



Financial Statements  
September 30, 2019 and 2018  
**Girl Scouts of Utah**

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## Independent Auditor's Report

To the Board of Directors  
Girl Scouts of Utah  
Salt Lake City, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Girl Scouts of Utah, which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Utah as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 12 to the financial statements, Girl Scouts of Utah has adopted the provision of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the September 30, 2018 financial statements have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 23 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Salt Lake City, Utah  
January 10, 2020

Girl Scouts of Utah  
Statements of Financial Position  
September 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,128,679	\$ 1,457,246
Accounts receivable	15,950	25,064
Promises to give	2,890	-
Inventory	142,391	124,271
Prepaid expenses and other assets	22,046	73,193
Total current assets	2,311,956	1,679,774
Property and equipment, net	11,257,261	11,478,186
Long-term investments	4,250,453	4,497,558
Total assets	\$ 17,819,670	\$ 17,655,518
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 53,506	\$ 165,156
Accrued expenses and other liabilities	353,419	380,461
Funds held for others	6,832	7,298
Deferred revenue	109,349	127,745
Capital lease obligations - current portion	20,326	20,382
Long term debt - current portion	151,326	133,711
Total current liabilities	694,758	834,753
Capital lease obligations, less current portion	9,123	23,281
Long term debt, less current portion	3,458,673	3,607,927
Total liabilities	4,162,554	4,465,961
Net Assets		
Without donor restrictions		
Undesignated	1,403,399	620,967
Invested in property and equipment, net of related debt	7,617,813	7,692,885
Board designated investments	4,250,453	4,497,558
	13,271,665	12,811,410
With donor restrictions	385,451	378,147
Total net assets	13,657,116	13,189,557
Total liabilities and net assets	\$ 17,819,670	\$ 17,655,518

Girl Scouts of Utah  
Statements of Activities  
Years Ended September 30, 2019 and 2018

	2019	2018
Net Assets without Donor Restrictions		
Revenue, support, and gains		
Donations	\$ 256,084	\$ 125,842
Program service fees	751,934	806,202
Cookie sales	5,980,829	6,152,823
Less cost of cookie sales	<u>(2,255,605)</u>	<u>(2,346,144)</u>
Net cookie sales	3,725,224	3,806,679
Gift shop sales	351,001	415,325
Less cost of goods sold	<u>(172,750)</u>	<u>(271,298)</u>
Net gift shop sales	178,251	144,027
Net investment return	177,704	282,224
Donated professional services	5,440	-
Lease income, net	16,699	29,582
Rental income	12,050	11,760
Other revenue	24,662	109,880
Special events revenue	247,952	-
Less cost of direct benefits to donors	<u>(56,263)</u>	<u>-</u>
Net special events revenue	191,689	-
Loss on disposal of equipment	-	(14,021)
Net assets released from restrictions	<u>157,053</u>	<u>147,435</u>
Total unrestricted revenue, support, and gains	<u>5,496,790</u>	<u>5,449,610</u>
Expenses		
Program services expense		
Girls' services	4,013,591	4,997,320
Supporting services expense		
Management and general	723,740	581,199
Fundraising	<u>299,204</u>	<u>299,338</u>
Total expenses	<u>5,036,535</u>	<u>5,877,857</u>
Change in net assets without donor restrictions	<u>460,255</u>	<u>(428,247)</u>
Net Assets with Donor Restrictions		
Revenue, support, and gains		
Grants and contributions	164,357	101,454
Net assets released from restrictions	<u>(157,053)</u>	<u>(147,435)</u>
Change in net assets with donor restrictions	<u>7,304</u>	<u>(45,981)</u>
Change in Net Assets	467,559	(474,228)
Net Assets, Beginning of Year	<u>13,189,557</u>	<u>13,663,785</u>
Net Assets, End of Year	<u><u>\$ 13,657,116</u></u>	<u><u>\$ 13,189,557</u></u>

Girl Scouts of Utah  
Statement of Functional Expenses  
Year Ended September 30, 2019

