



**GIRL SCOUTS OF WESTERN WASHINGTON**

Financial Statements

For the Year Ended September 30, 2022

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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of Girl Scouts of Western Washington (the Organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Report on Summarized Comparative Information

We have previously audited the Organization's September 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Responsibilities of Management for the Financial Statements

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



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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 for 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 GAAS 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 GAAS, 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.

*Clark Nuber PS*

Certified Public Accountants  
February 4, 2023

**GIRL SCOUTS OF WESTERN WASHINGTON**

**Statement of Financial Position**

**September 30, 2022**

**(With Comparative Totals for September 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,364,168	\$ 1,629,674
Short-term investments (Note 3)	365,574	2,801,143
Accounts and grants receivable	194,728	74,170
Note receivable, current	1,954	
Pledges receivable, current (Note 2)	317,019	224,688
Inventory of Girl Scout merchandise	412,175	351,759
Prepaid expenses	179,924	167,997
<b>Total Current Assets</b>	<b>2,835,542</b>	<b>5,249,431</b>
Long-term investments (Note 3)	7,984,112	8,614,142
Note receivable, long-term	616,257	
Pledges receivable, long-term portion (Note 2)	55,665	101,577
Property, buildings and equipment, net (Note 5)	7,542,652	8,933,849
Beneficial interests in perpetual trusts (Note 6)	140,284	183,431
<b>Total Assets</b>	<b>\$ 19,174,512</b>	<b>\$ 23,082,430</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 582,475	\$ 182,609
Accrued expenses and other current liabilities	559,737	623,555
Unearned revenue	20,962	992
Current portion of obligations under capital leases (Note 10)	146,526	124,126
Current portion of Paycheck Protection Program loan (Note 8)		87,304
<b>Total Current Liabilities</b>	<b>1,309,700</b>	<b>1,018,586</b>
Deferred rent obligation	243,360	239,051
Obligations under capital leases, less current portion (Note 10)	174,555	325,564
Long-term obligation of Paycheck Protection Program loan (Note 8)		1,912,696
<b>Total Liabilities</b>	<b>1,727,615</b>	<b>3,495,897</b>
<b>Net Assets:</b>		
Net assets without donor restrictions (Note 12)	15,499,932	17,466,130
Net assets with donor restrictions (Note 13)	1,946,965	2,120,403
<b>Total Net Assets</b>	<b>17,446,897</b>	<b>19,586,533</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 19,174,512</b>	<b>\$ 23,082,430</b>

See accompanying notes.

**GIRL SCOUTS OF WESTERN WASHINGTON**

**Statement of Activities  
For the Year Ended September 30, 2022  
(With Comparative Totals for September 30, 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Public Support:</b>				
Contributions	\$ 866,594	\$ 1,018,208	\$ 1,884,802	\$ 1,392,851
Forgiveness of Paycheck Protection Program loan	2,000,000		2,000,000	2,370,700
Employee retention tax credit	663,075		663,075	
Special events (Note 1)	204,838	190,806	395,644	407,088
In-kind donations (Note 1)	145,770		145,770	39,692
<b>Total Public Support</b>	<b>3,880,277</b>	<b>1,209,014</b>	<b>5,089,291</b>	<b>4,210,331</b>
<b>Program Service and Other Revenue:</b>				
Cookie and other food product sales, less direct costs of \$3,303,734 (2021 - \$3,573,258)	11,689,552		11,689,552	10,528,469
Program service fees, net	697,102		697,102	199,990
Sale of Girl Scout merchandise, less cost of sales \$75,286 (2021 - \$195,410)	454,944		454,944	150,421
Investment return (Note 3)	(1,505,374)	(70,450)	(1,575,824)	925,264
Change in value of split interest agreements		(43,147)	(43,147)	26,151
Forest thinning and oyster harvest revenue, net	3,950		3,950	39,242
Miscellaneous	341,073		341,073	237,997
(Loss) gain on sale of property and equipment	(607,402)		(607,402)	1,471,537
<b>Total Program Service and Other Revenue</b>	<b>11,073,845</b>	<b>(113,597)</b>	<b>10,960,248</b>	<b>13,579,071</b>
Net assets released from restriction	1,268,855	(1,268,855)		
<b>Total Public Support, Program Service and Other Revenue</b>	<b>16,222,977</b>	<b>(173,438)</b>	<b>16,049,539</b>	<b>17,789,402</b>
<b>Expenses:</b>				
Program services	14,563,912		14,563,912	12,296,740
Management and general	2,593,213		2,593,213	2,698,890
Fundraising	1,032,050		1,032,050	927,841
<b>Total Expenses</b>	<b>18,189,175</b>		<b>18,189,175</b>	<b>15,923,471</b>
<b>Total Change in Net Assets</b>	<b>(1,966,198)</b>	<b>(173,438)</b>	<b>(2,139,636)</b>	<b>1,865,931</b>
Net assets, beginning of year	17,466,130	2,120,403	19,586,533	17,720,602
<b>Net Assets, End of Year</b>	<b>\$ 15,499,932</b>	<b>\$ 1,946,965</b>	<b>\$ 17,446,897</b>	<b>\$ 19,586,533</b>

