

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**



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**GIRL SCOUTS, HORNETS' NEST COUNCIL  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Girl Scouts, Hornets' Nest Council  
Charlotte, North Carolina

We have audited the accompanying financial statements of Girl Scouts, Hornets' Nest Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Board of Directors  
Girl Scouts, Hornets' Nest Council

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts, Hornets' Nest Council as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis-of-Matter Regarding Changes in Accounting Principles***

As discussed in Note 1 to the financial statements, the Girl Scouts, Hornets' Nest Council has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to that matter.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
March 26, 2020

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,125,690	\$ 1,474,563
Pledges Receivable	173,334	88,398
Other Receivables	132,892	112,365
Inventory - Store	149,684	138,522
Prepaid Expenses	37,648	28,776
Total Current Assets	1,619,248	1,842,624
<b>OTHER ASSETS</b>		
Investments	2,088,813	1,818,613
Beneficial Interest in Assets Held by Others	183,320	162,294
Land, Buildings, and Equipment, Net	10,346,589	10,374,272
Property Held for Sale	808,300	808,300
Total Other Assets	13,427,022	13,163,479
Total Assets	\$ 15,046,270	\$ 15,006,103
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 143,520	\$ 142,704
Deferred Revenue	12,279	79,604
Accrued Liabilities	177,735	199,244
Current Portion of Long-Term Debt	72,244	69,309
Total Current Liabilities	405,778	490,861
<b>LONG-TERM DEBT, Net of Current Portion, Net of Deferred</b>		
Financing Costs	1,440,478	1,508,775
Total Liabilities	1,846,256	1,999,636
<b>NET ASSETS</b>		
Without Donor Restrictions	12,804,432	12,671,543
With Donor Restrictions	395,582	334,924
Total Net Assets	13,200,014	13,006,467
Total Liabilities and Net Assets	\$ 15,046,270	\$ 15,006,103

See accompanying Notes to Financial Statements.

