

# **GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**

## **FINANCIAL STATEMENTS**

*As of and for the Years Ended September 30, 2022 and 2021*

*And Report of Independent Auditor*

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
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## Report of Independent Auditor

To the Board of Directors  
Girl Scouts of Middle Tennessee, Inc.  
Nashville, Tennessee

### Opinion

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

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Girl Scouts of Middle Tennessee, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Girl Scouts of Middle Tennessee, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Girl Scouts of Middle Tennessee, Inc.'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 Girl Scouts of Middle Tennessee, Inc.'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.

#### **Other Matter**

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statements of financial position of Girl Scouts of Middle Tennessee, Inc. and affiliates as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliates, and the financial statements of Girl Scouts of Middle Tennessee, Inc. presented herein are not a valid substitute for those consolidated financial statements.

*Cherry Bekaert LLP*

Nashville, Tennessee  
February 3, 2023

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**

SEPTEMBER 30, 2022

	Without Donor Restrictions				
	Camping, Operating, and Special Project Reserves	Land, Buildings, and Equipment, and Intangible Assets	Total Without Donor Restrictions	Total With Donor Restrictions	Total
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents (Note 1)	\$ 1,654,044	\$ -	\$ 1,654,044	\$ 14,500	\$ 1,668,544
Accounts and other receivables, net (Note 4)	841,153	-	841,153	85,025	926,178
Other current assets	562,081	-	562,081	-	562,081
Due from Sue Peters Foundation	54,508	-	54,508	-	54,508
Total Current Assets	3,111,786	-	3,111,786	99,525	3,211,311
Accounts and other receivables, net - noncurrent (Note 4)	-	-	-	150,000	150,000
Investments (Notes 1 and 5)	3,658,142	-	3,658,142	194,989	3,853,131
Property and equipment, net of accumulated depreciation (Notes 1 and 6)	-	146,578	146,578	-	146,578
Intangible assets (Note 7)	-	642,119	642,119	-	642,119
<b>Total Assets</b>	<b>\$ 6,769,928</b>	<b>\$ 788,697</b>	<b>\$ 7,558,625</b>	<b>\$ 444,514</b>	<b>\$ 8,003,139</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts payable	\$ 238,213	\$ -	\$ 238,213	\$ -	\$ 238,213
Accrued liabilities	615,210	-	615,210	-	615,210
Deferred income	89,634	-	89,634	-	89,634
Total Current Liabilities	943,057	-	943,057	-	943,057
Custodian funds	231,844	-	231,844	-	231,844
Total Liabilities	1,174,901	-	1,174,901	-	1,174,901
Net Assets (Notes 1 and 10):					
Without donor restrictions	5,595,027	788,697	6,383,724	-	6,383,724
With donor restrictions	-	-	-	444,514	444,514
Total Net Assets	5,595,027	788,697	6,383,724	444,514	6,828,238
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,769,928</b>	<b>\$ 788,697</b>	<b>\$ 7,558,625</b>	<b>\$ 444,514</b>	<b>\$ 8,003,139</b>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**