See accompanying notes.

**GIRL SCOUTS OF WESTERN WASHINGTON**

**Statement of Functional Expenses  
For the Year Ended September 30, 2022  
(With Comparative Totals for September 30, 2021)**

	Total Program Services	Supporting Services			2022 Total Expenses	2021 Total Expenses
		Management and General	Fundraising	Total		
Salaries and wages	\$ 5,702,408	\$ 1,258,825	\$ 475,108	\$ 1,733,933	\$ 7,436,341	\$ 6,412,727
Employee benefits	1,401,803	291,153	97,895	389,048	1,790,851	1,696,394
Payroll taxes	672,995	140,431	43,088	183,519	856,514	777,239
	7,777,206	1,690,409	616,091	2,306,500	10,083,706	8,886,360
Troop product sales costs	2,353,509				2,353,509	2,259,834
Supplies	1,063,237	16,901	54,833	71,734	1,134,971	551,627
Occupancy	1,038,671	3,900	2,038	5,938	1,044,609	929,936
Professional fees	353,064	564,081	96,173	660,254	1,013,318	1,033,913
Miscellaneous	214,287	122,076	180,029	302,105	516,392	499,756
Telecommunications	275,787	31,028	27,392	58,420	334,207	277,690
Insurance	299,581	10,565	1,605	12,170	311,751	288,413
Financial assistance	289,898	103	78	181	290,079	89,566
Travel and conferences	75,259	51,275	16,298	67,573	142,832	40,362
Equipment purchase, rental and maintenance	101,830	2,682	3,368	6,050	107,880	147,446
Printing and advertising	58,913		10,713	10,713	69,626	144,551
Interest	28,419	27,291	1,561	28,852	57,271	48,614
	13,929,661	2,520,311	1,010,179	3,530,490	17,460,151	15,198,068
Depreciation	634,251	72,902	21,871	94,773	729,024	725,403
<b>Total Expenses</b>	<b>14,563,912</b>	<b>2,593,213</b>	<b>1,032,050</b>	<b>3,625,263</b>	<b>18,189,175</b>	<b>15,923,471</b>
Plus expenses netted with revenues on the statement of activities-						
Cost of cookie and other food product sales	3,303,734				3,303,734	3,573,258
Cost of merchandise sales	75,782				75,782	193,717
<b>Total Functional Expenses 2022</b>	<b>\$ 17,943,428</b>	<b>\$ 2,593,213</b>	<b>\$ 1,032,050</b>	<b>\$ 3,625,263</b>	<b>\$ 21,568,691</b>	
<b>Total Functional Expenses 2021</b>	<b>\$ 16,063,715</b>	<b>\$ 2,698,890</b>	<b>\$ 927,841</b>	<b>\$ 3,626,731</b>		<b>\$ 19,690,446</b>

See accompanying notes.