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Cookie Program:			
Sales	\$ 3,700,548	\$ -	\$ 3,700,548
Direct Costs	(1,210,966)	-	(1,210,966)
Net Cookie Program Revenues	2,489,582	-	2,489,582
Fall Products Program:			
Sales	308,342	-	308,342
Direct Costs	(153,705)	-	(153,705)
Net Fall Products Program Revenues	154,637	-	154,637
Store Merchandise:			
Sales	368,060	-	368,060
Direct Costs	(211,640)	-	(211,640)
Net Store Merchandise Revenues	156,420	-	156,420
Program Fees	371,586	-	371,586
United Way Allocations and Grants	63,628	92,675	156,303
Contributions and Other Grants	272,213	108,492	380,705
Interest and Dividend Income	64,890	-	64,890
Net Realized and Unrealized Gain	192,234	-	192,234
Change in Beneficial Interest in Assets			
Held by Others	-	26,575	26,575
In-Kind Contributions	2,925	-	2,925
Other Income	36,602	-	36,602
	<u>3,804,717</u>	<u>227,742</u>	<u>4,032,459</u>
Net Assets Released from Restrictions:			
United Way	84,057	(84,057)	-
Other Contributions and Grants	75,877	(75,877)	-
Scholarships from Beneficial Interests	7,150	(7,150)	-
Total Net Assets Released from Restrictions	<u>167,084</u>	<u>(167,084)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	3,971,801	60,658	4,032,459
<b>EXPENSES</b>			
Program Services	3,042,392	-	3,042,392
Management and General	517,451	-	517,451
Fund Development	279,069	-	279,069
Total Expenses	<u>3,838,912</u>	<u>-</u>	<u>3,838,912</u>
<b>CHANGE IN NET ASSETS</b>	132,889	60,658	193,547
Net Assets - Beginning of Year	<u>12,671,543</u>	<u>334,924</u>	<u>13,006,467</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 12,804,432</u>	<u>\$ 395,582</u>	<u>\$ 13,200,014</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Cookie Program:			
Sales	\$ 3,775,298	\$ -	\$ 3,775,298
Direct Costs	(1,233,096)	-	(1,233,096)
Net Cookie Program Revenues	2,542,202	-	2,542,202
Fall Products Program:			
Sales	311,920	-	311,920
Direct Costs	(160,547)	-	(160,547)
Net Fall Products Program Revenues	151,373	-	151,373
Store Merchandise:			
Sales	370,158	-	370,158
Direct Costs	(216,328)	-	(216,328)
Net Store Merchandise Revenues	153,830	-	153,830
Program Fees	346,028	-	346,028
United Way Allocations and Grants	100,501	84,057	184,558
Contributions and Other Grants	240,618	77,077	317,695
Interest and Dividend Income	61,579	-	61,579
Net Realized and Unrealized Loss	(115,131)	-	(115,131)
Change in Beneficial Interest in Assets			
Held by Others	-	(13,600)	(13,600)
In-Kind Contributions	1,777	-	1,777
Other Income	15,500	-	15,500
	<u>3,498,277</u>	<u>147,534</u>	<u>3,645,811</u>
Net Assets Released from Restrictions:			
United Way	124,846	(124,846)	-
Other Contributions and Grants	58,894	(58,894)	-
Scholarships from Beneficial Interests	7,300	(7,300)	-
Total Net Assets Released from Restrictions	<u>191,040</u>	<u>(191,040)</u>	<u>-</u>
 Total Revenues, Gains, and Other Support	 3,689,317	 (43,506)	 3,645,811
<b>EXPENSES</b>			
Program Services	2,984,994	-	2,984,994
Management and General	526,924	-	526,924
Fund Development	312,932	-	312,932
Total Expenses	<u>3,824,850</u>	<u>-</u>	<u>3,824,850</u>
 <b>CHANGE IN NET ASSETS</b>	 (135,533)	 (43,506)	 (179,039)
Net Assets - Beginning of Year	<u>12,807,076</u>	<u>378,430</u>	<u>13,185,506</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 12,671,543</u>	 <u>\$ 334,924</u>	 <u>\$ 13,006,467</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services			Total Program Services	Management and General	Fund Development	Total
	Girl Scout Leadership Experience	Membership Engagement	Camp and Outdoor Experience				
Salaries, Benefits, and Payroll Taxes	\$ 670,194	\$ 674,336	\$ 324,835	\$ 1,669,365	\$ 359,610	\$ 219,254	\$ 2,248,229
Facilities and Maintenance	44,168	48,436	106,918	199,522	13,079	3,110	215,711
Purchased Services	94,506	14,665	24,531	133,702	53,336	7,338	194,376
Supplies	172,085	22,987	57,263	252,335	4,369	4,027	260,731
Telecommunications	16,694	9,572	7,766	34,032	4,525	1,403	39,960
Postage	19,847	345	773	20,965	958	2,558	24,481
Equipment Purchase, Rental, and Maintenance	10,064	29,434	14,804	54,302	11,217	5,152	70,671
Printing and Publications	57,333	14	10	57,357	1,615	8,115	67,087
Travel	12,429	18,873	26,589	57,891	3,668	1,688	63,247
Conferences and Meetings	3,898	6,825	1,774	12,497	7,419	4,657	24,573
Specific Assistance	28,782	18,118	7,450	54,350	-	-	54,350
Dues	280	377	1,401	2,058	2,224	2,105	6,387
Insurance	2,326	3,209	41,547	47,082	16,013	820	63,915
Bad Debts	9,440	-	-	9,440	-	-	9,440
Interest	-	-	68,538	68,538	-	-	68,538
Miscellaneous	20,423	2,185	7,264	29,872	24,989	11,627	66,488
Total	<u>1,162,469</u>	<u>849,376</u>	<u>691,463</u>	<u>2,703,308</u>	<u>503,022</u>	<u>271,854</u>	<u>3,478,184</u>
Depreciation	16,954	23,736	298,394	339,084	14,429	7,215	360,728
Total Expenses	1,179,423	873,112	989,857	3,042,392	517,451	279,069	3,838,912
Less: Direct Costs Deducted from Revenue	<u>1,576,311</u>	<u>-</u>	<u>-</u>	<u>1,576,311</u>	<u>-</u>	<u>-</u>	<u>1,576,311</u>
Total Net Expenses	<u>\$ 2,755,734</u>	<u>\$ 873,112</u>	<u>\$ 989,857</u>	<u>\$ 4,618,703</u>	<u>\$ 517,451</u>	<u>\$ 279,069</u>	<u>\$ 5,415,223</u>

See accompanying Notes to Financial Statements.