SEPTEMBER 30, 2021

	Without Donor Restrictions				
	Camping, Operating, and Special Project Reserves	Land, Buildings, and Equipment, and Intangible Assets	Total Without Donor Restrictions	Total With Donor Restrictions	Total
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents (Note 1)	\$ 2,244,826	\$ -	\$ 2,244,826	\$ 256,279	\$ 2,501,105
Accounts and other receivables, net (Note 4)	24,884	-	24,884	155,000	179,884
Other current assets	236,439	-	236,439	-	236,439
Total Current Assets	2,506,149	-	2,506,149	411,279	2,917,428
Accounts and other receivables, net - noncurrent (Note 4)	-	-	-	200,000	200,000
Investments (Notes 1 and 5)	4,886,168	-	4,886,168	210,545	5,096,713
Property and equipment, net of accumulated depreciation (Notes 1 and 6)	-	207,661	207,661	-	207,661
Intangible assets (Note 7)	-	770,519	770,519	-	770,519
<b>Total Assets</b>	<b>\$ 7,392,317</b>	<b>\$ 978,180</b>	<b>\$ 8,370,497</b>	<b>\$ 821,824</b>	<b>\$ 9,192,321</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts payable	\$ 113,207	\$ -	\$ 113,207	\$ -	\$ 113,207
Accrued liabilities	500,308	-	500,308	-	500,308
Deferred income	36,967	-	36,967	-	36,967
Due to Sue Peters Foundation	149,535	-	149,535	-	149,535
Total Current Liabilities	800,017	-	800,017	-	800,017
Custodian funds	172,192	-	172,192	-	172,192
Total Liabilities	972,209	-	972,209	-	972,209
Net Assets (Notes 1 and 10):					
Without donor restrictions	6,420,108	978,180	7,398,288	-	7,398,288
With donor restrictions	-	-	-	821,824	821,824
Total Net Assets	6,420,108	978,180	7,398,288	821,824	8,220,112
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,392,317</b>	<b>\$ 978,180</b>	<b>\$ 8,370,497</b>	<b>\$ 821,824</b>	<b>\$ 9,192,321</b>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED SEPTEMBER 30, 2022*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support:			
Annual giving	\$ 704,689	\$ 29,525	\$ 734,214
Golf tournament, net	42,669	10,000	52,669
Government grants	1,069,145	-	1,069,145
United Way contributions	13,275	-	13,275
Community receptions	79,927	10,000	89,927
Total Public Support	1,909,705	49,525	1,959,230
Revenue:			
Program Related Revenue:			
Cookie sales, net (Note 11)	3,610,808	-	3,610,808
Camping fees	624,002	-	624,002
Program fees	207,102	-	207,102
Sale of merchandise, gross	441,144	-	441,144
Less cost of sales	(353,196)	-	(353,196)
Other income, net	365,720	-	365,720
Total Revenue	4,895,580	-	4,895,580
Net Assets Released from Restrictions:			
Satisfaction of program and time restrictions	411,279	(411,279)	-
Total Revenues, Gains, and Other Support	7,216,564	(361,754)	6,854,810
Expenses:			
Program services	5,637,786	-	5,637,786
Supporting Services:			
Management and general	169,034	-	169,034
Fundraising and community relations	268,801	-	268,801
Total Expenses	6,075,621	-	6,075,621
Change in Net Assets from Operating Activities	1,140,943	(361,754)	779,189
Nonoperating Activities:			
Investment income, net (Note 5)	2,664	-	2,664
Net loss on investments (Note 5)	(472,497)	(15,556)	(488,053)
Change in net assets	671,110	(377,310)	293,800
Net assets, beginning of year	7,398,288	821,824	8,220,112
Transfer of net assets to Sue Peters Foundation (Note 1)	(1,685,674)	-	(1,685,674)
Net assets, end of year	\$ 6,383,724	\$ 444,514	\$ 6,828,238

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED SEPTEMBER 30, 2021*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support:			
Annual giving	\$ 421,381	\$ 256,279	\$ 677,660
Golf tournament, net	50,649	-	50,649
Government grants	1,049,941	-	1,049,941
United Way contributions	11,837	-	11,837
In-kind contributions	500	-	500
Total Public Support	1,534,308	256,279	1,790,587
Revenue:			
Program Related Revenue:			
Cookie sales, net (Note 11)	3,019,997	-	3,019,997
Camping fees	455,174	-	455,174
Program fees	164,137	-	164,137
Sale of merchandise, gross	321,743	-	321,743
Less cost of sales	(252,595)	-	(252,595)
Other income, net	250,875	-	250,875
Total Revenue	3,959,331	-	3,959,331
Net Assets Released from Restrictions:			
Satisfaction of program and time restrictions	174,390	(174,390)	-
Total Revenues, Gains, and Other Support	5,668,029	81,889	5,749,918
Expenses:			
Program services	4,817,453	-	4,817,453
Supporting Services:			
Management and general	159,150	-	159,150
Fundraising and community relations	233,503	-	233,503
Total Expenses	5,210,106	-	5,210,106
Change in Net Assets from Operating Activities	457,923	81,889	539,812
Nonoperating Activities:			
Investment income, net (Note 5)	100,470	-	100,470
Net gain on investments (Note 5)	1,083,938	25,457	1,109,395
Change in net assets	1,642,331	107,346	1,749,677
Net assets, beginning of year	10,405,429	714,478	11,119,907
Transfer of net assets to Sue Peters Foundation (Note 1)	(4,649,472)	-	(4,649,472)
Net assets, end of year	\$ 7,398,288	\$ 821,824	\$ 8,220,112

The accompanying notes to the financial statements are an integral part of these statements.