**GIRL SCOUTS OF WESTERN WASHINGTON**

**Statement of Cash Flows  
For the Year Ended September 30, 2022  
(With Comparative Totals for September 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (2,139,636)	\$ 1,865,931
Adjustments to reconcile change in net assets to net cash used by operating activities-		
Forgiveness on Paycheck Protection Program loan	(2,000,000)	(2,370,700)
Depreciation	729,024	725,403
Loss (gain) on sale of property, buildings and equipment	607,402	(1,471,537)
Unrealized loss on investments	1,754,034	72,908
Change in value of charitable trust agreement	43,147	(26,151)
Contributions restricted for long-term purposes	(499,275)	(260,088)
Changes in assets and liabilities:		
Accounts and grants receivable	(120,558)	56,712
Pledges receivable	(46,419)	(37,656)
Inventory of Girl Scout merchandise	(60,416)	110,852
Prepaid expenses	(11,927)	249,650
Accounts payable and accrued expenses	336,048	731
Deferred rent obligation	4,309	14,722
Unearned revenue	19,970	642
<b>Net Cash Used by Operating Activities</b>	<b>(1,384,297)</b>	<b>(1,068,581)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of property, buildings and equipment	(596,729)	(160,281)
Purchases of investments	(1,497,791)	(10,927,846)
Proceeds from the sale of asset held for sale		4,228,542
Payments received from note receivable	33,289	
Proceeds from the sale of investments	2,809,356	5,646,355
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>748,125</b>	<b>(1,213,230)</b>
<b>Cash Flows From Financing Activities:</b>		
Principal payments on obligations under capital leases	(128,609)	(130,064)
Proceeds from forgivable loan		2,000,000
Proceeds from contributions restricted for long-term purposes	499,275	260,088
<b>Net Cash Provided by Financing Activities</b>	<b>370,666</b>	<b>2,130,024</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(265,506)</b>	<b>(151,787)</b>
Cash and cash equivalents, beginning of year	1,629,674	1,781,461
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,364,168</b>	<b>\$ 1,629,674</b>
<b>Noncash Investing and Financing Activities:</b>		
Acquisition of long-term assets through capital lease	\$ -	\$ 138,058
<b>Supplementary Cash Flow Information:</b>		
Cash paid for interest	\$ 57,271	\$ 48,614
Note receivable in exchange for sale of property, plant, and equipment	\$ 651,500	\$ -

See accompanying notes.



## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### 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, Girl Scouts 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 \$5,500,000 at September 30, 2022 and 2021, respectively.

#### Revenue Recognition -

Cookie and Other Food Product Sales - Cookie revenue is recognized as the cookie sales occur.

Program Service Fees - Revenues received in exchange for participation in programs are deferred and recognized when the program occurs, or the services are provided.

Contributions, Grants, and Promises to Give - Contributions received, including unconditional promises to give are stated at net realizable value. In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period the pledge is received. Conditional promises to give are not recognized as revenues until the conditions on which they depend have been met. Conditional contributions are conditioned upon certain performance requirements and the incurrence of qualifying expenses. The Organization had conditional grants or contributions of \$135,500 and \$0 at September 30, 2022 and 2021, respectively, which will be recognized as contribution revenue in a future period when fundraising goals are met.

## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### Note 1 - Continued

**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.

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

**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.

**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.

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

	<u>2022</u>	<u>2021</u>
Donated services	\$ 140,862	\$ 37,946
Donated goods	<u>16,450</u>	<u>106,465</u>
<b>Total Donated Goods and Services</b>	<b><u>\$ 157,312</u></b>	<b><u>\$ 144,411</u></b>

\$145,770 of the donated goods and services were used as part of operations and \$11,542 were used as auction items for fundraising events.

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

	<u>2022</u>	<u>2021</u>
Special events	\$ 11,542	\$ 104,719
In-kind donations	<u>145,770</u>	<u>39,692</u>
<b>Total Donated Goods and Services</b>	<b><u>\$ 157,312</u></b>	<b><u>\$ 144,411</u></b>

## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### Note 1 - Continued

These amounts 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 U.S. GAAP.

**Special Events** - The Organization had fundraising events with gross revenues of \$395,644 and \$407,088 and expenses of \$134,718 and \$151,173 during the years ended September 30, 2022 and 2021, 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 \$11,542 and \$104,719 of in-kind goods for special events, for the years ended September 30, 2022 and 2021, 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.