**GIRL SCOUTS, HORNETS' NEST COUNCIL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	Program Services			Total Program Services	Management and General	Fund Development	Total
	Girl Scout Leadership Experience	Membership Engagement	Camp and Outdoor Experience				
Salaries, Benefits, and Payroll Taxes	\$ 691,374	\$ 728,095	\$ 242,105	\$ 1,661,574	\$ 372,184	\$ 279,021	\$ 2,312,779
Facilities and Maintenance	62,423	45,784	57,715	165,922	14,803	3,047	183,772
Purchased Services	95,801	15,763	22,186	133,750	36,101	5,323	175,174
Supplies	178,669	27,974	56,253	262,896	6,493	6,639	276,028
Telecommunications	13,676	13,102	13,262	40,040	4,208	2,338	46,586
Postage	15,322	3,608	2,538	21,468	672	467	22,607
Equipment Purchase, Rental, and Maintenance	9,558	30,149	22,457	62,164	9,929	5,731	77,824
Printing and Publications	32,840	15,851	20	48,711	514	230	49,455
Travel	19,085	16,020	15,337	50,442	1,470	2,334	54,246
Conferences and Meetings	2,829	3,473	1,026	7,328	3,238	2,468	13,034
Specific Assistance	62,297	16,594	3,445	82,336	-	-	82,336
Dues	1,158	1,193	1,353	3,704	2,187	4,021	9,912
Insurance	2,990	3,327	36,527	42,844	18,611	-	61,455
Bad Debts	7,562	-	-	7,562	-	175	7,737
Interest	-	-	67,423	67,423	-	-	67,423
Miscellaneous	18,222	2,030	5,146	25,398	23,022	1,138	49,558
Total	<u>1,213,806</u>	<u>922,963</u>	<u>546,793</u>	<u>2,683,562</u>	<u>493,432</u>	<u>312,932</u>	<u>3,489,926</u>
Depreciation	21,100	24,115	256,217	301,432	33,492	-	334,924
Total Expenses	1,234,906	947,078	803,010	2,984,994	526,924	312,932	3,824,850
Less: Direct Costs Deducted from Revenue	<u>1,609,971</u>	<u>-</u>	<u>-</u>	<u>1,609,971</u>	<u>-</u>	<u>-</u>	<u>1,609,971</u>
Total Net Expenses	<u>\$ 2,844,877</u>	<u>\$ 947,078</u>	<u>\$ 803,010</u>	<u>\$ 4,594,965</u>	<u>\$ 526,924</u>	<u>\$ 312,932</u>	<u>\$ 5,434,821</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 193,547	\$ (179,039)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Bad Debt Expense	9,440	7,737
Amortization of Financing Costs	3,946	3,947
Net Change in Fair Value of Investments	(192,234)	115,131
Net Change in Beneficial Interest in Assets Held by Others	(26,575)	13,600
Depreciation	360,728	334,924
Loss on Disposal of Property and Equipment	1,521	1,381
Contributions Restricted for Permanent Investment	(1,500)	(1,200)
(Increase) Decrease in Assets:		
Pledges Receivable	(94,376)	55,202
Other Receivables	(20,527)	(26,632)
Inventory - Store	(11,162)	3,648
Prepaid Expenses	(8,872)	(3,602)
Increase (Decrease) in Liabilities:		
Accounts Payable	13,342	59,073
Deferred Revenue	(67,325)	(58,820)
Accrued Liabilities	(21,509)	25,145
Net Cash Provided by Operating Activities	138,444	350,495
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales or Maturities of Investments	421,692	594,976
Proceeds from Sales of Property and Equipment	3,800	-
Distribution from Beneficial Interest in Assets Held by Others	7,150	7,300
Additions to Beneficial Interest in Assets Held by Others	(1,601)	(2,350)
Purchases of Investments	(499,658)	(638,511)
Purchases of Land, Buildings, and Equipment	(350,892)	(174,602)
Net Cash Used in Investing Activities	(419,509)	(213,187)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Permanent Investment	1,500	1,200
Principal Payments on Long-Term Debt	(69,308)	(66,424)
Net Cash Used in Financing Activities	(67,808)	(65,224)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(348,873)	72,084
Cash and Cash Equivalents - Beginning of Year	1,474,563	1,402,479
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,125,690	\$ 1,474,563
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Purchase of Equipment in Accounts Payable at Year-End	\$ -	\$ 12,526

See accompanying Notes to Financial Statements.

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Girl Scouts, Hornets' Nest Council (the Council) is a nonprofit corporation, chartered by the Girl Scouts of the United States of America, which provides programs for girls ages 5 to 17 in the North Carolina counties of Mecklenburg, Anson, Rowan, Montgomery, Cabarrus, Union, and Stanly, and the South Carolina county of York.

**Basis of Presentation**

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 (GAAP). Net assets and related revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Council's financial statements reflect the application of Topic 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Council's reported historical revenue.