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 1,599,610	\$ 305,710	\$ 119,247	\$ 424,957	\$ 2,024,567
Benefits	375,367	71,739	27,983	99,722	475,089
Total salaries and benefits	1,974,977	377,449	147,230	524,679	2,499,656
Professional fees	193,451	36,971	14,422	51,393	244,844
Supplies	605,412	115,704	45,132	160,836	766,248
Cost of cookie sales	2,255,606	-	-	-	2,255,606
Cost of goods sold	172,750	-	-	-	172,750
Cost of direct benefits to donors	-	-	56,263	56,263	56,263
Telephone	73,022	13,957	5,444	19,401	92,423
Postage	12,736	2,435	949	3,384	16,120
Printing and publications	56,856	10,866	4,238	15,104	71,960
Occupancy, utilities, and building maintenance	187,599	35,853	13,985	49,838	237,437
Equipment rental, repairs and maintenance	61,167	11,690	4,560	16,250	77,417
Travel	100,609	19,230	7,500	26,730	127,339
Assistance to girls	75,834	14,494	5,653	20,147	95,981
Depreciation	307,074	58,686	22,892	81,578	388,652
Interest expense	129,013	24,656	9,618	34,274	163,287
Insurance	103,416	19,766	7,709	27,475	130,891
Bank charges, recruitment, bad debt, and other	132,425	25,309	9,872	35,181	167,606
	6,441,947	767,066	355,467	1,122,533	7,564,480
Less expenses included with revenues on the statement of activities					
Cost of cookie sales	(2,255,606)	-	-	-	(2,255,606)
Cost of goods sold	(172,750)	-	-	-	(172,750)
Cost of direct benefits to donors	-	-	(56,263)	(56,263)	(56,263)
Tenant allocated costs	-	(43,326)	-	(43,326)	(43,326)
Total expenses included in the expense section on the statement of activities	\$ 4,013,591	\$ 723,740	\$ 299,204	\$ 1,022,944	\$ 5,036,535

See Notes to Financial Statements

Girl Scouts of Utah  
Statement of Functional Expenses  
Year Ended September 30, 2018

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 2,138,739	\$ 215,842	\$ 195,925	\$ 411,767	\$ 2,550,506
Benefits	464,102	90,377	24,508	114,885	578,987
Total salaries and benefits	2,602,841	306,219	220,433	526,652	3,129,493
Professional fees	180,843	48,270	34,701	82,971	263,814
Supplies	838,876	76,566	24,431	100,997	939,873
Cost of cookie sales	2,346,144	-	-	-	2,346,144
Cost of goods sold	271,298	-	-	-	271,298
Telephone	67,704	22,839	1,000	23,839	91,543
Postage	9,534	959	392	1,351	10,885
Printing and publications	66,752	19,862	2,386	22,248	89,000
Occupancy, utilities, and building maintenance	187,429	32,662	5,000	37,662	225,091
Equipment rental, repairs and maintenance	43,699	2,640	515	3,155	46,854
Travel	150,999	20,590	3,356	23,946	174,945
Assistance to girls	98,503	-	-	-	98,503
Depreciation	364,417	42,493	4,000	46,493	410,910
Interest expense	152,620	1,631	500	2,131	154,751
Insurance	95,994	22,326	1,500	23,826	119,820
Bank charges, recruitment, bad debt, and other	137,109	13,597	1,124	14,721	151,830
	7,614,762	610,654	299,338	909,992	8,524,754
Less expenses included with revenues on the statement of activities					
Cost of cookie sales	(2,346,144)	-	-	-	(2,346,144)
Cost of goods sold	(271,298)	-	-	-	(271,298)
Tenant allocated costs	-	(29,455)	-	(29,455)	(29,455)
Total expenses included in the expense section on the statement of activities	<u>\$ 4,997,320</u>	<u>\$ 581,199</u>	<u>\$ 299,338</u>	<u>\$ 880,537</u>	<u>\$ 5,877,857</u>



Girl Scouts of Utah  
Statements of Cash Flows  
Years Ended September 30, 2019 and 2018