**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.

**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.

**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, 2021, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through February 4, 2023, the date on which the financial statements were available to be issued.

**GIRL SCOUTS OF WESTERN WASHINGTON**

**Notes to Financial Statements  
For the Year Ended September 30, 2022  
(With Comparative Totals for September 30, 2021)**

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**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>2022</u>	<u>2021</u>
Receivables expected in less than one year	\$ 317,019	\$ 224,688
Receivables expected in one to five years	<u>66,500</u>	<u>116,162</u>
Less allowance for uncollectible promises to give	<u>(10,835)</u>	<u>(14,585)</u>
<b>Total Pledges Receivable</b>	<b><u>\$ 372,684</u></b>	<b><u>\$ 326,265</u></b>

**Note 3 - Investments**

Investments consisted of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 363,060	\$ 2,801,382
Corporate bonds	2,299,463	2,243,914
Treasury bonds	145,920	
Mutual funds	<u>5,541,243</u>	<u>6,369,989</u>
<b>Total Investments</b>	<b><u>\$ 8,349,686</u></b>	<b><u>\$ 11,415,285</u></b>

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

	<u>2022</u>	<u>2021</u>
Short-term investments	\$ 365,575	\$ 2,801,143
Long-term investments	<u>7,984,112</u>	<u>8,614,142</u>
<b>Total Investments</b>	<b><u>\$ 8,349,687</u></b>	<b><u>\$ 11,415,285</u></b>

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

	<u>2022</u>	<u>2021</u>
Dividends and interest, net of fees (including from operating bank accounts)	\$ 156,624	\$ 97,482
Net realized and unrealized (losses) gains	<u>(1,732,448)</u>	<u>827,782</u>
<b>Total Investment Return</b>	<b><u>\$ (1,575,824)</u></b>	<b><u>\$ 925,264</u></b>

## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### 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.

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, 2022 or 2021.

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

US Treasury Bills - US treasury bills are valued using bid evaluations from similar instruments in actively quoted markets.

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.

**GIRL SCOUTS OF WESTERN WASHINGTON**

**Notes to Financial Statements  
For the Year Ended September 30, 2022  
(With Comparative Totals for September 30, 2021)**

**Note 4 - Continued**

**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, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 363,060	\$ -	\$ -	\$ 363,060
Corporate bonds		2,299,463		2,299,463
Treasury bonds	145,920			145,920
Mutual funds-				
Growth	197,324			197,324
Bond	1,412,111			1,412,111
Value	223,274			223,274
International	536,019			536,019
Blend	3,172,515			3,172,515
Total mutual funds	5,541,243			5,541,243
Total investments (Note 3)	6,050,223	2,299,463		8,349,686
Beneficial interests in perpetual trusts (Note 6)			140,284	140,284
<b>Total Assets at Fair Value</b>	<b>\$ 6,050,223</b>	<b>\$ 2,299,463</b>	<b>\$ 140,284</b>	<b>\$ 8,489,970</b>

  

	Fair Value Measurements at September 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,801,382	\$ -	\$ -	\$ 2,801,382
Corporate bonds		2,243,914		2,243,914
Mutual funds-				
Growth	256,511			256,511
Bond	1,730,435			1,730,435
Value	227,681			227,681
International	392,503			392,503
Blend	3,762,859			3,762,859
Total mutual funds	6,369,989			6,369,989
Total investments (Note 3)	9,171,371	2,243,914		11,415,285
Beneficial interests in perpetual trusts (Note 6)			183,431	183,431
<b>Total Assets at Fair Value</b>	<b>\$ 9,171,371</b>	<b>\$ 2,243,914</b>	<b>\$ 183,431</b>	<b>\$ 11,598,716</b>

## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### Note 4 - Continued

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:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,925,059	\$ 2,304,882
Depreciable land improvements	1,488,602	1,423,502
Buildings and tenant improvements	14,341,804	15,211,035
Furniture and equipment	4,497,339	4,527,310
Construction in process	<u>651,171</u>	<u>217,703</u>
	22,903,975	23,684,432
Less accumulated depreciation	<u>(15,361,323)</u>	<u>(14,750,583)</u>
<b>Total Property and Equipment</b>	<b><u>\$ 7,542,652</u></b>	<b><u>\$ 8,933,849</u></b>