The Council has adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Council's financial reporting.

The Council's financial statements reflect the application of Topic 605 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2018-08 did not significantly impact the Council's reported historical revenue.

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Council considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except funds included in long-term investments.

The Council maintains its cash and cash equivalents on deposit in various financial institutions. These balances are insured by the Federal Deposit Insurance Company (FDIC). Demand deposits with financial institutions exceed federally insured amounts throughout the year. Historically, the Council has not experienced any losses on such deposits.

The Council invests its excess cash in interest-bearing demand deposits and temporary cash management funds with various banks. These deposits have a maturity of 90 days or less and bear minimal risk. The Council has not experienced any losses on its deposits, accounts, or cash management funds.

**Contributions and Grants Receivable**

Unconditional promises to give that are expected to be collected in the next year are recorded at their net realizable value. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Conditional contributions whose conditions are met in the same reporting period in which they are received are reported as unconditional contributions.

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be conditional contributions, revenue from grants are recorded at the time the conditions on which they depend have been met. The Council expects to collect all outstanding balances. Accordingly, there was no allowance for uncollectible pledges at either December 31, 2019 or 2018.

**Inventory**

Store inventory, consisting mostly of uniforms, badges, and other supplies, is valued at the lower of cost or market, with cost determined on an average cost basis.

**Investments**

Investments are presented in the financial statements at fair value determined in accordance with Topic 820, *Fair Value Measurement*, of the FASB ASC. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**GIRL SCOUTS, HORNETS' NEST COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

The Council's investments include various types of investment securities which are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect amounts reported in the financial statements.

**Beneficial Interest in Assets Held by Others**

The majority of assets held by others represent endowments invested at the Foundation for the Carolinas (the Foundation) with the earnings to be used for scholarships for Girl Scouts attending an institution of higher learning. Distributions are determined by the Foundation using 4.75% of the average market value of the invested assets for the years ended December 31, 2019 and 2018. Distributions for both the years ended December 31, 2019 and 2018 were approximately \$7,000. Until the amounts are spent by the Council, the distributions will remain in net assets with donor restrictions. The assets held by others are measured at fair value with the change recorded in the statements of activities as net assets with donor restrictions gains and losses. Additional contributions to the scholarship fund are reported as increases in net assets with donor restrictions in the period received.

**Land, Buildings, and Equipment**

Individual assets costing more than \$500 with a useful life of twelve months or more are capitalized. Land, buildings, and equipment are stated at cost for purchased items and at estimated fair market value at the date received for donated items. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range between 5 and 50 years. The cost of maintenance and repairs are charged to expense as incurred.

The cost and accumulated depreciation of land, buildings, and equipment are eliminated from the accounts upon disposal, and any resulting gain or loss is included in the change in net assets in the accompanying statements of activities. Long-lived assets held and used by the Council are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable.

**Property Held for Sale**

Property held for sale consists of land no longer utilized by the Council that are marketed for sale.

**Refundable Advances and Deferred Revenue**

Refundable advances represent advances from third parties that require the Council to achieve certain objectives. Should the Council not achieve these objectives, the funds would be returned to the third party. Deferred revenue represents program fees collected in advance of the services being performed and certain grants based on the provisions of the grant agreements.

**GIRL SCOUTS, HORNETS' NEST COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Refundable Advances and Deferred Revenue (Continued)**

In accordance with FASB ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost*, the Council presents debt issuance costs as a direct deduction from the face amount of the related borrowings, amortizes debt issuance costs using the effective interest method over the life of the debt, and records the amortization as a component of interest expense.

**Net Assets**

Net assets of the Council and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed stipulations. From time to time, the board of directors may designate certain amounts to be utilized/invested to meet specific objectives of the Council.

**Net Assets With Donor Restrictions**

Net assets subject to donor restrictions that are either restricted in perpetuity, time restricted, or restricted for certain purposes.

Contributions and other assets are recognized as increases in net assets with donor restrictions if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these donor restricted assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period in which they are received are reported as net assets without donor restrictions.

**Contribution Revenue**

Contributions, including unconditional promises to give, are recognized as revenues in the period in which the Council becomes aware of the promise to give or receives the contribution. Contributions of assets other than cash are recorded at their estimated fair value.

