sale of Girl Scout merchandise, less cost of sales \$342,458 (2019 - \$678,902) | 206,998 | | 206,998 | 293,654 |
| Interest and dividends, net of fees (Note 3) | 101,238 | 18,452 | 119,690 | 155,679 |
| Investment gain (Note 3) | 445,288 | 26,908 | 472,196 | 87,859 |
| Change in value of split interest agreements | | 7,335 | 7,335 | (5,934) |
| Forest thinning and oyster harvest revenue, net | 87,707 | | 87,707 | 66,967 |
| Rental and service income | (6,444) | | (6,444) | 124,616 |
| Miscellaneous | 429,536 | 73,476 | 503,012 | 151,442 |
| Gain on sale of property and equipment | 1,781,492 | | 1,781,492 | |
| Total Program Service and Other Revenue | 20,131,014 | 175,428 | 20,306,442 | 19,162,528 |
| Net assets released from restriction | 498,577 | (498,577) | | |
| Total Public Support, Program Service and Other Revenue | 21,781,873 | 462,467 | 22,244,340 | 21,222,737 |
| Expenses: | | | | |
| Program services | 16,936,150 | | 16,936,150 | 19,953,723 |
| Management and general | 2,734,855 | | 2,734,855 | 2,694,848 |
| Fundraising | 1,331,808 | | 1,331,808 | 1,335,316 |
| Total Expenses | 21,002,813 | | 21,002,813 | 23,983,887 |
| Total Change in Net Assets | 779,060 | 462,467 | 1,241,527 | (2,761,150) |
| Net assets, beginning of year | 15,062,742 | 1,416,333 | 16,479,075 | 19,240,225 |
| Net Assets, End of Year | \$ 15,841,802 | \$ 1,878,800 | \$ 17,720,602 | \$ 16,479,075 |

See accompanying notes.

GIRL SCOUTS OF WESTERN WASHINGTON

**Statement of Functional Expenses
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

| | Total Girl Program | Supporting Services | | | 2020 Total Expenses | 2019 Total Expenses |
|---|-----------------------|---------------------------|---------------------|---------------------|------------------------|------------------------|
| | | Management and General | Fundraising | Total | | |
| Salaries and wages | \$ 6,419,733 | \$ 1,094,768 | \$ 757,105 | \$ 1,851,873 | \$ 8,271,606 | \$ 9,708,652 |
| Employee benefits | 1,694,098 | 369,398 | 100,124 | 469,522 | 2,163,620 | 1,974,306 |
| Payroll taxes | 548,175 | 327,560 | 57,646 | 385,206 | 933,381 | 956,264 |
| | <u>8,662,006</u> | <u>1,791,726</u> | <u>914,875</u> | <u>2,706,601</u> | <u>11,368,607</u> | <u>12,639,222</u> |
| Troop product sales costs | 3,341,355 | | | | 3,341,355 | 3,429,952 |
| Supplies | 1,013,318 | 20,015 | 11,941 | 31,956 | 1,045,274 | 1,784,827 |
| Professional fees | 294,609 | 529,332 | 199,904 | 729,236 | 1,023,845 | 1,176,873 |
| Occupancy | 1,271,973 | 15,769 | 7,000 | 22,769 | 1,294,742 | 1,155,250 |
| Travel and conferences | 113,721 | 29,356 | 7,688 | 37,044 | 150,765 | 477,083 |
| Insurance | 200,436 | 81,515 | 272 | 81,787 | 282,223 | 281,163 |
| Interest | 43,474 | 79,681 | | 79,681 | 123,155 | 255,923 |
| Printing and advertising | 193,203 | 3,000 | 23,460 | 26,460 | 219,663 | 210,084 |
| Equipment purchase, rental and maintenance | 232,317 | 16,988 | 10,879 | 27,867 | 260,184 | 455,822 |
| Financial assistance | 253,245 | 1,197 | 1,499 | 2,696 | 255,941 | 316,000 |
| Telecommunications | 281,901 | 4,228 | 1,363 | 5,591 | 287,492 | 259,842 |
| Miscellaneous | 240,169 | 70,735 | 125,533 | 196,268 | 436,437 | 568,082 |
| | <u>16,141,727</u> | <u>2,643,542</u> | <u>1,304,414</u> | <u>3,947,956</u> | <u>20,089,683</u> | <u>23,010,123</u> |
| Depreciation | 794,423 | 91,313 | 27,394 | 118,707 | 913,130 | 973,764 |
| Total Expenses | 16,936,150 | 2,734,855 | 1,331,808 | 4,066,663 | 21,002,813 | 23,983,887 |
| Plus expenses netted with revenues on the statement of activities- | | | | | | |
| Cost of cookie and other food product sales | 5,180,042 | | | | 5,180,042 | 4,933,217 |
| Cost of merchandise sales | 342,458 | | | | 342,458 | 678,902 |
| Total Functional Expenses 2020 | \$ 22,458,650 | \$ 2,734,855 | \$ 1,331,808 | \$ 4,066,663 | \$ 26,525,313 | |
| Total Functional Expenses 2019 | \$ 25,565,842 | \$ 2,694,848 | \$ 1,335,316 | \$ 4,030,164 | | \$ 29,596,006 |

See accompanying notes.