	2019	2018
Operating Activities		
Change in net assets	\$ 467,559	\$ (474,228)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	388,652	410,910
Loss on the disposal of property and equipment	-	14,021
Realized and unrealized gain on investments	(90,546)	(215,778)
Changes in operating assets and liabilities		
Accounts receivable and promises to give	6,224	4,601
Inventory	(18,120)	(6,111)
Prepaid expenses and other assets	51,147	(5,936)
Accounts payable	(111,650)	95,160
Accrued expenses and other liabilities	(27,042)	86,965
Funds held for others	(466)	(4,107)
Deferred revenue	(18,396)	79,187
Net Cash from (used for) Operating Activities	647,362	(15,316)
Investing Activities		
Purchases of investments	(105,958)	(190,981)
Proceeds from sales of investments	443,609	156,399
Purchases of property and equipment	(167,727)	(150,046)
Net Cash from (used for) Investing Activities	169,924	(184,628)
Financing Activities		
Principal payments on capital lease obligations	(14,214)	(22,850)
Principal payments on long term debt	(131,639)	(108,503)
Net Cash used for Financing Activities	(145,853)	(131,353)
Net Change in Cash and Cash Equivalents	671,433	(331,297)
Cash and Cash Equivalents, Beginning of Year	1,457,246	1,788,543
Cash and Cash Equivalents, End of Year	\$ 2,128,679	\$ 1,457,246
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 163,725	\$ 153,696

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

The jurisdiction of the Girl Scouts of Utah (the Council) covers the State of Utah and the city of Wendover, Nevada (with the exception of the Navajo Lands). The Council follows the mission statement of the Girl Scouts of the USA, which is, "Girl Scouting builds girls of courage, confidence, and character, who make the world a better place." Program services include activities that provide every girl a chance to practice a lifetime of leadership, adventure and success. The Council receives support from volunteers, including the elected Board of Directors and board committee members.

### **Cash and Cash Equivalents**

The Council considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, endowment, or other long-term purposes of the Council are excluded from this definition.

Cash does not include bank accounts held by Girl Scout troops and other groups such as service units under the federal identification number of Girl Scouts of Utah. Bank accounts held by troops and groups are not under the control of the Council, and therefore not included in these financial statements. The Council has no signature authority over and will not access the funds as long as a troop or group is functioning according to Girl Scout policy and procedure. Individual troops and groups have the responsibility to use funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers. If a troop or group is about to disband, the troop may use the funds to pay for lifetime memberships in Girl Scouts of the USA, to pay for a final group activity, to donate to groups or projects they consider worthwhile, to donate to the Juliette Lowe Fund (a separate nonprofit organization) or to the Girl Scouts of Utah's financial assistance funds. If a troop or group disbands without making a determination as to the final distribution of funds, the funds will revert to the Council for holding for a period of 12 months in case the troop re-forms or members of the troop join other troops. If, after this time, funds are not claimed, they will be considered a donation to the Girl Scouts of Utah outreach program.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of amounts due from Girl Scouts related to cookie sales. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. No allowance for uncollectible accounts receivable was recorded at September 30, 2019 and 2018.

### **Promises to Give**

The Council records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designated to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue (Family campaign) in the statements of activities.

Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At September 30, 2019 and 2018, the allowance was \$0.

### **Inventory**

Inventory is primarily comprised of program-related merchandise held for sale in the gift shops and is stated at the lower of cost or net realizable value, determined on a first-in, first-out basis.

### **Property and Equipment**

Property and equipment additions over \$2,500, and all livestock, are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years or, in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. Livestock is recorded at cost and is depreciated over seven years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Council reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2019 and 2018.