**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED SEPTEMBER 30, 2022*

		Supporting Services			Total
		Program Services	Management and General	Fundraising and Community Relations	Total Supporting Services
Salaries	\$ 2,098,853	\$ 103,817	\$ 148,739	\$ 252,556	\$ 2,351,409
Payroll taxes	138,828	5,636	8,581	14,217	153,045
Employee health and other benefits	240,339	11,740	16,800	28,540	268,879
Total Salaries and Related Expenses	2,478,020	121,193	174,120	295,313	2,773,333
Legal fees	871,598	-	-	-	871,598
Occupancy	688,183	16,726	21,816	38,542	726,725
Scholarships and financial aid	261,235	-	-	-	261,235
Professional fees	212,108	23,971	13,806	37,777	249,885
Supplies	171,284	517	1,449	1,966	173,250
Conferences, conventions, meetings, and training	164,314	448	1,358	1,806	166,120
Capital budget - repairs and maintenance	139,017	-	-	-	139,017
Program consultants	95,578	-	35,225	35,225	130,803
Telephone	71,045	1,541	2,233	3,774	74,819
Travel	65,992	556	2,424	2,980	68,972
Miscellaneous	58,026	90	2,680	2,770	60,796
Insurance	48,805	2,364	3,383	5,747	54,552
Printing and publications	36,178	423	5,851	6,274	42,452
Awards and gifts	36,440	141	1,026	1,167	37,607
Rental, repair, and maintenance	31,054	880	1,259	2,139	33,193
Postage and shipping	8,316	51	1,857	1,908	10,224
Membership dues	2,049	133	314	447	2,496
Total Expenses Before Depreciation and Amortization	5,439,242	169,034	268,801	437,835	5,877,077
Depreciation and amortization	198,544	-	-	-	198,544
Total Expenses	<u>\$ 5,637,786</u>	<u>\$ 169,034</u>	<u>\$ 268,801</u>	<u>\$ 437,835</u>	<u>\$ 6,075,621</u>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED SEPTEMBER 30, 2021*

	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total</b>
		<b>Management and General</b>	<b>Fundraising and Community Relations</b>	<b>Total Supporting Services</b>	
Salaries	\$ 2,023,503	\$ 96,893	\$ 133,005	\$ 229,898	\$ 2,253,401
Payroll taxes	156,182	6,295	8,723	15,018	171,200
Employee health and other benefits	184,825	8,731	11,956	20,687	205,512
Total Salaries and Related Expenses	2,364,510	111,919	153,684	265,603	2,630,113
Occupancy	604,128	15,620	19,782	35,402	639,530
Legal fees	324,248	-	-	-	324,248
Professional fees	216,343	23,802	13,886	37,688	254,031
Scholarships and financial aid	234,008	-	-	-	234,008
Supplies	209,862	280	657	937	210,799
Capital budget - repairs and maintenance	166,715	-	-	-	166,715
Conferences, conventions, meetings and training	145,057	290	621	911	145,968
Telephone	82,265	2,876	3,029	5,905	88,170
Insurance	49,468	2,321	3,178	5,499	54,967
Program consultants	26,367	-	26,102	26,102	52,469
Travel	43,966	372	1,182	1,554	45,520
Miscellaneous	39,412	127	3,274	3,401	42,813
Awards and gifts	37,664	116	536	652	38,316
Printing and publications	27,034	286	4,468	4,754	31,788
Rental, repair, and maintenance	25,136	855	1,171	2,026	27,162
Postage and shipping	18,586	82	1,527	1,609	20,195
Membership dues	2,571	204	406	610	3,181
Total Expenses Before Depreciation and Amortization	4,617,340	159,150	233,503	392,653	5,009,993
Depreciation and amortization	200,113	-	-	-	200,113
Total Expenses	<u>\$ 4,817,453</u>	<u>\$ 159,150</u>	<u>\$ 233,503</u>	<u>\$ 392,653</u>	<u>\$ 5,210,106</u>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF CASH FLOWS**

