

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

## **FINANCIAL STATEMENTS**

***As of and for the Years Ended September 30, 2020 and 2019***

***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

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, 2020 and 2019, 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 Middle Tennessee, Inc. as of September 30, 2020 and 2019, 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.

**Emphasis of Matter**

As discussed in Note 12, toward the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. During 2020, there have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses. Although it is not possible to reliably estimate the length or severity of this outbreak and, hence, its financial impact, any significant reduction in support and revenue caused by COVID-19 could have material adverse effects on Girl Scouts of Middle Tennessee, Inc. Our opinion is not modified with respect to this matter.

**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 affiliate as of September 30, 2020 and 2019, 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 affiliate, and the financial statements of Girl Scouts of Middle Tennessee, Inc. presented herein are not a valid substitute for those consolidated financial statements.

Handwritten signature of Cheryl Beckett in cursive script, followed by the text "LLP".

Nashville, Tennessee  
January 6, 2021

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

SEPTEMBER 30, 2020

	Without Donor Restrictions			Total With Donor Restrictions	Total
	Camping, Operating, and Special Project Reserves	Land, Buildings, and Equipment and Intangible Assets	Total Without Donor Restrictions		
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents (Note 1)	\$ 2,076,502	\$ -	\$ 2,076,502	\$ 22,140	\$ 2,098,642
Accounts and other receivables, net (Note 3)	71,468	-	71,468	157,250	228,718
Other current assets	265,845	-	265,845	-	265,845
Total Current Assets	2,413,815	-	2,413,815	179,390	2,593,205
Accounts and other receivables, net - noncurrent (Note 3)	-	-	-	350,000	350,000
Investments (Notes 1 and 4)	8,209,481	-	8,209,481	185,088	8,394,569
Property and equipment, net of accumulated depreciation (Notes 1 and 5)	-	163,860	163,860	-	163,860
Intangible assets (Note 6)	-	864,278	864,278	-	864,278
<b>Total Assets</b>	<b>\$ 10,623,296</b>	<b>\$ 1,028,138</b>	<b>\$ 11,651,434</b>	<b>\$ 714,478</b>	<b>\$ 12,365,912</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts payable	\$ 91,135	\$ -	\$ 91,135	\$ -	\$ 91,135
Accrued liabilities	348,313	-	348,313	-	348,313
Deferred income	28,843	-	28,843	-	28,843
Deferred grant revenue	497,365	-	497,365	-	497,365
Due to Sue Peters Foundation	124,677	-	124,677	-	124,677
Total Current Liabilities	1,090,333	-	1,090,333	-	1,090,333
Custodian funds	155,672	-	155,672	-	155,672
Total Liabilities	1,246,005	-	1,246,005	-	1,246,005
Net Assets (Notes 1 and 9):					
Without donor restrictions	9,377,291	1,028,138	10,405,429	-	10,405,429
With donor restrictions	-	-	-	714,478	714,478
Total Net Assets	9,377,291	1,028,138	10,405,429	714,478	11,119,907
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,623,296</b>	<b>\$ 1,028,138</b>	<b>\$ 11,651,434</b>	<b>\$ 714,478</b>	<b>\$ 12,365,912</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, 2019