GIRL SCOUTS OF WESTERN WASHINGTON

**Statement of Cash Flows
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|--------------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ 1,241,527 | \$ (2,761,150) |
| Adjustments to reconcile change in net assets to net cash used by operating activities- | | |
| Depreciation | 913,130 | 973,764 |
| Bond issuance costs amortization | 14,009 | 6,004 |
| (Gain) loss on sale of property, buildings and equipment | (1,781,492) | 71,655 |
| Unrealized gain on investments | (89,824) | (54,389) |
| Change in value of charitable trust agreement | (7,335) | 5,934 |
| Contributions restricted for long-term purposes | (22,471) | (156,325) |
| Deferred rent obligation | 25,133 | 39,085 |
| Changes in assets and liabilities: | | |
| Accounts and grants receivable | 1,355 | (10,773) |
| Pledges receivable | (216,364) | 2,134 |
| Inventory of Girl Scout merchandise | 5,176 | (94,262) |
| Prepaid expenses | (288,617) | (9,327) |
| Accounts payable and accrued expenses | (214,401) | 141,004 |
| Unearned revenue | (39,094) | (8,863) |
| Net Cash Used By Operating Activities | (459,268) | (1,855,509) |
| Cash Flows From Investing Activities: | | |
| Purchases of property, buildings and equipment | (1,368,957) | (526,038) |
| Purchases of investments | (764,526) | (2,848,280) |
| Proceeds from the sale of asset held for sale | 4,693,436 | |
| Proceeds from the sale of investments | 2,248,557 | 4,515,797 |
| Net Cash Provided by Investing Activities | 4,808,510 | 1,141,479 |
| Cash Flows From Financing Activities: | | |
| Payments on long-term obligations | (2,334,649) | (63,094) |
| Principal payments on obligations under capital leases | (147,360) | (173,454) |
| Net payments on line of credit | (2,600,000) | 70,000 |
| Proceeds from forgivable loan | 2,370,700 | |
| Proceeds from contributions restricted for long-term purposes | 22,471 | 156,325 |
| Net Cash Used by Financing Activities | (2,688,838) | (10,223) |
| Change in Cash and Cash Equivalents | 1,660,404 | (724,253) |
| Cash and cash equivalents, beginning of year | 121,057 | 845,310 |
| Cash and Cash Equivalents, End of Year | \$ 1,781,461 | \$ 121,057 |
| Noncash Investing and Financing Activities: | | |
| Acquisition of long-term assets through capital lease | \$ 276,999 | \$ - |
| Supplementary Cash Flow Information: | | |
| Cash paid for interest | \$ 109,146 | \$ 249,919 |

See accompanying notes.

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 1 - Organization and Significant Accounting Policies

Organization - Girl Scouts of Western Washington (the Organization) is a Washington not-for-profit corporation which resulted from the merger of Girl Scouts - Totem Council and Girl Scouts - Pacific Peaks on October 1, 2007.

Mission - Girl Scouting builds girls of courage, confidence and character who make the world a better place. Grounded in the Girl Scout Promise and Law, Girl Scouting is an experiential and cooperative education program that promotes girls' personal growth and leadership development. Partnering with caring adults, girls design fun and challenging activities that empower them and raise their voices within a local, national and global sisterhood.

Basis of Presentation - The Organization's financial statements have been prepared on the accrual basis of accounting. The Organization classifies net assets, revenues, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. This category of net assets also includes certain net assets designated by the Board of Directors. The Board has the right to spend such net assets at any time.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time, or net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization.

Cash Equivalents - Cash and cash equivalents represent checking, savings and money market accounts held at various regional financial institutions.

Troop Bank Accounts - Girl Scout troops establish bank accounts under the Organization's tax identification number. All troop funds are maintained for the benefit of the girls within the respective troop. These funds are not under the control of the Organization and have not been included in the accompanying financial statements. However, the Organization has established procedures and oversight protocols to ensure that funds are used appropriately. If a troop becomes inactive, any funds remaining in the account are surrendered to the Organization. The funds are then used to provide financial aid to girls in the region in which the troop existed. Management has estimated troop funds totaled approximately \$5,000,000 and \$3,500,000 at September 30, 2020 and 2019, respectively (unaudited).

Federal Income Taxes - The Internal Revenue Service (IRS) has recognized the Organization as exempt from federal income taxes under provisions of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation. The Organization files income tax returns with the U.S. government.