*YEARS ENDED SEPTEMBER 30, 2022 AND 2021*

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 293,800	\$ 1,749,677
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	198,544	200,113
Gain on disposal of property and equipment	(183,734)	(3,000)
Net loss (gain) on investments	488,053	(1,109,395)
Contributions restricted for property and equipment	-	(406,279)
Changes in operating assets and liabilities:		
Accounts and other receivables, net	(846,294)	348,834
Other current assets	(435,937)	29,406
Due to Sue Peters Foundation	(204,043)	24,858
Accounts payable	(6,567)	22,072
Accrued liabilities	225,197	151,995
Deferred income	52,667	8,124
Custodian funds	59,652	16,520
Deferred grant revenues	-	(497,365)
Net cash flows from operating activities	<u>(358,662)</u>	<u>535,560</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	1,409,027	2,089,039
Purchases of investments	(653,498)	(2,178,165)
Proceeds from disposal of property and equipment	183,734	3,000
Purchases of property and equipment	(2,313,162)	(268,609)
Purchases of intangible assets	-	(34,641)
Net cash flows from investing activities	<u>(1,373,899)</u>	<u>(389,376)</u>
<b>Cash flows from financing activities:</b>		
Collections of contributions restricted for property and equipment	150,000	256,279
Transfer from Sue Peters Foundation	750,000	-
Net cash flows from financing activities	<u>900,000</u>	<u>256,279</u>
Change in cash and cash equivalents	(832,561)	402,463
Cash and cash equivalents, beginning of year	2,501,105	2,098,642
Cash and cash equivalents, end of year	<u>\$ 1,668,544</u>	<u>\$ 2,501,105</u>
<b>Noncash investing activities:</b>		
Transfer of property and equipment to Sue Peters Foundation	<u>\$ 2,435,674</u>	<u>\$ 153,095</u>
Transfer of investments to Sue Peters Foundation	<u>\$ -</u>	<u>\$ 4,496,377</u>
Purchases of land, buildings, and equipment financed through accounts payable	<u>\$ 131,573</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of these statements.

# **GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

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### **Note 1—Summary of significant accounting policies**

*Nature of Activities* – Girl Scouts of Middle Tennessee, Inc. (the “Organization”) provides programs and administrative support for local Girl Scout troops in Middle Tennessee. The Organization is supported primarily through public support and the sale of cookies and merchandise. The following is a summary of the Organization’s significant accounting policies.

*Supporting Organization* – The Sue Peters Foundation for Girls of Character, Courage, and Confidence in Middle Tennessee Trust (the “Trust”) was established on December 11, 2014 and is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Trust was established to support Girl Scouts of Middle Tennessee, Inc. by providing real estate to be used for outdoor programs, a central office for the agency to conduct its operations, and scholarship opportunities for Girl Scout Gold Award recipients. Land, buildings, and equipment as well as investments were transferred from Girl Scouts of Middle Tennessee, Inc. to the Trust. Such transfers of net assets totaled \$1,685,674 and \$4,649,472 for the years ended September 30, 2022 and 2021, respectively. Girl Scouts of Middle Tennessee, Inc. has entered into agreements to lease certain properties from the Trust and also to provide administrative services to the Trust. Girl Scouts of Middle Tennessee, Inc. controls the Trust through the appointment of its Board of Directors (the “Board”).

*Subsidiary* – The Organization established Align 3C LLC (“Align”), a separate for-profit Tennessee limited liability company, on January 9, 2017. Align is wholly owned by the Organization and was established to own and potentially to license certain software products. Align had no significant activity for the years ended September 30, 2022 or 2021.

*Basis of Presentation* – These financial statements represent only the financial activities of the Organization and do not include any financial information of the Trust or Align. These parent entity only financial statements are presented in addition to the consolidated audited financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliates. Such consolidated financial statements are the general-purpose financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliates, and the financial statements of Girl Scouts of Middle Tennessee, Inc. presented herein are not a valid substitute for those consolidated financial statements.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board. Net assets without donor restrictions may be designated for specific purposes by action of the Board.

*Net Assets With Donor Restrictions* – Net assets that are subject to stipulations by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. When a restriction expires, 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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions in perpetuity are primarily comprised of the original endowment gifts given to the Organization by donors. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets for the Organization’s operations.