### **Investments**

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, certain amounts to be used for operating and replacement reserves and a board designated endowment as more fully described in Note 8.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restricted funds are released when a restriction expires, that is, when the stipulation time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **Revenue and Revenue Recognition**

Revenue is recognized from sales of products and services when the products are transferred, and the services are provided. Gift shop sales are recognized at the time of purchase. The Council records special events revenue when the event has been performed. Program service fees received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

### **Cookie Activity Credits**

As a sales incentive, the Council issues credits to those who sell a certain number of cookies, which are redeemable for program and membership fees and Girl Scout merchandise. The value of these credits is recorded under supplies in the statement of functional expense. Unredeemed and available credits are reflected in the financial statements as accrued expenses. Accrued credits as of September 30, 2019 and 2018 totaled \$136,138 and \$72,555, respectively. Credits expire within a specified time period and are charged back to accrued expenses upon expiration. Management has established a policy to record 80 percent of activity credits based upon the historical usage of credits. Management believes this is the best estimate of credits which will be used before their expiration.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Council's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Council records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended September 30, 2019 and 2018, respectively.

### **Advertising Costs**

Advertising costs are expensed as incurred, and totaled \$5,296 and \$46,513 during the years ended September 30, 2019 and 2018, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

### **Income Taxes**

The Council is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction and has been determined not to be a private foundation. The Council is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Council is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Council has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The Council believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Council would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash and cash equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from those supportive of the Council's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. The investment objective of the Council is to manage the financial assets to earn an appropriate rate of return based on risk tolerance, investment time horizon, and asset allocation. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Council.

Additionally, a significant portion of the Council's revenues result from the annual cookie program campaign. Loss of this revenue source would have a significant adverse effect upon the Council.

### **Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14**

As of September 30, 2019, the Council adopted the provisions of FASB Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit-Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restriction and net assets with donor restriction) and enhance disclosure requirements. Accordingly, the accompanying financial statements and related notes follow the net asset classification, presentation, and disclosure requirements prescribed by the ASU. The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption the disclosure about liquidity and availability of resources. The Council has elected not to present comparative information for the disclosure about liquidity and availability of resources.

The Council has adopted this standard as management believes the standard improves the usefulness and understandability of the Council's financial reporting.

### **Reclassification**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification has no impact on previously reported net assets.

### **Subsequent Events**

Subsequent events have been evaluated through January 10, 2020, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30, 2019:

Cash and cash equivalents	\$ 2,128,679
Accounts receivable	15,950
Promises to give	<u>2,890</u>
	<u>\$ 2,147,519</u>

Board designated reserve funds and a board designated endowment totaling \$4,250,453 can be made available, if necessary.

As part of a liquidity management plan, cash in excess of operating requirements is invested in income, equity and bond funds.

**Note 3 - Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Council's assessment of the quality, risk or liquidity profile of the asset or liability.

All of the investment assets are classified within Level 1 because they comprise open-end income, equity and bond funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at September 30, 2019:

	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Board Designated Investments				
Cash and cash equivalents (at cost)	\$ 134,914	\$ -	\$ -	\$ -
Income, equity and bond funds	<u>4,115,539</u>	<u>4,115,539</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,250,453</u>	<u>\$ 4,115,539</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at September 30, 2018:

	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Board Designated Investments				
Cash and cash equivalents (at cost)	\$ 134,943	\$ -	\$ -	\$ -
Income, equity and bond funds	<u>4,362,615</u>	<u>4,362,615</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,497,558</u>	<u>\$ 4,362,615</u>	<u>\$ -</u>	<u>\$ -</u>



**Note 4 - Net Investment Return**

Net investment return consists of the following for the years ended September 30:

	2019	2018
Operating Investments		
Interest income	\$ 4,233	\$ 2,782
Board Designated Investments		
Interest and dividends - investments	96,765	83,531
Realized gains	124,799	211,671
Unrealized gains (losses)	(34,253)	4,107
Less investment management and custodial fees	(13,840)	(19,867)
	\$ 177,704	\$ 282,224

**Note 5 - Property and Equipment**

Property and equipment consists of the following at September 30:

	2019	2018
Land and Land Improvements	\$ 4,767,891	\$ 4,767,891
Buildings and Improvements		
Administrative buildings	1,984,898	1,916,813
Camp Cloud Rim	3,629,214	3,629,214
Trefoil Ranch	7,244,771	7,234,772
Total buildings and improvements	12,858,883	12,780,799
Equipment and Livestock		
Office equipment	402,285	397,397
Camp equipment	258,421	218,421
Vehicles	207,440	207,440
Livestock	31,300	21,700
Total equipment and livestock	899,446	844,958
Less accumulated depreciation and amortization	18,526,220 (7,268,959)	18,393,648 (6,915,462)
	\$ 11,257,261	\$ 11,478,186