#### 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 \$0 and \$7,261 in earnings distributions from the trust during the years ended September 30, 2022 and 2021, respectively. The earnings are available for general operating purposes. The Organization's interest in the change in the trust value of (\$43,147) and \$26,151 were recognized in the statement of activities as activities with donor restrictions for the years ended September 30, 2022 and 2021, 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 \$8,000 in distributions for the year ended September 30, 2022. No distributions were received for the year ended September 30, 2021.

**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, 2022 and 2021, and is included with accrued expenses on the statement of financial position. Assets held in a segregated account for the gift annuity totaled \$7,517 at September 30, 2022 and 2021 and are reported on the statement of financial position as part of the investments balance (Note 3).

## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### 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>2022</u>	<u>2021</u>
Fees waived	\$ 132,596	\$ 6,666
Fees paid to others	<u>290,079</u>	<u>89,566</u>
<b>Total Financial Assistance</b>	<b><u>\$ 422,675</u></b>	<b><u>\$ 96,232</u></b>

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.

#### Note 8 - Federal COVID-Relief Funding

**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.

The Organization's accounting policy for recognition of revenue from forgiveness of the PPP loans is to recognize the revenue when the loan is forgiven by the lender. During the year ended September 30, 2022 the Organization recognized revenue of \$2,000,000 for the forgiveness of the Organization's second PPP loan. During the year ended September 30, 2021 the Organization recognized revenue of \$2,370,700 for the forgiveness of the Organization's first PPP loan.

**Employee Retention Tax Credit (ERTC)** - In response to the COVID-19 pandemic, the U.S. Congress passed the CARES Act. Included in the CARES Act was the ERTC to encourage businesses and not-for-profit organizations impacted by COVID-19 to keep employees on their payroll. The ERTC is a refundable tax credit computed based on wages paid by the Organization. The Organization's accounting policy for the ERTC is to record revenue when the refundable tax credits are received from the government. Total ERTC revenue recognized during the year ended September 30, 2022, was \$663,075.

#### Note 9 - Line of Credit

The Organization had a \$3,500,000 revolving line of credit with a financial institution. Effective July 15, 2021, the line was renewed with an increased limit of \$4,500,000. Interest at prime less 0.75% (5.50% and 2.50% at September 30, 2022 and 2021, respectively). The line is payable monthly with no specified expiration date. There were no outstanding draws on the line of credit at September 30, 2022 and 2021. The Organization must maintain a loan-to-value ratio of 65% as a restrictive covenant on the line of credit.



## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### 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, 2022 and 2021.

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 \$3,303 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 \$463,652 and \$522,507 for the years ended September 30, 2022 and 2021, respectively.

Future minimum lease payments for operating leases are as follows:

For the Year Ending September 30,

2023	\$	436,092
2024		405,919
2025		298,748
2026		287,198
2027		297,610
Thereafter		<u>572,660</u>
	<b>\$</b>	<b><u>2,298,227</u></b>

**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 \$977,695 and related accumulated depreciation is \$704,089 and \$568,552 at September 30, 2022 and 2021, respectively. Scheduled lease payments are as follows:

For the Year Ending September 30,

2023	\$	161,002
2024		111,924
2025		<u>80,181</u>
		353,107
Interest		<u>(32,026)</u>
Principal due on capital leases		321,081
Less current portion		<u>(146,526)</u>
<b>Total Obligations Under Capital Leases, Less Current Portion</b>	<b>\$</b>	<b><u>174,555</u></b>

## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### Note 11 - Retirement Plans

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

Net Plan assets grew during the year and are greater than the actuarial present value of accumulated Plan benefits as of January 1, 2022. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives the Plan the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. The Plan has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2021 and 2022 were \$32.7 million and \$32.2 million, respectively. Aggregate contributions to be made in fiscal 2023 are expected to be \$27.55 million.

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, 2022 and 2021.