**Revenue Recognition**

Cookie and fall product sales, which consist of magazines, candy, and nuts, are recognized upon receipt of the deposits at the Council. Store sales and council service fees are recognized at the point of sale. Program fees and property rental fees are recognized at the point of sale unless the program or rental will not occur until the next fiscal year, then unearned program or rental revenue is reflected as deferred revenue on the statement of financial position. Cookie and fall product sales, store sales, council service fees, program fees and property rental fees are all recognized as revenue at a point in time.

**Donated Services**

The Council records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**GIRL SCOUTS, HORNETS' NEST COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services (Continued)**

A number of unpaid volunteers, who serve in the capacity of board members, troop leaders, service unit managers and other leadership roles, have made significant contributions of their time in the furtherance of the Council's programs. The value of this contributed time is not reflected in these financial statements because it does not meet the above recognition criteria.

The Council received professional services which do meet the above criteria and are, therefore, recorded as contributed services and included in contributions in the statements of activities. Contributed professional services were approximately \$2,000 and \$1,000 for the years ended December 31, 2019 and 2018, respectively.

**Income Taxes**

The Council is a nonprofit organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from income taxes on all income related to its exempt purpose. Management believes that the Council continues to satisfy the requirements of a tax-exempt organization. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Council follows the FASB guidance on accounting for uncertainty in income taxes which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Council's policy is to record a liability for any tax position taken that is beneficial to the Council, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2019 or 2018.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs, such as depreciation, insurance, and departmental expenses charged to office support and corporate departments, have been allocated among the program and supporting services benefited based on staff utilization or management's estimates of time spent, square footage, or other various allocation methods appropriate to the type of expense.

**Reclassifications**

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation, with no effect on the previously reported net assets or change in net assets.

**Subsequent Events**

The Council has evaluated its subsequent events through March 26, 2020, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

**GIRL SCOUTS, HORNETS' NEST COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in the update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The guidance is required to be applied by the Council for the year ended December 31, 2021; however, early application is permitted. The Council is currently evaluating the effect that the standard will have on the financial statements.

**NOTE 2 PLEDGES RECEIVABLE**

As of December 31, 2019 and 2018, pledges receivable consist of the following:

	2019	2018
United Way Receivable	\$ 92,675	\$ 84,057
Other Contributions Receivable	80,659	4,341
Total Contributions and Grants Receivable	\$ 173,334	\$ 88,398

All pledges receivable are expected to be received within one year.

**NOTE 3 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Council holds beneficial interests in assets transferred to the Foundation. The transfers were irrevocable, and the distributions are subject to the spending policy of the Foundation. The assets held by the Foundation are recorded at fair value and are invested in a commingled pool, which includes investments in large and small cap equity funds, international equities, hedge funds, alternative investments, and fixed income funds. The Council records its beneficial interest in assets held by the Foundation based on the estimated fair value as provided by the Foundation.

**NOTE 4 INVESTMENTS**

The composition of investments at December 31, 2019 and 2018, is as follows:

	2019	2018
Money Market and Cash Sweep Accounts	\$ 16,964	\$ 70,526
Exchange Traded Funds	2,071,849	1,748,087
Total	\$ 2,088,813	\$ 1,818,613



**GIRL SCOUTS, HORNETS' NEST COUNCIL  
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DECEMBER 31, 2019 AND 2018**

**NOTE 4 INVESTMENTS (CONTINUED)**

Income on investments is comprised of the following for the years ended December 31:

	2019	2018
Interest and Dividends	\$ 64,890	\$ 61,579
Net Realized and Unrealized Gain (Loss)	192,234	(115,131)
Total	\$ 257,124	\$ (53,552)

**NOTE 5 FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets at the measurement date.

*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 observable market data by correlation or other means.

*Level 3* – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

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.

In determining fair value, the Council uses valuation approaches within the FASB ASC 820 fair value measurement framework and utilizes the end of reporting period for determining when transfers between levels are recognized. The following is a description of the valuation methodologies used for instruments measured at fair value and their classification within the hierarchy.

**Exchange Traded Funds**

Exchange traded funds listed on national markets or exchanges are valued at the last sales price, or if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Beneficial Interest in Assets Held by Others**

Such interest is recorded based on the estimated value of the Council's interest in the assets held by the Foundation. The Council's interest is classified within Level 3 of the valuation hierarchy.

The following tables set forth, by level within the fair value hierarchy, the Council's assets measured at fair value subsequent to initial recognition on a recurring basis.