**Note 6 - Long-Term Debt**

Long-term debt consists of the following at September 30:

	2019	2018
A 3.65% note payable, due in monthly installments of \$23,382, including interest, beginning February 1, 2018 through January 1, 2023, when the remaining balance is due, secured by the Council headquarters and Trefoil Ranch. Interest previously accrued at 3.99% and was modified to 3.65% effective September 1, 2019.	\$ 3,609,999	\$ 3,741,638
	3,609,999	3,741,638
Less current portion	(151,326)	(133,711)
Noncurrent portion	\$ 3,458,673	\$ 3,607,927

Future maturities of long-term debt are as follows:

Years Ending September 30,	
2020	\$ 151,326
2021	156,943
2022	162,768
2023	3,138,962
	\$ 3,609,999

**Note 7 - Leases**

The Council leases office space and equipment under various operating leases, and equipment under various capital leases expiring at various dates through 2024.

Future minimum lease payments are as follows:

<u>Years Ending September 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2020	\$ 21,421	\$ 68,021
2021	5,270	48,578
2022	2,039	-
2023	2,039	-
2024	1,020	-
	<u>31,789</u>	<u>\$ 116,599</u>
Total minimum lease payments	31,789	<u>\$ 116,599</u>
Less amount representing interest	<u>(2,340)</u>	
Capital lease obligation	<u>\$ 29,449</u>	

Rent expense for the years ended September 30, 2019 and 2018 totaled \$65,273 and \$68,810, respectively.

Leased property under capital leases at September 30, 2019 and 2018 includes the following:

	<u>2019</u>	<u>2018</u>
Office equipment	93,605	\$ 114,556
Less accumulated amortization	<u>(65,731)</u>	<u>(77,656)</u>
	<u>\$ 27,874</u>	<u>\$ 36,900</u>

**Note 8 - Board Designated Net Assets without Donor Restriction**

Board designated net assets without donor restrictions consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Operating reserve funds	\$ 3,205,111	\$ 3,386,419
Fixed asset replacement funds	725,404	800,493
Board designated endowment	<u>319,938</u>	<u>310,646</u>
	<u>\$ 4,250,453</u>	<u>\$ 4,497,558</u>

The Council established an operating reserve to comply with Girl Scouts of the USA's request to maintain nine months of operating funds in reserve. Sources of these longer-term investments may include campaigns, investment income and surplus funds from prior years.

The Council designates a portion of cookie sales for fixed asset replacements or other capital expenditures including, but not limited to, buildings, land, and equipment. Capital purchases are initially made with operating funds and then annually reimbursed using fixed asset replacement funds.

The Council established an endowment fund to guarantee an independent base of financial stability to carry out the mission of the Girl Scouts of the USA. The endowment fund is approximately 7 percent of the total Council investments. The Council considers the following factors in making a determination to accumulate board designated endowment funds:

- The duration and preservation of the fund
- The purposes of the Council and the board designated 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 Council
- The investment policies of the Council

The Board of Directors approved a resolution on September 30, 2019 to temporarily suspend the endowment policy until the close of the 2020 cookie sale, at which point the Finance and Investment Committee will revisit the terms of the policy.

#### **Note 9 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods.

	2019	2018
Trefoil	\$ 100,815	\$ 103,814
Specific program services	20,000	10,850
Outreach	97,162	66,266
Camperships	47,849	59,043
Camp Cloud Rim	43,453	67,887
Promises to give	2,890	-
Cornelia Benton Scholarship	65,215	67,220
Heritage	1,067	1,067
Capital campaign - Camp Cloud Rim	2,000	2,000
Older Girl Destination	5,000	-
	<u>\$ 385,451</u>	<u>\$ 378,147</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor as follows for the years ended September 30, 2019 and 2018:

	2019	2018
Trefoil	\$ 9,000	\$ -
Specific program services	20,758	60,000
Outreach	31,327	44,600
Camperships	36,277	35,335
Camp Cloud Rim	52,936	-
Cornelia Benton Scholarship	2,755	2,500
Adult Leadership	-	5,000
Program Stem	4,000	-
	\$ 157,053	\$ 147,435

#### **Note 10 - Employee Benefits**

The Council participates in the National Girl Scout Council Retirement 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. Although net plan assets grew during the current 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, 2017. Contributions made in each of the fiscal years 2019 and 2018 were \$146,940.