**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, 2022 and 2021 were \$52,264 and \$59,926, respectively.

#### Note 12 - Net Assets Without Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
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	6,619,138	7,881,726
Without donor restrictions and undesignated	<u>8,638,933</u>	<u>9,342,543</u>
Total undesignated funds	<u>15,258,071</u>	<u>17,224,269</u>
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 15,499,932</u></b>	<b><u>\$ 17,466,130</u></b>

**GIRL SCOUTS OF WESTERN WASHINGTON**

**Notes to Financial Statements  
For the Year Ended September 30, 2022  
(With Comparative Totals for September 30, 2021)**

**Note 13 - Net Assets With Donor Restrictions**

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

	<u>2022</u>	<u>2021</u>
Subject to the passage of time or expenditure for specified purpose-		
Capital projects	\$ 312,550	\$ 193,606
Specific programs	548,334	727,119
Unappropriated endowment earnings	<u>190,452</u>	<u>260,902</u>
Total subject to the passage of time or expenditure for specified purpose	1,051,336	1,181,627
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>140,284</u>	<u>183,431</u>
Total beneficial interests in perpetual trusts	140,284	183,431
Right to use-		
St. Albans Camp (Note 15)	<u>602,433</u>	<u>602,433</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u><u>\$ 1,946,965</u></u></b>	<b><u><u>\$ 2,120,403</u></u></b>

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

	<u>2022</u>	<u>2021</u>
Releases from program restrictions	\$ 1,268,855	\$ 838,276
Releases from time restrictions		<u>15,000</u>
<b>Total Net Assets Released From Restriction</b>	<b><u><u>\$ 1,268,855</u></u></b>	<b><u><u>\$ 853,276</u></u></b>

## GIRL SCOUTS OF WESTERN WASHINGTON

### Notes to Financial Statements For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### 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, 2022 (With Comparative Totals for September 30, 2021)

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#### 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, 2022 and 2021.

**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, 2022  
(With Comparative Totals for September 30, 2021)**

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**Note 14 - Continued**

As of September 30, 2022 and 2021, endowment net assets consisted of the following:

	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>2022 Total</u>	<u>2021 Total</u>
Donor Restricted Endowment Funds	\$ 190,452	\$ 152,912	\$ 343,364	\$ 413,814

Changes to endowment net assets for the years ended September 30, 2022 and 2021, are as follows:

	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>2022 Total</u>	<u>2021 Total</u>
Endowment net assets, October 1, 2021	\$ 260,902	\$ 152,912	\$ 413,814	\$ 346,855
Net endowment investment return	<u>(70,450)</u>	<u>                    </u>	<u>(70,450)</u>	<u>66,959</u>
<b>Endowment Net Assets, September 30, 2022</b>	<b><u>\$ 190,452</u></b>	<b><u>\$ 152,912</u></b>	<b><u>\$ 343,364</u></b>	<b><u>\$ 413,814</u></b>

**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 For the Year Ended September 30, 2022 (With Comparative Totals for September 30, 2021)

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#### 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>2022</u>	<u>2021</u>
Financial assets-		
Cash and cash equivalents	\$ 1,364,168	\$ 1,629,674
Short-term investments	365,574	2,801,143
Long-term investments	7,984,112	8,614,142
Accounts and grants receivable	194,728	74,170
Pledges receivable, current portion	<u>317,019</u>	<u>326,265</u>
Total financial assets	10,225,601	13,445,394
Financial assets not available for general expenditure-		
Line of credit restricted investments (Note 9)	(6,923,077)	(6,923,077)
Net assets designated for Patti Meyers program expansion (Note 12)	(241,861)	(241,861)
Net assets restricted for purpose (Note 13)	(1,051,336)	(1,181,627)
Net assets restricted in perpetuity (Note 13)	<u>(152,912)</u>	<u>(152,912)</u>
<b>Financial Assets Available for General Expenditure Within One Year</b>	<b><u>\$ 1,856,415</u></b>	<b><u>\$ 4,945,917</u></b>
Additional resources available-		
Available to draw on the line of credit	\$ 4,500,000	\$ 4,500,000

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.

#### 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.