Bond Issuance Costs - Bond issuance costs are recorded as a deduction to the related debt liability on the statement of financial position. Bond issuance costs are amortized over the term of the applicable debt using the straight-line method. Accounting principles generally accepted in the United States of America (U.S. GAAP) require that the effective yield method be used to amortize bond issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of bond issuance costs are included as a component of interest expense on the statement of functional expenses.

Investments - Investments with readily determinable market values are stated at fair value based on quoted market prices. Unrealized and realized gains and losses on these investments are reported in the statement of activities.

GIRL SCOUTS OF WESTERN WASHINGTON

**Notes to Financial Statements
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

Note 1 - Continued

Inventory - Inventory consists of Girl Scouts merchandise and is stated at the lower of cost (first-in, first-out) or market.

Pledges and Grants Receivable - 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 these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue and support. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to change in net assets and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are determined to be uncollectible are written off through a charge to the valuation allowance and a credit to pledges receivable.

Capitalization and Depreciation - Purchased land, buildings and equipment are recorded at cost, and those received by donations are capitalized at their estimated fair values on the date received. Property and equipment with an original cost of \$10,000 or greater are capitalized. Depreciation is accounted for on a straight-line method based upon estimated useful lives of the assets ranging from 10 to 40 years for buildings and 5 to 10 years for equipment. Tenant improvements are depreciated over the shorter of the useful life or the lease term.

Property Held for Sale - Property held for sale at September 30, 2020 consisted of the Organization's DuPont location, which is reported at its carrying value. Property held for sale at September 30, 2019 consisted of the Organization's Bellevue location, which was sold during the year ended September 30, 2020.

Unearned Revenue - Income from camp and program fees is deferred and recognized during the period to which the fees relate.

Deferred Rent Obligation - The Organization has entered into a facility lease which contains provisions for future rent increases and rent holidays. In accordance with U.S. GAAP, the Organization records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between the straight-line rent expense recorded and the amount paid in rent payments is credited or charged to deferred rent obligation in the accompanying statement of financial position.

Contributions - Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received.

Donated Goods and Services - Total donated goods and services for the years ended September 30 are as follows:

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|
| Donated services | \$ 144,474 | \$ 115,102 |
| Donated goods | 86,100 | 109,195 |
| Office space | | <u>1,200</u> |
| Total Donated Goods and Services | <u>\$ 230,574</u> | <u>\$ 225,497</u> |

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 1 - Continued

Donated goods and services are presented on the statement of activities for the years ended September 30 as follows:

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|
| Special events | \$ 49,006 | \$ 126,803 |
| In-kind donations | <u>181,568</u> | <u>98,694</u> |
| Total Donated Goods and Services | <u>\$ 230,574</u> | <u>\$ 225,497</u> |

These amounts are included in in-kind donations on the accompanying statement of activities. They meet the requirements for recognition in the financial statements and were recorded at their fair value at the date of donation. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization which are not recognized in the accompanying financial statements because they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America (U.S. GAAP).

Special Events - The Organization had fundraising events with gross revenues of \$435,724 and \$610,077 and expenses of \$114,029 and \$421,129 during the years ended September 30, 2020 and 2019, respectively. The revenues are included as special event revenue on the statement of activities and the expenses are included in the applicable categories on the statement of functional expenses. Included in gross revenue are \$49,006 and \$126,803 of in-kind goods for special events, for the years ended September 30, 2019 and 2018, respectively.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash balances, short and long-term investments and receivables. The Organization has established guidelines relative to diversification and maturities that seek to maintain safety and liquidity. The Organization has cash and investments that are in excess of the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation insurance amounts.

Approximately 69% and 60% of the pledges receivable balance is attributable to pledges made by one donor and two donors at September 30, 2020 and 2019, respectively.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Allocation of Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs including staff related expenses, occupancy and depreciation have been allocated among the program and supporting services benefited. Staff related expenses are allocated by head count with the exception of retirement plan expenses. Occupancy expense is allocated based on percent of space used. Depreciation expense is allocated based on where the fixed asset is used.

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 1 - Continued

Prior Year Summarized Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements for the Organization for the year ended September 30, 2019, from which the summarized information was derived.

Reclassifications - Certain accounts in the 2019 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2020 financial statements. The reclassifications have no effect on the previously reported total assets, total liabilities, total net assets, or the change in net assets.

Subsequent Events - The Organization has evaluated subsequent events through March 19, 2021, the date on which the financial statements were available to be issued.