# **GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

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### **Note 1—Summary of significant accounting policies (continued)**

*Cash and Cash Equivalents* – The Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

*Accounts and Other Receivables* – Accounts receivable are reviewed periodically as to their collectability. An allowance for uncollectible accounts is provided based on past experience with collections and estimated collectability of current receivables. Uncollectible accounts are charged against the allowance in the period they are deemed uncollectible.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

*Inventory* – Inventory consists principally of Girl Scout related clothing and supplies and is stated at the lower of cost or market determined on the first-in, first-out basis and is included in other current assets on the statements of financial position. The Organization purchases a majority of its merchandise inventory from Girl Scouts of the USA (“GSUSA”). Inventory totaling \$302,632 and \$232,584 is included in other current assets at September 30, 2022 and 2021, respectively.

*Investments* – Investments are stated at fair value on a recurring basis. Unrealized gains and losses as well as appreciation or depreciation in fair value are reflected in the accompanying financial statements.

*Property and Equipment* – Property and equipment is recorded at cost to the Organization, or if contributed, at the approximate fair value at the date of acquisition. All depreciation is computed using the straight-line method based on the estimated useful life of the asset.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals which extend the useful life of the asset over one year are capitalized. When buildings and equipment are sold or otherwise disposed, the asset and related accumulated depreciation are relieved, and any gain or loss is included in revenue.

*Fair Value of Financial Instruments* – The carrying amounts of financial instruments including cash and cash equivalents, accounts and other receivables, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

*Endowment Funds* – As required by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), a nonprofit organization should classify the portion of a donor-restricted endowment fund that is not restricted by the donor in perpetuity or by law as net assets with donor restrictions (time restricted) until it is appropriated for expenditure and donor-imposed purpose restrictions, if any, are met.

When the purpose restrictions, if any, on the portion of donor-restricted endowment funds are met and the appropriation has occurred, donor-restricted net assets are reclassified to net assets without donor restrictions.

*Membership* – Membership fees are collected and forwarded to GSUSA. Accordingly, no membership fees are reflected in the statements of activities.

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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### Note 1—Summary of significant accounting policies (continued)

*Expense Allocation* – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

*Donated Services* – The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities related to volunteer services because the criteria for recognition of such volunteer effort under U.S. GAAP have not been satisfied.

*Use of Estimates* – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes* – The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the IRC, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

The Organization follows FASB ASC guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements.

*Revenue Recognition* – The Organization follows FASB Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (see Note 2).

*New Accounting Pronouncements* – In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized, certain additional disclosures are required. This standard is effective for the year ending September 30, 2022 and had an immaterial effect on the Organization's financial statements upon adoption. Generally, the Organization has recognized the contribution of professional services and supplies at market value. Such items have been maintained for use with the girls served. There have been no donor restrictions placed on such contributions.

# **GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

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### **Note 1—Summary of significant accounting policies (continued)**

*Future Pronouncements* – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in ASC 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Organization year ending September 30, 2023. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

*Subsequent Events* – The Organization evaluated subsequent events through February 3, 2023, when these financial statements were available to be issued.

### **Note 2—Revenue recognition**

The Organization follows Topic 606, which requires an entity to recognize revenue when it transfers the promised goods or services to a customer in an amount that reflects consideration to which the entity expects to be entitled to in exchange for those goods and services.

The Organization recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction prices.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when or as the Organization satisfies a performance obligation.

The Organization has analyzed the provisions of Topic 606 and has concluded the following:

*Contract Balances* – Net accounts receivable related to exchange transactions were \$20,283 and \$24,884 as of September 30, 2022 and 2021, respectively. Deferred revenue was \$89,634 and \$36,967 as of September 30, 2022 and 2021, respectively.

Accounts receivable consist of amounts due from product sales and are presented net of an allowance for doubtful accounts. Management evaluates the collectability of accounts receivable based primarily on the length of time the receivables are past due, historical experience, and an individual customer's ability to meet their financial obligations. When it has been determined to be probable that an account is uncollectible, the Organization recognizes an allowance for doubtful accounts. However, actual accounts receivable write-offs might differ from management's estimate. The allowance for doubtful accounts included in accounts receivable, net totaled \$18,748, at September 30, 2022 and 2021.

Deferred revenue represents cash received in advance of the program services rendered. Such revenues will be recognized in the subsequent year.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

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**Note 2—Revenue recognition (continued)**

*Sales of Products* – Sales of product are recognized at the time of delivery to the customer and when collectability is reasonably assured. Such revenue is included in program related revenue in the accompanying statements of activities. Revenue is recorded net of estimated and actual sales adjustments in the same period the related revenues are recorded or when current information indicates additional allowances are required. These estimates are based on the Organization's historical experience, specific customer information, and current economic conditions.