	2019			Total
	Level 1	Level 2	Level 3	
Exchange Traded Funds:				
Fixed Income	\$ 1,388,181	\$ -	\$ -	\$ 1,388,181
U.S. Equity	449,216	-	-	449,216
Non U.S. Equity	187,711	-	-	187,711
Real Estate	46,032	-	-	46,032
Other Equity	709	-	-	709
Total Investments at Fair Value	<u>\$ 2,071,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,071,849</u>
Beneficial Interest in Assets Held by Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,320</u>	<u>\$ 183,320</u>

The Council had \$16,964 of cash included with investments as of December 31, 2019 which is not included in the fair value hierarchy.

	2018			Total
	Level 1	Level 2	Level 3	
Exchange Traded Funds:				
Fixed Income	\$ 1,207,754	\$ -	\$ -	\$ 1,207,754
U.S. Equity	397,315	-	-	397,315
Non U.S. Equity	110,512	-	-	110,512
Real Estate	29,695	-	-	29,695
Other Equity	2,811	-	-	2,811
Total Investments at Fair Value	<u>\$ 1,748,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,748,087</u>
Beneficial Interest in Assets Held by Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,294</u>	<u>\$ 162,294</u>

The Council had \$70,526 of cash included with investments as of December 31, 2018 which is not included in the fair value hierarchy.

**GIRL SCOUTS, HORNETS' NEST COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Beneficial Interest in Assets Held by Others (Continued)**

The table below sets forth a summary of changes in the fair value of the Council's Level 3 assets for the years ended December 31, 2019 and 2018:

	Beneficial Interest in Assets Held by Others
Balance - January 1, 2018	\$ 180,844
Change in Value of Beneficial Interests	(13,600)
Scholarships from Beneficial Interests	(7,300)
Contributions to Beneficial Interests	<u>2,350</u>
Balance - December 31, 2018	162,294
Change in Value of Beneficial Interests	26,575
Scholarships from Beneficial Interests	(7,150)
Contributions to Beneficial Interests	<u>1,601</u>
Balance - December 31, 2019	<u><u>\$ 183,320</u></u>

The contributions to beneficial interests above differ from contributions restricted for permanent investment presented on the statements of cash flows due to contributions that had been received by the Council but not deposited with the Foundation.

**NOTE 6 LAND, BUILDINGS, AND EQUIPMENT AND PROPERTY HELD FOR SALE**

Land, buildings, and equipment are comprised of the following as of December 31:

	2019	2018
Land and Improvements	\$ 7,792,875	\$ 7,752,569
Buildings and Camp Facilities	5,188,471	4,940,660
Furniture, Fixtures, and Equipment	909,482	855,388
Transportation Equipment	<u>278,848</u>	<u>270,001</u>
Total	14,169,676	13,818,618
Less: Accumulated Depreciation	<u>(3,823,087)</u>	<u>(3,498,383)</u>
Total	10,346,589	10,320,235
Construction in Progress	-	54,037
Land, Buildings, and Equipment, Net	<u><u>\$ 10,346,589</u></u>	<u><u>\$ 10,374,272</u></u>

The Council's Camp Catawba is no longer utilized and is being marketed for sale. The basis of those assets of \$808,300 has been segregated from land, buildings, and equipment and is presented in the statements of financial position as property held for sale.

Construction in progress at December 31, 2018 consisted primarily of land improvement projects related to the Wonders of Water and Wildlife Nature Trail and improvements to the Oak Springs location. There was no construction in progress at December 31, 2019 as all projects were placed into service during the year then ended.

**GIRL SCOUTS, HORNETS' NEST COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 7 LONG-TERM DEBT**

Long-term debt at December 31, 2019 and 2018 consisted of the following:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Facility No. 1: Payments due in monthly installments through February 2026, at which time the entire outstanding balance is due; interest rate is fixed rate of 3.89% per year; collateralized by real property "Administrative Facilities."	\$ 693,863	\$ 723,770
Facility No. 2: Payments due in monthly installments through February 2021, at which time the entire outstanding balance is due; interest rate is LIBOR Daily Floating Rate plus 2.0% (3.79% at December 31, 2019); collateralized by real property "Camp Catawba Property."	<u>828,877</u>	<u>868,278</u>
Total Long-Term Debt	1,522,740	1,592,048
Less: Current Portion	(72,244)	(69,309)
Less: Deferred Financing Costs	<u>(10,018)</u>	<u>(13,964)</u>
Long-Term Debt, Net	<u>\$ 1,440,478</u>	<u>\$ 1,508,775</u>

Maturities of long-term debt for the next five years ending December 31, and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 72,244
2021	820,019
2022	33,654
2023	35,005
2024	36,349
Thereafter	<u>525,468</u>
Total	<u>\$ 1,522,740</u>