Note 2 - Pledges Receivable

Promises to give are recorded as contributions and are reported at net realizable value. The following is a schedule of pledges receivable at September 30:

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|-------------------------|
| Receivables expected in less than one year | \$ 168,143 | \$ 80,272 |
| Receivables expected in one to five years | <u>130,311</u> | <u></u> |
| Less allowance for uncollectible promises to give | <u>(9,845)</u> | <u>(8,027)</u> |
| Total Pledges Receivable | <u>\$ 288,609</u> | <u>\$ 72,245</u> |

Note 3 - Investments

Investments consisted of the following as of September 30:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|----------------------------|----------------------------|
| Money market funds | \$ 186,726 | \$ 264,794 |
| Government and corporate bonds | 1,782,303 | 2,375,912 |
| Mutual funds | <u>4,237,673</u> | <u>4,960,203</u> |
| Total Investments | <u>\$ 6,206,702</u> | <u>\$ 7,600,909</u> |

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 3 - Continued

Investments are presented on the statement of financial position as of September 30 as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|----------------------------|----------------------------|
| Short-term investments | \$ 186,506 | \$ 264,549 |
| Long-term investments | <u>6,020,196</u> | <u>7,336,360</u> |
| Total Investments | <u>\$ 6,206,702</u> | <u>\$ 7,600,909</u> |

Investment return for the years ended September 30 was as follows:

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|
| Dividends and interest, net of fees (including from operating bank accounts) | \$ 119,690 | \$ 155,679 |
| Net realized and unrealized gains | <u>472,196</u> | <u>87,859</u> |
| Total Investment Return | <u>\$ 591,886</u> | <u>\$ 243,538</u> |

Note 4 - Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, the guidance uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

GIRL SCOUTS OF WESTERN WASHINGTON

**Notes to Financial Statements
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

Note 4 - Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020 or 2019.

Money Market Funds - Valued at cost plus accrued interest, which approximates fair value.

Corporate Bonds - Valued using bid valuations from similar instruments in actively traded markets.

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Organization at year end.

Beneficial Interests in Perpetual Trusts - Valued at the Organization's share of the present value of estimated future cash flows based on the fair value of the underlying trust.

The valuation methodologies used by the Organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Values Measured on a Recurring Basis - Fair values of assets measured on a recurring basis were as follows:

| | Fair Value Measurements at September 30, 2020 | | | |
|--|---|---------------------|-------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market funds | \$ 186,726 | \$ - | \$ - | \$ 186,726 |
| Corporate bonds | | 1,782,303 | | 1,782,303 |
| Mutual funds- | | | | |
| Growth | 234,045 | | | 234,045 |
| Bond | 1,034,698 | | | 1,034,698 |
| Value | 147,667 | | | 147,667 |
| International | 303,806 | | | 303,806 |
| Blend | 2,517,457 | | | 2,517,457 |
| Total mutual funds | 4,237,673 | | | 4,237,673 |
| Total investments (Note 3) | 4,424,399 | 1,782,303 | | 6,206,702 |
| Beneficial interests in perpetual trusts (Note 6) | | | 157,280 | 157,280 |
| Total Assets at Fair Value | \$ 4,424,399 | \$ 1,782,303 | \$ 157,280 | \$ 6,363,982 |

GIRL SCOUTS OF WESTERN WASHINGTON

**Notes to Financial Statements
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

Note 4 - Continued

| | Fair Value Measurements at September 30, 2019 | | | |
|--|---|---------------------|-------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market funds | \$ 264,794 | \$ - | \$ - | \$ 264,794 |
| Corporate bonds | | 2,375,912 | | 2,375,912 |
| Mutual funds- | | | | |
| Growth | 625,450 | | | 625,450 |
| Bond | 1,033,498 | | | 1,033,498 |
| Value | 453,111 | | | 453,111 |
| International | 591,346 | | | 591,346 |
| Blend | 2,256,798 | | | 2,256,798 |
| Total mutual funds | 4,960,203 | | | 4,960,203 |
| Total investments (Note 3) | 5,224,997 | 2,375,912 | | 7,600,909 |
| Beneficial interests in perpetual trusts (Note 6) | | | 149,945 | 149,945 |
| Total Assets at Fair Value | \$ 5,224,997 | \$ 2,375,912 | \$ 149,945 | \$ 7,750,854 |

The Level 3 investments are held in trust by third parties, do not have ongoing commitments, and have no redemption options. The Organization receives regular distributions of earnings per the trust agreement provisions (Note 6).