	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)	\$ 1,457,570	\$ -	\$ 1,457,570	\$ 4,481	\$ 1,462,051
Accounts and other receivables, net (Note 3)	20,272	-	20,272	159,825	180,097
Other current assets	350,807	-	350,807	-	350,807
Total Current Assets	1,828,649	-	1,828,649	164,306	1,992,955
Accounts and other receivables, net - noncurrent (Note 3)	-	-	-	500,000	500,000
Investments (Notes 1 and 4)	8,381,197	-	8,381,197	178,019	8,559,216
Property and equipment, net of accumulated depreciation (Notes 1 and 5)	-	179,221	179,221	-	179,221
Intangible assets (Note 6)	-	576,524	576,524	-	576,524
<b>Total Assets</b>	<b>\$ 10,209,846</b>	<b>\$ 755,745</b>	<b>\$ 10,965,591</b>	<b>\$ 842,325</b>	<b>\$ 11,807,916</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts payable	\$ 144,761	\$ -	\$ 144,761	\$ -	\$ 144,761
Accrued liabilities	159,252	-	159,252	-	159,252
Deferred income	128,555	-	128,555	-	128,555
Due to Sue Peters Foundation	80,677	-	80,677	-	80,677
Total Current Liabilities	513,245	-	513,245	-	513,245
Custodian funds	163,981	-	163,981	-	163,981
Total Liabilities	677,226	-	677,226	-	677,226
Net Assets (Notes 1 and 9):					
Without donor restrictions	9,532,620	755,745	10,288,365	-	10,288,365
With donor restrictions	-	-	-	842,325	842,325
Total Net Assets	9,532,620	755,745	10,288,365	842,325	11,130,690
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,209,846</b>	<b>\$ 755,745</b>	<b>\$ 10,965,591</b>	<b>\$ 842,325</b>	<b>\$ 11,807,916</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, 2020*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support:			
Annual giving	\$ 537,696	\$ 21,408	\$ 559,104
Golf tournament, net	53,361	-	53,361
Government grants	32,422	-	32,422
United Way contributions	23,743	-	23,743
Community receptions, net	4,358	-	4,358
In-kind contributions	600	-	600
Total Public Support	652,180	21,408	673,588
Revenue:			
Program Related Revenue:			
Cookie sales, net (Note 10)	3,643,211	-	3,643,211
Camping fees	59,888	-	59,888
Program fees	175,340	-	175,340
Sale of merchandise, gross	379,773	-	379,773
Less cost of sales	(307,052)	-	(307,052)
Other income, net	235,399	-	235,399
Total Revenue	4,186,559	-	4,186,559
Net Assets Released from Restrictions:			
Satisfaction of program and time restrictions	156,325	(156,325)	-
Total Revenues, Gains, and Other Support	4,995,064	(134,917)	4,860,147
Expenses:			
Program services	4,174,741	-	4,174,741
Supporting Services:			
Management and general	155,911	-	155,911
Fundraising and community relations	358,950	-	358,950
Total Expenses	4,689,602	-	4,689,602
Change in Net Assets from Operating Activities	305,462	(134,917)	170,545
Nonoperating Activities:			
Investment income, net (Note 4)	174,623	-	174,623
Net gain on investments (Note 4)	264,739	7,070	271,809
Change in net assets	744,824	(127,847)	616,977
Net assets, beginning of year	10,288,365	842,325	11,130,690
Transfer of net assets to Sue Peters Foundation (Note 1)	(627,760)	-	(627,760)
Net assets, end of year	\$ 10,405,429	\$ 714,478	\$ 11,119,907

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, 2019*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support:			
Annual giving	\$ 253,044	\$ 93,525	\$ 346,569
Community receptions, net	100,363	-	100,363
Golf tournament, net	42,033	-	42,033
United Way contributions	30,845	-	30,845
In-kind contributions	2,440	-	2,440
Total Public Support	428,725	93,525	522,250
Revenue:			
Program Related Revenue:			
Cookie sales, net (Note 10)	3,580,012	-	3,580,012
Camping fees	640,204	-	640,204
Program fees	428,939	-	428,939
Sale of merchandise, gross	548,752	-	548,752
Less cost of sales	(385,480)	-	(385,480)
Other income, net	211,879	-	211,879
Total Revenue	5,024,306	-	5,024,306
Net Assets Released from Restrictions:			
Satisfaction of program and time restrictions	332,726	(332,726)	-
Total Revenues, Gains, and Other Support	5,785,757	(239,201)	5,546,556
Expenses:			
Program services	5,145,123	-	5,145,123
Supporting Services:			
Management and general	161,535	-	161,535
Fundraising and community relations	369,569	-	369,569
Total Expenses	5,676,227	-	5,676,227
Change in Net Assets from Operating Activities	109,530	(239,201)	(129,671)
Nonoperating Activities:			
Investment income, net (Note 4)	208,509	-	208,509
Net gain on investments (Note 4)	121,172	5,657	126,829
Change in net assets	439,211	(233,544)	205,667
Net assets, beginning of year	10,086,025	1,075,869	11,161,894
Transfer of net assets to Sue Peters Foundation (Note 1)	(236,871)	-	(236,871)
Net assets, end of year	\$ 10,288,365	\$ 842,325	\$ 11,130,690