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 NET ASSETS**

Net assets without donor restrictions consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Board Designated for:		
Operating Reserves	\$ 2,239,370	\$ 2,231,163
Capital Project	198,591	401,126
Undesignated	<u>10,366,471</u>	<u>10,039,254</u>
Total	<u>\$ 12,804,432</u>	<u>\$ 12,671,543</u>
Portion Representing Net Equity in Land, Buildings, and Equipment	<u>\$ 9,632,149</u>	<u>\$ 9,590,524</u>

Net assets with donor restrictions consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specific purpose:		
Outreach Programs for Cabarrus County	\$ 62,000	\$ 55,269
Financial Literacy Program	22,595	12,596
Other	28,833	15,267
Subject to Passage of Time:		
United Way	92,675	84,057
Pledges Receivable - Other	6,159	4,341
Accumulated Earnings and Corpus of Endowment Funds:	<u>183,320</u>	<u>163,394</u>
Total	<u>\$ 395,582</u>	<u>\$ 334,924</u>

During the years ended December 31, 2019 and 2018, net assets were released from donor restrictions due to the expiration of time and purpose restrictions as follows:

	<u>2019</u>	<u>2018</u>
Donor Restrictions Accomplished:		
Outreach Programs for Cabarrus County	\$ 55,269	\$ -
Financial Literacy Program	-	5,153
Other	16,267	27,250
Time Restrictions Expired:		
United Way	84,057	124,846
Pledges Receivable - Other	4,341	26,491
Release for Appropriated Endowment Returns	<u>7,150</u>	<u>7,300</u>
Total Net Assets Released from Restrictions	<u>\$ 167,084</u>	<u>\$ 191,040</u>

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 SALES REVENUES AND COSTS**

The following is a summary of sales revenue and related direct costs for the years ended December 31, 2019 and 2018:

	2019			
	Sales*	Direct Costs	Net	Margin
Cookie Program	\$ 3,700,548	\$ 1,210,966	\$ 2,489,582	67.3%
Fall Products	308,342	153,705	154,637	50.2
Store Merchandise	368,060	211,640	156,420	42.5
Total	\$ 4,376,950	\$ 1,576,311	\$ 2,800,639	64.0%
	2018			
	Sales*	Direct Costs	Net	Margin
Cookie Program	\$ 3,775,298	\$ 1,233,096	\$ 2,542,202	67.3%
Fall Products	311,920	160,547	151,373	48.5
Store Merchandise	370,158	216,328	153,830	41.6
Total	\$ 4,457,376	\$ 1,609,971	\$ 2,847,405	63.9%

\* Cookie program and fall product sales are reported net of proceeds retained by Girl Scout troops.

**NOTE 10 EMPLOYEE BENEFIT PLAN**

The Council has a defined contribution Retirement Savings Plan (the Plan) under Section 403(b) of the Internal Revenue Code. Employees may make pretax contributions not to exceed the amount set by law. The Council contributes a percent of annual salary when an employee becomes eligible to participate in the Plan after one year of service. Employees are fully vested after four years of service. The Council's contributions to the Plan were approximately \$88,000 and \$103,000 in 2019 and 2018, respectively.

**NOTE 11 LEASES**

The Council leases equipment under various operating leases. Lease expense for the years ended December 31, 2019 and 2018, was approximately \$15,000 and \$17,000, respectively. Future minimum lease payments under such agreements are as follows:

Year Ending December 31,	Amount
2020	\$ 7,830

**GIRL SCOUTS, HORNETS' NEST COUNCIL  
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**NOTE 12 RELATED PARTY TRANSACTIONS**

The Council is an affiliate of Girl Scouts USA (GSUSA), which is a distributor of official Girl Scout paraphernalia. Membership dues, technology services, and inventory purchases from GSUSA totaled approximately \$251,000 and \$293,000 in 2019 and 2018, respectively. As of December 31, 2019, the Council owed GSUSA approximately \$4,000 for inventory purchases. As of December 31, 2018, the Council owed GSUSA approximately \$4,000 for membership dues and \$17,000 for technology services. These amounts are presented in accounts payable or accrued liabilities in the statements of financial position.

**NOTE 13 DONOR ENDOWMENT**

The Council's endowment consists of two individual funds established for different purposes by donors. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors of the Council has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund. In accordance with the Act, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Council and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Council.
7. The investment policies of the Council.