Note 5 - Property, Buildings and Equipment

Property, buildings and equipment consisted of the following at September 30:

| | 2020 | 2019 |
|-------------------------------------|---------------------|----------------------|
| Land | \$ 2,304,882 | \$ 3,053,231 |
| Depreciable land improvements | 1,423,502 | 1,310,076 |
| Buildings and tenant improvements | 15,211,035 | 17,751,899 |
| Furniture and equipment | 4,588,377 | 4,597,031 |
| Construction in process | 57,512 | 313,956 |
| | 23,585,308 | 27,026,193 |
| Less accumulated depreciation | (14,224,395) | (15,659,908) |
| Total Property and Equipment | \$ 9,360,913 | \$ 11,366,285 |

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 6 - Beneficial Interests in Perpetual Trusts and Charitable Gift Annuity

Beneficial Interest in Perpetual Trust - The Organization is named as a 20% beneficiary in a perpetual trust held for the benefit of the Organization and other local nonprofit organizations. The trust, which is held in perpetuity, is administered by a third party and provides for earnings distributions on a regular basis to the Organization. This trust is recognized in the financial statements of the Organization at the fair value of the Organization's share as of the end of the reporting period. The Organization received \$7,017 and \$6,493 in earnings distributions from the trust during the years ended September 30, 2020 and 2019, respectively. The earnings are available for general operating purposes. The Organization's interest in the change in the trust value of \$7,335 and \$(5,934) were recognized in the statement of activities as activities with donor restrictions for the years ended September 30, 2020 and 2019, respectively.

The Organization is the recipient of distributions from a permanent Charitable Trust Fund which benefits five not-for-profit organizations in the Port Angeles area. Distributions are discretionary based on the yearly decisions of the trustees and thus no trust balance is included in these financial statements. The Organization received \$7,834 and \$11,278 in distributions for the years ended September 30, 2020 and 2019, respectively.

Charitable Gift Annuity - The Organization holds one charitable gift annuity from a donor, for the benefit of the Organization. The annuity liability is recorded at the present value of the periodic payments due, as estimated by the Organization. In the year the gift was received, the excess of the amount of the gift over the liability for the annuity payable was recorded as contribution income without donor restriction, in accordance with the stipulations of the donor. Annuity payable totaled \$9,528 at both September 30, 2020 and 2019, and is included with accrued expenses on the statement of financial position. Assets held in a segregated account for the gift annuity totaled \$9,377 and \$9,532 at September 30, 2020 and 2019 respectively, and are reported on the statement of financial position as part of the investments balance (Note 3).

Note 7 - Financial Assistance

In order to provide all girls with the opportunity to participate in Girl Scouts activities, the Organization provides financial assistance in the form of Girl Scouts event fees waived and the payment of troop dues and fees for third-party sponsored events. Total financial assistance for the years ended September 30 consisted of:

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|--------------------------|--------------------------|
| Fees waived | \$ 25,336 | \$ 472,349 |
| Fees paid to others | <u>255,941</u> | <u>316,000</u> |
| Total Financial Assistance | <u>\$ 281,277</u> | <u>\$ 788,349</u> |

Fees waived have been netted against program service fees revenue on the statement of activities. Fees paid to others are part of program services expenses.

GIRL SCOUTS OF WESTERN WASHINGTON

**Notes to Financial Statements
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

Note 8 - Long-Term Obligations

Long-term obligations consist of the following at September 30:

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|----------------------------|
| Payment Protection Program forgivable loan in the original amount of \$2,370,700. Forgiveness may be applied for up to 10 months after the covered period on August 10, 2021, otherwise payments are due between then and the maturity date of April 23, 2022. | \$ 2,370,700 | \$ - |
| Washington State Housing Finance Commission nonprofit revenue bond Series 2011, interest at 3.79%, monthly interest-only payments through June 1, 2012, interest and principal payments of \$12,844 monthly thereafter. Required to be paid in full on June 1, 2042. Collateralized by real property, owned by the Organization, located in Bellevue, Washington. The bonds were retired with the sale of the Bellevue property during the year ended September 30, 2020. | | <u>2,334,649</u> |
| Total obligations | 2,370,700 | 2,334,649 |
| Less unamortized bond issuance costs | | (14,009) |
| Less current maturities | <u>(1,462,683)</u> | <u>(65,319)</u> |
| Total Long-Term Obligations | <u>\$ 908,017</u> | <u>\$ 2,255,321</u> |

Paycheck Protection Program Loan - In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. All or a portion of the PPP Loan may be forgiven if certain terms and conditions of the program are met. To complete the loan forgiveness process management must submit a loan forgiveness application to the lender and then the lender and the Small Business Administration (SBA) must review and approve the application. A risk exists that the lender or the SBA may reject some or all of the requested forgiveness amount during the review process, in which case the Organization will be required to repay the amount that is not forgiven. For the year ended September 30, 2020, management has concluded that the Organization has incurred the qualifying expenditures and will apply for forgiveness.

The following represents scheduled principal reductions for the PPP loan:

| | |
|-----------------------------------|----------------------------|
| For the Year Ending September 30, | |
| 2021 | \$ 1,462,683 |
| 2022 | <u>908,017</u> |
| | <u>\$ 2,370,700</u> |

Total interest expense incurred was \$7,128 and \$90,996 for the years ended September 30, 2020 and 2019, respectively.