The Council implemented a 401(k) retirement plan effective January 1, 2000. Employees over 18 years of age are eligible to participate, with the Council matching 100 percent of the employee contribution up to 4 percent of compensation. Council contributions vests immediately. The Council's contributions to the plan during the years ended September 30, 2019 and 2018, totaled \$62,086 and \$53,647, respectively.

#### **Note 11 - Commitments and Contingencies**

As described in Note 10, the Council participates in a defined benefit pension plan sponsored by Girl Scouts of the USA which, at January 1, 2019 and 2018, has an unfunded accumulated plan benefit obligation in excess of plan assets. Currently the plan stipulates that the Council's contribution rate cannot exceed 16 percent of covered payroll. However, these rates are subject to change based on future market performance and future decisions regarding the timing and amounts of future benefit obligation funding. The Council will continue to fund its share of the annual unfunded accumulated plan benefit in excess of plan assets.

**Note 12 - Adjustment Resulting from Change in Accounting Policy**

As disclosed in Note 1, the Council adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* as of September 30, 2019. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. The following is a summary of the effects of the change in accounting policy in the Organization's September 30, 2018 net assets.

The effect on the Council's statement of financial position as of September 30, 2018, is as follows:

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Adjusted</u>
Unrestricted net assets	\$ 12,811,410	\$ (12,811,410)	\$ -
Temporarily restricted net assets	378,147	(378,147)	-
Net assets without donor restrictions	-	12,811,410	12,811,410
Net assets with donor restrictions	-	378,147	378,147

The effect on the Council's statement of activities as of September 30, 2018, is as follows:

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Adjusted</u>
Net Assets, End of Year			
Change in unrestricted net assets	\$ (428,247)	\$ 428,247	\$ -
Change in temporarily restricted net assets	(45,981)	45,981	-
Change in net assets without donor restrictions	-	(428,247)	(428,247)
Change in net assets with donor restrictions	-	(45,981)	(45,981)

**Note 13 - Non-Related Business Segment**

The Council owns its own building and rents out approximately 11 percent of the building to tenants who are not related to the Council's nonprofit business operations. At September 30, 2019, approximately 81 percent of the building space available for lease is occupied by tenants. It is the policy of the Council to net all tenant related revenues and expenses which consist of:

	2019	2018
Lease income	\$ 60,025	\$ 59,037
Less related expenses	(43,326)	(29,455)
Net lease income	\$ 16,699	\$ 29,582

As of September 30, 2019, the Council has a non-cancelable lease with a lease term of two years through December 2019. One of the leases expired on April 30, 2019 and the tenant is paying month-to-month until a new lease agreement is entered into. As of January 10, 2020, no new lease agreement has been signed.

Future minimum lease receipts are as follows:

Years Ending September 30,	
2020	\$ 9,897

**Note 14 - Related Party Transactions**

During the years ended September 30, 2019 and 2018, the Council purchased inventory, incurred software fees, and paid for services performed by an interim CEO totaling \$136,281 and \$182,159, respectively, from the Girl Scouts of the USA national organization. Of these amounts, \$0 and \$3,423 are included in accounts payable at September 30, 2019 and 2018, respectively.



Supplementary Information  
September 30, 2019

**Girl Scouts of Utah**



Report on Cookie Sales

Product sales		\$ 5,980,829
Cost of products	1,602,073	
Troop proceeds	586,787	
Service unit proceeds	66,745	
 Total costs		<u>2,255,605</u>
 Net proceeds		<u><u>\$ 3,725,224</u></u>