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, 2020*

		Supporting Services			
			Fundraising and Community Relations	Total Supporting Services	Total
	Program Services	Management and General			
Salaries	\$ 1,809,846	\$ 95,417	\$ 226,516	\$ 321,933	\$ 2,131,779
Payroll taxes	146,730	7,004	18,132	25,136	171,866
Employee health and other benefits	188,972	10,041	23,692	33,733	222,705
Total Salaries and Related Expenses	2,145,548	112,462	268,340	380,802	2,526,350
Occupancy	596,519	10,423	26,829	37,252	633,771
Professional fees	207,104	23,050	23,491	46,541	253,645
Scholarships and financial aid	213,392	-	-	-	213,392
Supplies	184,036	849	2,419	3,268	187,304
Capital budget - repairs and maintenance	159,725	-	-	-	159,725
Telephone	74,748	2,464	4,868	7,332	82,080
Legal fees	74,510	-	-	-	74,510
Printing and publications	51,630	1,865	9,027	10,892	62,522
Miscellaneous	38,086	126	5,869	5,995	44,081
Travel	38,510	655	3,699	4,354	42,864
Conferences, conventions, meetings, and training	36,288	662	2,151	2,813	39,101
Awards and gifts	36,465	57	918	975	37,440
Insurance	31,239	1,658	3,914	5,572	36,811
Program consultants	35,043	-	-	-	35,043
Rental, repair, and maintenance	28,771	907	2,141	3,048	31,819
Postage and shipping	21,926	589	3,048	3,637	25,563
Membership dues	3,580	144	360	504	4,084
Area fundraising	-	-	1,876	1,876	1,876
Total Expenses Before Depreciation	3,977,120	155,911	358,950	514,861	4,491,981
Depreciation and amortization	197,621	-	-	-	197,621
Total Expenses	<u>\$ 4,174,741</u>	<u>\$ 155,911</u>	<u>\$ 358,950</u>	<u>\$ 514,861</u>	<u>\$ 4,689,602</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, 2019*

		Supporting Services			
			Fundraising and Community Relations	Total Supporting Services	Total
	Program Services	Management and General			
Salaries	\$ 2,153,814	\$ 106,906	\$ 226,901	\$ 333,807	\$ 2,487,621
Payroll taxes	163,684	6,907	16,670	23,577	187,261
Employee health and other benefits	200,214	9,846	21,011	30,857	231,071
Total Salaries and Related Expenses	2,517,712	123,659	264,582	388,241	2,905,953
Occupancy	631,623	10,179	23,520	33,699	665,322
Professional fees	300,056	18,143	32,882	51,025	351,081
Supplies	239,670	402	1,997	2,399	242,069
Conferences, conventions, meetings, and training	203,451	1,311	5,389	6,700	210,151
Scholarships and financial aid	184,640	-	-	-	194,640
Program consultants	169,465	1,020	-	1,020	170,485
Travel	146,240	754	6,288	7,042	153,282
Capital budget - repairs and maintenance	136,895	-	-	-	136,895
Legal fees	133,403	-	-	-	133,403
Printing and publications	70,690	1,780	9,640	11,420	82,110
Telephone	70,971	1,639	4,785	6,424	77,395
Miscellaneous	60,188	217	7,501	7,718	67,906
Awards and gifts	54,987	88	2,655	2,743	57,730
Insurance	25,449	1,139	2,431	3,570	29,019
Rental, repair, and maintenance	22,679	398	850	1,248	23,927
Postage and shipping	20,672	633	2,170	2,803	23,475
Membership dues	4,206	173	543	716	4,922
Area fundraising	-	-	4,336	4,336	4,336
Total Expenses Before Depreciation	4,992,997	161,535	369,569	531,104	5,524,101
Depreciation and amortization	152,126	-	-	-	152,126
Total Expenses	\$ 5,145,123	\$ 161,535	\$ 369,569	\$ 531,104	\$ 5,676,227