*Performance Obligations* – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under Topic 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts with customers do not typically include multiple performance obligations.

*Variable Consideration* – The Organization's contracts with customers do not result in contract modifications. The Organization offers immaterial discounts to its customers, which it nets with total sales in the accompanying statements of activities. The discounts offered by the Organization are fixed and are recognized at the point in time the sale occurs.

*Payment Terms* – The Organization's payment terms vary by the type of products offered. The time between invoicing and when payment is due is not significant. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties. Revenue is recognized net of taxes collected from customers, which are subsequently remitted to governmental authorities.

*Contract Costs* – The Organization does not recognize any assets associated with the incremental costs of obtaining a contract with a customer (for example, a sales commission) the Organization expects to recover. Most revenue is recognized at a point-in-time or over a period of one year or less, and the Organization uses the practical expedient that allows the Organization to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that would have otherwise been recognized is one year or less.

*Practical Expedients and Exemptions* – There are several practical expedients and exemptions allowed under Topic 606 that impact timing of revenue recognition and disclosures. The Organization applied a practical expedient in the adoption and application of ASC 606 that allows the Organization to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

*Disaggregation of Revenue* – The statements of activities depict the disaggregation of revenue by revenue stream for the years ended September 30, 2022 and 2021, and is consistent with how the Organization evaluates financial performance.



**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

**Note 3—Liquidity and availability of resources**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use within one year of the statement of financial position comprise the following at September 30:

	<b>2022</b>	<b>2021</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,668,544	\$ 2,501,105
Accounts and other receivables, net	926,178	179,884
Accounts and other receivables, net - noncurrent	150,000	200,000
Investments	3,853,131	5,096,713
Total financial assets	6,597,853	7,977,702
Less amounts not available to be used for general expenditures within one year:		
Assets subject to restrictions	444,514	821,824
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,153,339</u>	<u>\$ 7,155,878</u>

**Note 4—Accounts and other receivables**

Accounts and other receivables consist of the following at September 30:

	<b>2022</b>	<b>2021</b>
Accounts receivable, net of allowance for doubtful accounts of \$18,748 for both years	\$ 20,283	\$ 24,884
Government grants receivable - Employee Retention Credit	820,870	-
Unconditional promises to give:		
Capital campaign gifts	200,000	350,000
Other	35,025	5,000
Accounts and other receivables, net	<u>\$ 1,076,178</u>	<u>\$ 379,884</u>
	<b>2022</b>	<b>2021</b>
Receivable in less than one year	\$ 926,178	\$ 179,884
Receivable in one to five years	150,000	200,000
	<u>\$ 1,076,178</u>	<u>\$ 379,884</u>

Uncollectible amounts for unconditional promises to give are expected to be insignificant and, accordingly, no provision is made for uncollectible unconditional promises to give.

# **GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

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### **Note 5—Investments and fair value measurements**

The Organization has adopted the provisions of the *Fair Value Measurement* topic of the FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The applicable levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at September 30, 2022 or 2021.

*Level 1 Assets* – Determined by obtaining quoted market prices in active markets.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is 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 MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

**Note 5—Investments and fair value measurements (continued)**

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 45,498	\$ -	\$ -	\$ 45,498
Fixed income funds:				
Long duration fixed income	1,355,436	-	-	1,355,436
Total fixed income funds	1,355,436	-	-	1,355,436
Equity funds:				
Large cap foreign funds	493,660	-	-	493,660
Large cap U.S. funds	164,445	-	-	164,445
Small/mid cap U.S. funds	139,539	-	-	139,539
Real estate investment trust funds	96,204	-	-	96,204
Small bond funds	69,415	-	-	69,415
Total equity funds	963,263	-	-	963,263
Common stock:				
Technology	318,255	-	-	318,255
Consumer goods	267,433	-	-	267,433
Industrial goods	201,916	-	-	201,916
Healthcare	184,248	-	-	184,248
Financial	172,632	-	-	172,632
Services	96,408	-	-	96,408
Basic materials	90,339	-	-	90,339
Utilities	78,707	-	-	78,707
Communication	44,509	-	-	44,509
Energy	34,487	-	-	34,487
Total common stock	1,488,934	-	-	1,488,934
Total investments at fair value	<u>\$ 3,853,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,853,131</u>