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 9 - Line of Credit

The Organization renewed its revolving line of credit with a financial institution on December 21, 2018, with a limit amount of \$4,450,000. The line is payable monthly with principal originally due in full in December 21, 2019. Effective January 6, 2020, the line was renewed with a decreased limit of \$3,500,000. The line of credit is due on demand with no specified expiration date. Interest at prime less 0.75% (2.50% and 4.25% at September 30, 2020 and 2019, respectively) The outstanding draws on the line of credit at September 30, 2020 and 2019 totaled \$0 and \$2,600,000, respectively. The Organization must maintain a loan-to-value ratio of 65% as a restrictive covenant on the line of credit.

Note 10 - Leases

Operating Leases - The Organization leases certain land under a noncancelable operating lease with remaining terms in excess of one year expiring in 2024 and an annual base rent of \$1,890, subject to market-based increases every five years. Rental expense incurred under this long-term lease was \$1,890 for the years ended September 30, 2020 and 2019.

The Organization leases certain office spaces under noncancelable operating leases with remaining terms in excess of one year, the final of which expires in 2029. Monthly base rents range from \$11,000 to \$26,898 over the course of the leases. Rental expense incurred under operating leases and recognized on a straight-line basis over the life of the lease was \$754,179 and \$468,800 for the years ended September 30, 2020 and 2019, respectively.

Future minimum lease payments for operating leases are as follows:

For the Year Ending September 30,

| | | |
|------------|----|-------------------------|
| 2021 | \$ | 435,283 |
| 2022 | | 447,186 |
| 2023 | | 459,125 |
| 2024 | | 470,160 |
| 2025 | | 354,188 |
| Thereafter | | <u>1,196,436</u> |
| | \$ | <u>3,362,378</u> |

The difference between straight-line rent expense as required by U.S. GAAP, and cash paid for rent during the years ended September 30, 2020 and 2019 was \$25,133 and \$39,086, respectively.

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 10 - Continued

Capital Leases - The Organization leases office equipment under noncancelable capital leases expiring in various years through 2025. The assets and liabilities under capital leases are initially recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated useful lives. Amortization of assets under capital leases is included in depreciation expense. The total recorded cost of assets under capital leases is \$1,038,762 and \$1,128,769 and related accumulated depreciation is \$630,534 and \$850,643 at September 30, 2020 and 2019, respectively. Scheduled lease payments are as follows:

For the Year Ending September 30,

| | | |
|---|-----------|-----------------------|
| 2021 | \$ | 114,216 |
| 2022 | | 107,420 |
| 2023 | | 107,420 |
| 2024 | | 107,420 |
| 2025 | | <u>89,451</u> |
| | | 525,927 |
| Interest | | <u>(84,231)</u> |
| Principal due on capital leases | | 441,696 |
| Less current portion | | <u>(114,216)</u> |
| Total Obligations Under Capital Leases, Less Current Portion | \$ | <u>327,480</u> |

Subsequent to year end, the Organization entered into another noncancelable capital lease for office equipment. The obligation under that lease is \$138,148.

Rent Receipts - The Organization entered into a noncancelable lease agreement with a tenant for the Monroe property. The lease commenced in July 2020 and expires in January 2021. The future minimum payments under this noncancelable sublease are in total \$12,600.

Note 11 - Retirement Plans

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

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 11 - Continued

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

Contributions made by the Organization, to cover its allocated portion of the underfunded amount, are expensed by the Organization as paid. The total underfunded amount is recorded as a liability on the financial records of Girl Scouts of the USA. The Organization's contributions were \$608,076 for both the years September 30, 2020 and 2019.

403(b) Plan - The Organization adopted a 403(b) plan effective January 1, 2009 which allowed all eligible employees to set aside pre-tax earnings in their separate accounts. Effective October 1, 2014, the Organization amended the 403(b) plan allowing discretionary employer matching contributions for all employees 18 years and older. Matching contributions for the years ended September 30, 2020 and 2019 were \$91,866 and \$43,345, respectively.

Note 12 - Net Assets Without Donor Restrictions

Net assets without donor restrictions were available as follows at September 30:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Board-designated funds- | | |
| Patti Meyers program expansion | \$ 241,861 | \$ 241,861 |
| Total board designated funds | 241,861 | 241,861 |
| Undesignated funds- | | |
| Net investment in property, equipment and property held-for-sale | 11,073,789 | 11,061,906 |
| Without donor restrictions and undesignated | 4,622,320 | 3,758,975 |
| Total undesignated funds | 15,696,109 | 14,820,881 |
| Total Net Assets Without Donor Restrictions | \$ 15,937,970 | \$ 15,062,742 |