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, 2020 AND 2019*

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 616,977	\$ 205,667
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	197,621	152,126
Net gain on investments	(271,809)	(126,829)
Contributions restricted for fixed assets	(150,000)	(200,000)
Changes in operating assets and liabilities:		
Accounts and other receivables, net	101,379	196,389
Other current assets	84,962	(174,574)
Due to Sue Peters Foundation	44,000	31,500
Accounts payable	(21,001)	68,249
Accrued liabilities	189,061	(204,592)
Deferred income	(99,712)	66,182
Custodian funds	(8,309)	13,743
Deferred grant revenues	497,365	-
Net cash provided by operating activities	<u>1,180,534</u>	<u>27,861</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	1,935,706	2,908,522
Purchases of investments	(1,499,250)	(2,496,473)
Purchases of property and equipment	(656,326)	(266,028)
Purchases of intangible assets	(474,073)	(145,051)
Net cash (used in) provided by investing activities	<u>(693,943)</u>	<u>970</u>
<b>Cash flows from financing activities:</b>		
Collections of contributions restricted for fixed assets	150,000	200,000
Land, buildings, and equipment financed through accounts payable	-	(465,562)
Net cash provided by (used in) financing activities	<u>150,000</u>	<u>(265,562)</u>
Net increase (decrease) in cash and cash equivalents	636,591	(236,731)
Cash and cash equivalents, beginning of year	<u>1,462,051</u>	<u>1,698,782</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,098,642</u></u>	<u><u>\$ 1,462,051</u></u>
<b>Noncash investing activities:</b>		
Transfer of property and equipment to Sue Peters Foundation	<u>\$ 627,760</u>	<u>\$ 236,871</u>
Purchases of land, buildings, and equipment financed through accounts payable	<u><u>\$ 32,625</u></u>	<u><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, 2020 AND 2019

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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.

*Basis of Presentation* – These financial statements represent only the financial activities of the Organization and do not include any financial information of The Sue Peters Foundation for Girls of Character, Courage, and Confidence in Middle Tennessee Trust (the “Trust”). These parent entity only financial statements are presented in addition to the consolidated audited financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliate. Such consolidated financial statements are the general-purpose financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliate, and the financial statements of Girl Scouts of Middle Tennessee, Inc. presented herein are not a valid substitute for those consolidated financial statements.

The Organization sponsored the establishment of Align 3C LLC (“Align”), a separate nonprofit limited liability company, during January 2017. Align was established to manage the distribution of certain software for electronic communications messaging and streamlining information. Align had no significant activity for the years ended September 30, 2020 and 2019. As such, the financial statements of Align are not included in the financial statements of Girl Scouts of Middle Tennessee, Inc. presented herein.

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 of directors. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*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.

*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 were transferred from Girl Scouts of Middle Tennessee, Inc. to the Trust. Such transfers of net assets totaled \$627,760 and \$236,871 for the years ended September 30, 2020 and 2019, 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”).

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

## **NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2020 AND 2019

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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 \$241,741 and \$201,415 is included in other current assets at September 30, 2020 and 2019, 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 are 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, 2020 AND 2019

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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.

*Adoption of New Accounting Pronouncements* – In January 2016, FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance revises accounting related to (1) the classification and measurement of investments in equity and securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for the year ended September 30, 2020. The Organization has determined that this guidance did not require a change in the Organization's financial statements.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The new standard is effective for the Organization for the year ended September 30, 2020. The Organization has determined that this standard did not require a change in the Organization's financial statements and related disclosures.

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

SEPTEMBER 30, 2020 AND 2019

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

In June 2018, FASB issued ASU 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The new standard is effective for the year ended September 30, 2020. The Organization determined the accounting standard did not require a change to the Organization's practice for recording contributions.

*Recently Issued Accounting Standards* – In May 2014, FASB issued 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 and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASU 2014-09 will be effective for the Organization for the year ending September 30, 2021. The Organization is currently evaluating the impact this guidance may have on its financial statements.

In February 2016, FASB issued ASU No. 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 January 6, 2021, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying financial statements.