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

**Note 5—Investments and fair value measurements (continued)**

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 34,653	\$ -	\$ -	\$ 34,653
Fixed income funds:				
Long duration fixed income	2,021,522	-	-	2,021,522
Total fixed income funds	2,021,522	-	-	2,021,522
Equity funds:				
Large cap U.S. funds	682,730	-	-	682,730
Small/mid cap U.S. funds	681,117	-	-	681,117
Real estate investment trust funds	254,350	-	-	254,350
Small bond funds	70,111	-	-	70,111
Total equity funds	1,688,308	-	-	1,688,308
Common stock:				
Consumer goods	310,838	-	-	310,838
Technology	253,831	-	-	253,831
Financial	194,749	-	-	194,749
Industrial goods	193,064	-	-	193,064
Healthcare	143,273	-	-	143,273
Services	112,154	-	-	112,154
Utilities	77,146	-	-	77,146
Basic materials	41,412	-	-	41,412
Communication	25,763	-	-	25,763
Total common stock	1,352,230	-	-	1,352,230
Total investments at fair value	\$ 5,096,713	\$ -	\$ -	\$ 5,096,713

Net (loss) gain on investments amounted to (488,053) and \$1,109,395 for the years ended September 30, 2022 and 2021, respectively. The following schedule summarizes the net investment income for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 25,599	\$ 132,753
Investment fees	(22,935)	(32,283)
	<u>\$ 2,664</u>	<u>\$ 100,470</u>

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2022 AND 2021*

**Note 6—Property and equipment**

Property and equipment consist of the following at September 30:

	<b>2022</b>	<b>2021</b>
Equipment	\$ 1,591,144	\$ 1,585,239
Less accumulated depreciation	(1,444,566)	(1,377,578)
	<u>\$ 146,578</u>	<u>\$ 207,661</u>

Depreciation expense amounted to \$70,144 and \$71,713 for the years ended September 30, 2022 and 2021, respectively, based on estimated useful lives ranging from 3 to 15 years.

**Note 7—Intangible assets**

The Organization engaged a data solution company to develop new membership, training, and operations software. These costs will be amortized over a period of 10 years. Intangible assets consist of the following at September 30:

	<b>2022</b>	<b>2021</b>
Software development costs	\$ 1,263,500	\$ 1,263,500
Less accumulated amortization	(621,381)	(492,981)
	<u>\$ 642,119</u>	<u>\$ 770,519</u>

Amortization expense amounted to \$128,400 for the years ended September 30, 2022 and 2021, respectively.

At September 30, 2022, estimated aggregate amortization expense in future years is as follows:

**Years Ending September 30,**

2023	\$ 128,400
2024	128,400
2025	128,400
2026	128,400
2027	128,400
Thereafter	119
	<u>\$ 642,119</u>

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

### Note 8—Government grants

During fiscal 2020, the Organization received a Paycheck Protection Program loan (“PPP”) in the amount of \$497,365. The PPP loan is granted by the Small Business Administration (“SBA”) under the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”). PPP loans are considered conditional contributions under ASC 958-605, *Not-for Profit Entities – Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Organization deferred recognition of grant revenue for the year ended September 30, 2020, because the conditions for forgiveness had not yet been substantially met. In April 2021, the PPP loan of \$497,365, plus accrued interest, was fully forgiven by the SBA and was recognized in government grants within the statement of activities for the year ended September 30, 2021.

Under the same terms and requirements, the Organization received a second PPP loan in the amount of \$447,320. In August 2021, the PPP loan, plus accrued interest, was fully forgiven and was also recognized in government grants within the statement of activities for the year ended September 30, 2021.

The CARES Act contains the Employee Retention Credit (“ERC”), a refundable payroll tax credit available to employers that have experienced hardship in their operations due to the COVID-19 outbreak. During the year ended September 30, 2022, the Organization reviewed its eligibility for ERC and determined that the Organization qualified for \$248,275 and \$820,870 of ERC for various quarters related to 2020 and 2021, respectively. The Organization selected ASC 958-605 as the applicable standard for accounting for ERC and, as such, recognized the ERC when the amended payroll tax returns were filed. Employee retention credit income of \$1,069,145 has been recorded in government grants on the statement of activities for the year ended September 30, 2022. Of that amount, \$820,870 has not yet been received and is included in accounts and other receivables on the statement of financial position at September 30, 2022.