GIRL SCOUTS OF WESTERN WASHINGTON

**Notes to Financial Statements
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

Note 13 - Net Assets With Donor Restrictions

Net assets with donor restrictions are available as follows as of September 30:

| | <u>2020</u> | <u>2019</u> |
|--|--------------------------------|--------------------------------|
| Subject to the passage of time or expenditure for specified purpose- | | |
| Capital projects | \$ 90,840 | \$ 172,972 |
| Subsequent year's activities | 15,000 | |
| Specific programs | 666,392 | 174,635 |
| Unappropriated endowment earnings | <u>193,943</u> | <u>163,436</u> |
| Total subject to the passage of time or expenditure for specified purpose | 966,175 | 511,043 |
| Endowment corpus- | | |
| General Endowment Fund | 44,806 | 44,806 |
| Loine Floyd Fund | 4,371 | 4,371 |
| Paula Baker Fund | 1,061 | 1,061 |
| President's Memorial Fund | 11,674 | 11,674 |
| Thorpe Fund | 40,000 | 40,000 |
| Dorris M. Tinker Fund | 25,000 | 25,000 |
| Camp Fund | <u>26,000</u> | <u>26,000</u> |
| Total endowment corpus | 152,912 | 152,912 |
| Beneficial interests in perpetual trusts- | | |
| Bishop Fund (Note 6) | <u>157,280</u> | <u>149,945</u> |
| Total beneficial interests in perpetual trusts | 157,280 | 149,945 |
| Right to use- | | |
| St. Albans Camp (Note 15) | <u>602,433</u> | <u>602,433</u> |
| Total Net Assets With Donor Restrictions | <u>\$ 1,878,800</u> | <u>\$ 1,416,333</u> |

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended September 30:

| | <u>2020</u> | <u>2019</u> |
|---|------------------------------|------------------------------|
| Releases from program restrictions | \$ 498,577 | \$ 665,888 |
| Releases from time restrictions | | <u>15,000</u> |
| Total Net Assets Released From Restriction | <u>\$ 498,577</u> | <u>\$ 680,888</u> |

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 13 - Continued

The earnings on the endowments may be used as follows:

General Endowment Fund - There are no restrictions on the use of the earnings from this fund.

Loine Floyd Fund - Earnings on this fund are restricted to campships for girls in Grays Harbor County.

Paula Baker Fund - Earnings on this fund are to be used for financial assistance to help selected Girl Scouts attend Wider Opportunities.

President's Memorial Fund - Earnings on this fund are available for use annually, as determined by the Organization's president, to be used for activities included in the approved goals and objectives of the Organization.

Thorpe Fund - Earnings on this fund are to be used for operating and capital needs related to St. Alban's Camp facilities and properties.

Dorris M. Tinker Fund - Earnings on this fund are to be used to assist girls needing financial assistance to participate in programs and activities provided through the Organization.

Camp Fund - Earnings on this fund are to be used for camp activities.

Note 14 - Endowments

The Organization's endowments consist of donor-restricted funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of the Organization has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, 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 determination, the Organization classifies as net assets restricted in perpetuity (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.

GIRL SCOUTS OF WESTERN WASHINGTON

Notes to Financial Statements For the Year Ended September 30, 2020 (With Comparative Totals for September 30, 2019)

Note 14 - Continued

The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or PMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature as of September 30, 2020 and 2019.

Return Objectives and Risk Parameters - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of certain benchmark indices as follows: 49% Russell 1000; 6% Russell 2000; 10% EAFE Index; and 35% Barclays Capital Aggregate Bond Index over a trailing three year period.

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, such as interest and dividends. The Organization invests its endowment funds in equities and fixed income investments, targeting an allocation of 65% equities (with the target allocation within the equity portfolio of 75% large/mid-cap domestic equities, 10% small-cap domestic equities and 15% international equities) and 35% fixed income. The expected time horizon of the Fund is at least ten years.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Organization has a policy of appropriating for distribution each year a maximum of 5% of its endowment fund's total fair value over the prior 16 quarter rolling average or such smaller percentage that does not reduce the rolling average of the fund to less than deemed prudent by the Board of Directors. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

GIRL SCOUTS OF WESTERN WASHINGTON

**Notes to Financial Statements
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

Note 14 - Continued

As of September 30, 2020 and 2019, endowment net assets consisted of the following:

| | Without Donor Restrictions | With Donor Restrictions | | Total With Donor Restrictions | 2020 Total | 2019 Total |
|----------------------------------|-------------------------------|-------------------------|---------------------|-------------------------------------|------------|------------|
| | | Endowment Earnings | Endowment Corpus | | | |
| Donor Restricted Endowment Funds | \$ - | \$ 193,943 | \$ 152,912 | \$ 346,855 | \$ 346,855 | \$ 316,348 |