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

SEPTEMBER 30, 2020 AND 2019

**Note 2—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>2020</b>	<b>2019</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,098,642	\$ 1,462,051
Accounts and other receivables, net	228,718	180,097
Accounts and other receivables, net - noncurrent	350,000	500,000
Investments	8,394,569	8,559,216
Total financial assets	11,071,929	10,701,364
Less amounts not available to be used for general expenditures within one year:		
Assets subject to restrictions	714,478	842,325
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,357,451</u>	<u>\$ 9,859,039</u>

**Note 3—Accounts and other receivables**

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

	<b>2020</b>	<b>2019</b>
Accounts receivable, net of allowance for doubtful accounts of \$18,748 for both years	\$ 39,046	\$ 20,272
Government grants receivable	32,422	-
Unconditional promises to give:		
Capital campaign gifts	500,000	650,000
Other	7,250	9,825
Accounts and other receivables, net	<u>\$ 578,718</u>	<u>\$ 680,097</u>

  

	<b>2020</b>	<b>2019</b>
Receivable in less than one year	\$ 228,718	\$ 180,097
Receivable in one to five years	350,000	500,000
	<u>\$ 578,718</u>	<u>\$ 680,097</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, 2020 AND 2019

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### Note 4—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;
- 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, 2020 and 2019.

*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, 2020 AND 2019

**Note 4—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, 2020:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Money market funds	\$ 324,529	\$ -	\$ -	\$ 324,529
Fixed Income Funds:				
Long duration fixed income	2,820,841	-	-	2,820,841
Total Fixed Income Funds	2,820,841	-	-	2,820,841
Equity Funds:				
Large cap foreign funds	1,129,068	-	-	1,129,068
Small/mid cap US funds	926,190	-	-	926,190
Real estate investment trust funds	519,872	-	-	519,872
Large cap US funds	134,146	-	-	134,146
Small bond funds	70,180	-	-	70,180
Total Equity Funds	2,779,456	-	-	2,779,456
Common Stock:				
Consumer goods	606,335	-	-	606,335
Technology	414,250	-	-	414,250
Financial	352,099	-	-	352,099
Industrial goods	350,088	-	-	350,088
Healthcare	259,829	-	-	259,829
Services	232,938	-	-	232,938
Utilities	142,545	-	-	142,545
Communication	56,753	-	-	56,753
Basic materials	54,906	-	-	54,906
Total Common Stock	2,469,743	-	-	2,469,743
Total Investments at Fair Value	\$ 8,394,569	\$ -	\$ -	\$ 8,394,569

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

SEPTEMBER 30, 2020 AND 2019

**Note 4—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, 2019:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Money market funds	\$ 397,607	\$ -	\$ -	\$ 397,607
Fixed Income Funds:				
Long duration fixed income	3,581,835	-	-	3,581,835
Total Fixed Income Funds	3,581,835	-	-	3,581,835
Equity Funds:				
Real estate investment trust funds	611,538	-	-	611,538
Large cap foreign funds	581,252	-	-	581,252
Large cap US funds	527,677	-	-	527,677
Small/mid cap US funds	519,817	-	-	519,817
Small bond funds	69,902	-	-	69,902
Total Equity Funds	2,310,186	-	-	2,310,186
Common Stock:				
Consumer goods	462,861	-	-	462,861
Financial	378,269	-	-	378,269
Industrial goods	373,875	-	-	373,875
Technology	322,136	-	-	322,136
Healthcare	216,882	-	-	216,882
Services	166,281	-	-	166,281
Basic materials	156,194	-	-	156,194
Utilities	135,208	-	-	135,208
Communication	57,583	-	-	57,583
Other	299	-	-	299
Total Common Stock	2,269,588	-	-	2,269,588
Total Investments at Fair Value	\$ 8,559,216	\$ -	\$ -	\$ 8,559,216

Net gain on investments amounted to \$271,809 and \$126,829 for the years ended September 30, 2020 and 2019, respectively.