### Note 9—Lease commitments

The Organization has lease agreements for camps, office space, copiers, and a postage machine that have been accounted for as operating leases. At September 30, 2022, future minimum annual lease payments under noncancelable lease obligations are as follows:

#### Years Ending September 30,

2023	\$	97,265
2024		88,890
2025		69,370
2026		50,000
2027		50,000
Thereafter		4,350,000
	\$	<u>4,705,525</u>

Rent expense under all lease agreements totaled \$115,951 and \$111,292 for the years ended September 30, 2022 and 2021, respectively, and is included in occupancy in the statements of functional expenses.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

**Note 10—Restrictions on net assets**

Net assets with donor restrictions are available for the following purposes or periods at September 30:

	<u>2022</u>	<u>2021</u>
Time and purpose restrictions:		
Unconditional promises to give due in future periods	\$ 235,025	\$ 355,000
Capital campaign	-	256,279
LEAD program	14,500	-
Endowment earnings restricted for specified programs	53,573	69,129
Restrictions in perpetuity:		
Dorothy May Campership fund	78,657	78,657
Judy Smith Promise Circle	42,102	42,102
Sue Peters endowment	12,363	12,363
Fran Barge endowment	8,294	8,294
	<u>\$ 444,514</u>	<u>\$ 821,824</u>

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The Board has interpreted the UPMIFA as requiring that the Organization classify as net assets restricted in perpetuity a) the original value of donor-restricted gifts to the endowment; b) the original value of subsequent donor-restricted gifts to the endowment; and c) accumulations (interest, dividends, capital gain/loss) to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are approved for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 194,989	\$ 194,989

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 210,545	\$ 210,545
Investment return, net	-	(15,556)	(15,556)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 194,989</u>	<u>\$ 194,989</u>

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

**Note 10—Restrictions on net assets (continued)**

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 210,545	\$ 185,088

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 185,088	\$ 185,088
Investment return, net	-	25,457	25,457
Endowment net assets, end of year	\$ -	\$ 210,545	\$ 210,545

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 endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are to be invested primarily in equities, fixed income investments, and cash securities.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of obtaining the Board's approval for any distribution of dividend and interest income from the endowment fund. At September 30, 2022 and 2021, there were no underwater endowments.

**Note 11—Concentrations**

The Organization receives a substantial amount of its support from the sale of cookies. A significant reduction in the level of cookie sales, if this were to occur, could have an adverse impact on the Organization's programs and services. A summary of the cookie sale program activity is as follows for the years ended September 30:

	<b>2022</b>	<b>2021</b>
Total gross cookie program sales	\$ 6,847,010	\$ 5,907,337
Less cost of goods sold	(2,223,880)	(1,972,986)
Less allocations to troops and service units	(1,012,322)	(914,354)
Total net cookie program sales	\$ 3,610,808	\$ 3,019,997



**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2022 AND 2021*

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**Note 11—Concentrations (continued)**

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents and investments. The Organization's cash and cash equivalent balances generally exceed Federal Deposit Insurance Corporation ("FDIC") insured limits. The Organization has not experienced any losses in these balances and considers this to be a normal business risk. The Organization had approximately \$1,749,000 and \$2,330,000 of cash and cash equivalents in excess of FDIC insured limits at September 30, 2022 and 2021, respectively.

The Organization's investments are subject to market risk, the risk inherent in a fluctuating market. To minimize risk related to investments, the Organization's investment portfolio is diversified among a variety of asset categories. The Organization regularly evaluates its investment strategy.

**Note 12—Defined contribution retirement plan**

On January 1, 2013, the Organization adopted a 403(b) retirement plan. Employees who work at least 20 hours per week are eligible to contribute to the 403(b) plan upon reaching age 18. Effective January 1, 2014, unless the participant makes a contrary election, the Organization will automatically withhold 6% from the participant's payroll each pay period. Employees are eligible to receive discretionary contributions upon reaching age 18 and completing one year of qualified service. No discretionary contributions were made for the years ended September 30, 2022 or 2021.