Changes to endowment net assets for the years ended September 30, 2020 and 2019, are as follows:

| | Without Donor Restrictions | With Donor Restrictions | | Total With Donor Restrictions | 2020 Total | 2019 Total |
|---|-------------------------------|-------------------------|---------------------|-------------------------------------|-------------------|-------------------|
| | | Endowment Earnings | Endowment Corpus | | | |
| Endowment net assets, October 1, 2019 | \$ - | \$ 163,436 | \$ 152,912 | \$ 316,348 | \$ 316,348 | \$ 307,119 |
| Net endowment investment return | | 30,507 | | 30,507 | 30,507 | 9,229 |
| Endowment Net Assets, September 30, 2020 | \$ - | \$ 193,943 | \$ 152,912 | \$ 346,855 | \$ 346,855 | \$ 316,348 |

Note 15 - Camps

Camp St. Albans - In accordance with the terms of the Trust Document, Camp St. Albans was transferred to a Trust in 1935 and was to be used in perpetuity by the girls of Pierce County. Various funds from the trust and a succession of Girl Scout Councils, including the Organization since 2007, have been used to develop and enhance the camp over the years. The trust is administered by three trustees, one of which is nominated by the Organization, and appointed by the remaining two Trustees. The Trust owns the land and buildings, but the Organization's predecessor was named as the organization to run the camp in perpetuity, provided it maintained and cared for the property. Since the Organization now has the right to use and the responsibility to maintain the camp, it is recognizing the value of the "right to use" the land, improvements and buildings in its financial statements (Note 13).

Camp Towhee - During the year ended September 30, 2014, the Organization received a contribution without donor restriction for the naming rights of Camp Towhee. The contribution was accompanied by a letter dated July 16, 2014 which is to be consulted with regard to any future change in the use of the camp property.

GIRL SCOUTS OF WESTERN WASHINGTON

**Notes to Financial Statements
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(With Comparative Totals for September 30, 2019)**

Note 16 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditure consisted of the following within one year of September 30:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|--------------------------|
| Financial assets- | | |
| Cash and cash equivalents | \$ 1,781,461 | \$ 121,057 |
| Short-term investments | 186,506 | 264,549 |
| Long-term investments | 6,020,196 | 7,336,360 |
| Accounts and grants receivable | 130,882 | 132,237 |
| Pledges receivable, current | <u>288,609</u> | <u>72,245</u> |
| Total financial assets | 8,407,654 | 7,926,448 |
| Financial assets not available for general expenditure- | | |
| Line of credit restricted investments (Note 9) | (5,384,615) | (6,846,154) |
| Net assets designated for Patti Meyers program expansion (Note 12) | (241,861) | (241,861) |
| Net assets restricted for purpose (Note 13) | (966,175) | (511,043) |
| Net assets restricted in perpetuity (Note 13) | <u>(152,912)</u> | <u>(152,912)</u> |
| Financial Assets Available for General Expenditure Within One Year | <u>\$ 1,662,091</u> | <u>\$ 174,478</u> |
| Additional resources available- | | |
| Available to draw on the line of credit | \$ 3,500,000 | \$ 1,850,000 |

The Organization holds a line of credit with a bank as disclosed in Note 9. The line of credit includes a restrictive covenant requiring long-term investments be held at an amount that equates to a loan-to-value ratio of 65%, which is included as financial assets not available for general expenditure above.

The Organization regularly monitors liquidity required to meet its operating needs. The Organization has various sources of liquidity, including cash and cash equivalents, long-term investments, money market accounts and a line of credit. Management has the option to liquidate long-term investments, without board approval, if the needs of operations require additional resources.

For purposes of analyzing resources available to meet general expenditures, the Organization considers all revenue streams related to the ongoing activities of girl programming, philanthropy, retail and volunteer training to be for general operations unless otherwise stipulated by a donor. Endowments are donor-restricted funds established for a variety of purposes and are not considered to be available for general expenditure.

GIRL SCOUTS OF WESTERN WASHINGTON

**Notes to Financial Statements
For the Year Ended September 30, 2020
(With Comparative Totals for September 30, 2019)**

Note 17 - Contingencies

The Organization is involved, from time to time, in various claims, regulatory audits and other legal issues arising in the normal course of business. Management believes that any uninsured costs that may be incurred in the settlement of such claims would not be material to the Organization's financial position.

Impacts of COVID-19 Pandemic - In early 2020, a novel strain of coronavirus (COVID-19) was identified and became prevalent throughout the world. The COVID-19 pandemic has caused business disruption through mandated and voluntary closing of multiple businesses and organizations. As a result, the Organization's employees have been working remotely from home, programs were conducted remotely, all camps were closed, and in-person cookie sales were halted. Management has taken measures to reduce costs in order to maintain adequate liquidity. Management continues to monitor events and conditions as they unfold; however, the full financial impact to the Organization cannot be reasonably estimated as of the date of issuance of these financial statements.