The following schedule summarizes the net investment income for the years ended September 30:

	<b>2020</b>	<b>2019</b>
Interest and dividends	\$ 216,533	\$ 250,692
Investment fees	(41,910)	(42,183)
	<u>\$ 174,623</u>	<u>\$ 208,509</u>

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

SEPTEMBER 30, 2020 AND 2019

**Note 5—Property and equipment**

Property and equipment consist of the following at September 30:

	<b>2020</b>	<b>2019</b>
Campsite facilities	\$ -	\$ 302,135
Equipment	1,556,615	1,558,364
Subtotal	1,556,615	1,860,499
Less accumulated depreciation	(1,392,755)	(1,681,278)
	<u>\$ 163,860</u>	<u>\$ 179,221</u>

Depreciation expense amounted to \$72,686 and \$68,459 for the years ended September 30, 2020 and 2019, respectively, based on estimated useful lives ranging from 3 – 15 years.

**Note 6—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>2020</b>	<b>2019</b>
Software development costs	\$ 1,228,859	\$ 816,170
Less accumulated amortization	(364,581)	(239,646)
	<u>\$ 864,278</u>	<u>\$ 576,524</u>

Amortization expense amounted to \$124,935 and \$83,667 for the years ended September 30, 2020 and 2019, respectively.

At September 30, 2020, estimated aggregate amortization expense in future years is as follows:

**Years Ending September 30,**

2021	\$ 124,936
2022	124,936
2023	124,936
2024	124,936
2025	124,936
Thereafter	239,598
	<u>\$ 864,278</u>

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

### Note 7—Deferred grant revenue

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 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 has deferred recognition of grant revenue for the year ended September 30, 2020, because the conditions for forgiveness have not yet been substantially met; however, the Organization believes it will substantially meet the conditions required for forgiveness in the following year.

### Note 8—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, 2020, future minimum annual lease payments under noncancelable lease obligations are as follows:

#### Years Ending September 30,

2021	\$	62,813
2022		53,300
2023		50,550
2024		50,000
2025		50,000
Thereafter		4,450,000
	\$	<u>4,716,663</u>

Rent expense under all lease agreements totaled \$112,567 and \$121,249 for the years ended September 30, 2020 and 2019, respectively, and is included in occupancy in the statement of functional expenses.

Property, on which the Organization has a campsite facility, was leased through the year 2025 from the United States Army Corp of Engineers, Nashville District (the "Corps"), for \$1 for the term of the agreement. The lease agreement is revocable at the will of the Corps. Such lease arrangement was assigned and transferred to a third party effective June 2020, as the Organization does not intend to use that property in the future. As such, any assets related to that campsite facility were written off as of September 30, 2020.

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

SEPTEMBER 30, 2020 AND 2019

**Note 9—Restrictions on net assets**

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

	<b>2020</b>	<b>2019</b>
Time and purpose restrictions:		
Unconditional promises to give due in future periods	\$ 507,250	\$ 659,825
Troop 6000 program	22,140	4,483
Endowment earnings restricted for specified programs	43,672	36,601
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>\$ 714,478</u>	<u>\$ 842,325</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, 2020:

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

Changes in endowment net assets for the year ended September 30, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 178,018	\$ 178,018
Investment return, net	-	7,070	7,070
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 185,088</u>	<u>\$ 185,088</u>

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

SEPTEMBER 30, 2020 AND 2019

**Note 9—Restrictions on net assets (continued)**

Endowment Net asset composition by type of fund as of September 30, 2019:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted endowment funds	\$ -	\$ 178,018	\$ 178,018

Changes in endowment net assets for the year ended September 30, 2019:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 172,361	\$ 172,361
Investment return, net	-	5,657	5,657
Endowment net assets, end of year	\$ -	\$ 178,018	\$ 178,018

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, 2020 and 2019, there were no underwater endowments.

**Note 10—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, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Total gross cookie program sales	\$ 7,804,723	\$ 7,572,313
Less cost of goods sold	(2,785,423)	(2,656,796)
Less allocations to troops and service units	(1,376,089)	(1,335,505)
Total net cookie program sales	\$ 3,643,211	\$ 3,580,012

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

## **NOTES TO THE FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2020 AND 2019*

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### **Note 10—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 \$1,866,100 and \$1,251,300 of cash and cash equivalents in excess of FDIC insured limits at September 30, 2020 and 2019, 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 11—Defined contribution pension 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, 2020 and 2019.

### **Note 12—Uncertainty**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak could have a material, adverse impact on the economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.