**GIRL SCOUTS, HORNETS' NEST COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 13 DONOR ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

Endowments are held and invested at the Foundation. The endowments are classified as net assets with donor restrictions until the spendable balance is appropriated for expenditure by the Council. The activity from the endowments is reported as changes in beneficial interest in assets held by others. Additional contributions to the funds are reported as increases in net assets with donor restrictions in the period received.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Council to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of December 31, 2019 or 2018.

**Return Objectives and Risk Parameters**

The Council 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, the Council made investment elections when the funds were initially transferred to the Foundation. Those elections were done in a manner to reflect the Council's objectives and goals with regard to endowment investing. The Council expects its endowment funds, over time, to provide an average rate of return of approximately 4.75%. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

The endowment assets are expected to endure in perpetuity and inflation is a key component in the Council's investment objective; therefore, the Council believes that investing in assets with higher return expectations outweighs their short-term volatility risk. The Council 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.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The spending amount for the endowments is at the discretion of the Foundation, and for the majority of the assets is currently established to be at 4.75% of the average market value of the assets invested. The Council's election with the Foundation states that the donor allows for appropriation from an endowment with a balance below the amount required to be maintained in perpetuity; however, the Council's practice has been to forego distributions and use other Council assets to fund scholarships.



**GIRL SCOUTS, HORNETS' NEST COUNCIL  
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**NOTE 13 DONOR ENDOWMENT (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy  
(Continued)**

Changes in donor endowment net assets for the year ended December 31, 2019 is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets -			
Beginning of Year	\$ -	\$ 162,294	\$ 162,294
Investment Return	-	26,575	26,575
Contributions	-	1,601	1,601
Appropriation for Expenditure	-	(7,150)	(7,150)
Endowment Net Assets -			
End of Year	<u>\$ -</u>	<u>\$ 183,320</u>	<u>\$ 183,320</u>

Changes in donor endowment net assets for the year ended December 31, 2018 is as follows:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets -			
Beginning of Year	\$ -	\$ 180,844	\$ 180,844
Investment Return	-	(13,600)	(13,600)
Contributions	-	2,350	2,350
Appropriation for Expenditure	-	(7,300)	(7,300)
Endowment Net Assets -			
End of Year	<u>\$ -</u>	<u>\$ 162,294</u>	<u>\$ 162,294</u>

**NOTE 14 LIQUIDITY**

The Council has a governing board-designated reserve with the objective of setting funds aside to be drawn upon in the event of financial distress causing an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. The Council's policy is to maintain an operating reserve calculated as total unrestricted net assets less equity in net fixed assets less board-designated funds for specific purposes at a target minimum of 7 months operating expenses at year end. GSUSA recommends a reserve equal to a minimum of 6 months. The Council's minimum target was determined based on management's judgment about the appropriate amount of funds to have set aside in addition to working capital. The operating reserve funds are held in lower-risk interest-bearing/earnings credit cash accounts, fixed-income securities, and equities. The operating reserve balance is included in the cash and cash equivalents and investments lines on the statements of financial position. At December 31, 2019 and 2018, the Council had an operating reserve of \$2,239,370 and \$2,231,163, respectively, which is the equivalent of the target minimum of 7 months. The Council exceeded its target minimum at December 31, 2019 and 2018 by an additional \$734,234 and \$448,731, respectively.

**GIRL SCOUTS, HORNETS' NEST COUNCIL**  
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**NOTE 14 LIQUIDITY (CONTINUED)**

The Council's financial assets available within one year of the statements of financial position for general expenditures are as follows:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,125,690	\$ 1,474,563
Investments	2,088,813	1,818,613
Less: Net Assets with Donor Restrictions Subject to Expenditure for Specific Purpose	(113,428)	(83,132)
Less: Board Designated Net Assets	<u>(2,437,961)</u>	<u>(2,632,289)</u>
Total Net Financial Assets Available to Meet Liquidity Needs	663,114	577,755
Plus: Additional Resources Available to Meet Liquidity Needs Board Designated Net Assets - Operating Reserves	<u>2,239,370</u>	<u>2,231,163</u>
Total Resources Available to Meet Liquidity Needs	<u>\$ 2,902,484</u>	<u>\$ 2,808,918</u>

**NOTE 15 SUBSEQUENT EVENT**

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Council, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to additional costs for emergency preparedness or loss of revenue due to reductions in certain revenue streams. Management believes the Council is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2019.

During the period from January 1, 2020 through March 26, 2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended December 31, 2019.

