



GIRL SCOUTS OF CENTRAL INDIANA, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

September 30, 2022 and 2021

GIRL SCOUTS OF CENTRAL INDIANA, INC.

CONTENTS

	Page
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-23



Independent Auditor's Report

To the Board of Directors
Girl Scouts of Central Indiana, Inc.

Opinion

We have audited the accompanying financial statements of Girl Scouts of Central Indiana, Inc., which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Central Indiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Girl Scouts of Central Indiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Central Indiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
February 8, 2023

GIRL SCOUTS OF CENTRAL INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2022 and 2021

	ASSETS	
	2022	2021
ASSETS		
Cash and equivalents	\$ 963,172	\$ 1,614,787
Cash restricted for long-term purposes	47,030	40,470
ERC receivable	638,100	741,748
Program advances	158,359	
Pledges receivable, net	56,940	108,663
Inventories, net	204,373	326,854
Prepaid expenses	162,209	81,113
Investments - held for endowment	8,237,564	10,195,398
Investments	9,138,033	8,152,789
Beneficial interest in assets held by others	115,702	138,998
Beneficial interest in perpetual trust	340,730	436,125
Other assets	72,070	49,140
Land, buildings, and equipment, net	<u>9,926,457</u>	<u>10,214,870</u>
TOTAL ASSETS	<u><u>\$ 30,060,739</u></u>	<u><u>\$ 32,100,955</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 270,406	\$ 289,955
Accrued expenses	404,338	268,295
Due to Girl Scouts USA	48,023	23,939
Deferred revenue	29,820	31,732
Capital lease payable	32,027	41,745
Long-term debt, net	2,943,742	3,197,546
Annuity payment liability	20,938	26,403
Total Liabilities	<u>3,749,294</u>	<u>3,879,615</u>
NET ASSETS		
Without donor restrictions	17,298,800	16,838,183
With donor restrictions:		
Purpose restrictions	194,351	511,634
Perpetual in nature	8,818,294	10,871,523
Total Net Assets	<u>26,311,445</u>	<u>28,221,340</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 30,060,739</u></u>	<u><u>\$ 32,100,955</u></u>

See accompanying notes.

GIRL SCOUTS OF CENTRAL INDIANA, INC.

STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Public support:			
Contributions and grants	\$ 342,764	\$ 161,286	\$ 504,050
United Way allocations	133,296		133,296
Contributions - private grant	2,400,000		2,400,000
	<u>2,876,060</u>	<u>161,286</u>	<u>3,037,346</u>
Product sales	9,991,118		9,991,118
Less: Cost of sales	(2,865,641)		(2,865,641)
	<u>7,125,477</u>		<u>7,125,477</u>
Other revenues:			
Retail sales, net	79,050		79,050
Program service fees	571,370		571,370
Special events, net	164,430		164,430
Investment return	(926,136)	(1,615,958)	(2,542,094)
Change in value of beneficial interest in assets held by others	(90,474)		(90,474)
Change in value of beneficial interest in perpetual trust		(95,395)	(95,395)
Other revenue	157,355		157,355
	<u>9,957,132</u>	<u>(1,550,067)</u>	<u>8,407,065</u>
Net assets released from restrictions	820,445	(820,445)	
Total Revenues and Other Support	<u>10,777,577</u>	<u>(2,370,512)</u>	<u>8,407,065</u>
EXPENSES			
Program services	8,208,963		8,208,963
General and administrative	1,462,638		1,462,638
Fundraising	645,359		645,359
Total Expenses	<u>10,316,960</u>		<u>10,316,960</u>
CHANGE IN NET ASSETS	<u>460,617</u>	<u>(2,370,512)</u>	<u>(1,909,895)</u>
NET ASSETS			
Beginning of Year	<u>16,838,183</u>	<u>11,383,157</u>	<u>28,221,340</u>
End of Year	<u>\$ 17,298,800</u>	<u>\$ 9,012,645</u>	<u>\$ 26,311,445</u>

See accompanying notes.

GIRL SCOUTS OF CENTRAL INDIANA, INC.

STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Public support:			
Contributions and grants	\$ 395,646	\$ 838,616	\$ 1,234,262
United Way allocations	108,023		108,023
Paycheck Protection Program grant income	1,213,293		1,213,293
Employee Retention Credits	1,035,684		1,035,684
	<u>2,752,646</u>	<u>838,616</u>	<u>3,591,262</u>
Product sales	8,519,953		8,519,953
Less: Cost of sales	<u>(2,568,795)</u>		<u>(2,568,795)</u>
	<u>5,951,158</u>		<u>5,951,158</u>
Other revenues:			
Retail sales, net	115,166		115,166
Program service fees	389,466		389,466
Special events, net	198,204		198,204
Investment return	901,700	1,707,672	2,609,372
Change in value of beneficial interest in perpetual trust		42,938	42,938
Change in value of beneficial interest in assets held by others	30,099		30,099
Other revenue	180,427		180,427
	<u>10,518,866</u>	<u>2,589,226</u>	<u>13,108,092</u>
Net assets released from restrictions	<u>848,128</u>	<u>(848,128)</u>	
Total Revenues and Other Support	<u>11,366,994</u>	<u>1,741,098</u>	<u>13,108,092</u>
EXPENSES			
Program services	8,146,872		8,146,872
General and administrative	1,399,209		1,399,209
Fundraising	679,789		679,789
Total Expenses	<u>10,225,870</u>		<u>10,225,870</u>
CHANGE IN NET ASSETS	<u>1,141,124</u>	<u>1,741,098</u>	<u>2,882,222</u>
NET ASSETS			
Beginning of Year	<u>15,697,059</u>	<u>9,642,059</u>	<u>25,339,118</u>
End of Year	<u>\$ 16,838,183</u>	<u>\$ 11,383,157</u>	<u>\$ 28,221,340</u>

See accompanying notes.

GIRL SCOUTS OF CENTRAL INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2022

	Program Services	General and Administrative	Fundraising	Direct Benefit to Donors	Total
Salaries and benefits	\$ 4,861,511	\$ 973,499	\$ 364,106		\$ 6,199,116
Professional fees and services	88,910	171,824	117,422		378,156
Supplies and program expenses	958,556	27,502	16,232	\$ 10,400	1,012,690
Telecommunications	89,777	14,061	4,944		108,782
Product cost of sales	3,241,783				3,241,783
Occupancy	479,351	13,344	5,189		497,884
Equipment expense	192,759	15,023	61,452		269,234
Printing and publications	199,707	25,637	9,923		235,267
Travel and meetings	269,822	44,306	44,168		358,296
Awards, grants and assistance	158,282				158,282
Depreciation	566,380	26,110	10,975		603,465
Interest expense	9,851	88,346	1,387		99,584
Insurance	163,690	32,983	7,661		204,334
Other	170,367	30,003	1,900		202,270
TOTAL EXPENSES BY FUNCTION	11,450,746	1,462,638	645,359	10,400	13,569,143
Less: Expenses included with revenue and support on the statement of activities:					
Product cost of sales	(3,241,783)				(3,241,783)
Cost of direct benefits to donors				(10,400)	(10,400)
TOTAL EXPENSES	<u>\$ 8,208,963</u>	<u>\$ 1,462,638</u>	<u>\$ 645,359</u>	<u>\$ -</u>	<u>\$ 10,316,960</u>

See accompanying notes.

GIRL SCOUTS OF CENTRAL INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2021

	Program Services	General and Administrative	Fundraising	Direct Benefit to Donors	Total
Salaries and benefits	\$ 4,787,045	\$ 999,145	\$ 411,128		\$ 6,197,318
Professional fees and services	52,785	122,190	115,269		290,244
Supplies and program expenses	1,000,833	27,999	35,588		1,064,420
Telecommunications	118,486	14,549	5,127		138,162
Product cost of sales	2,807,389				2,807,389
Occupancy	600,567	33,960	5,126		639,653
Equipment expense	190,440	42,610	15,826		248,876
Printing and publications	271,275	29,017	28,473		328,765
Travel and meetings	207,247	19,729	43,603	\$ 17,280	287,859
Awards, grants and assistance	82,832				82,832
Depreciation	519,867	25,903	7,770		553,540
Interest expense	92,847	8,962	2,689		104,498
Insurance	180,310	31,132	6,237		217,679
Other	42,338	44,013	2,953		89,304
TOTAL EXPENSES BY FUNCTION	10,954,261	1,399,209	679,789	17,280	13,050,539
Less: Expenses included with revenue and support on the statement of activities:					
Product cost of sales	(2,807,389)				(2,807,389)
Cost of direct benefits to donors				(17,280)	(17,280)
TOTAL EXPENSES	<u>\$ 8,146,872</u>	<u>\$ 1,399,209</u>	<u>\$ 679,789</u>	<u>\$ -</u>	<u>\$ 10,225,870</u>

See accompanying notes.

GIRL SCOUTS OF CENTRAL INDIANA, INC.

STATEMENTS OF CASH FLOWS
Years Ended September 30, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ (1,909,895)	\$ 2,882,222
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation of property and equipment	603,465	553,540
Amortization of bond issuance costs	9,088	9,089
Net realized and unrealized (gain) loss on investments	2,665,550	(2,524,855)
Change in value of beneficial interest in funds held by others	90,474	(30,099)
Change in value of beneficial interest in perpetual trust	95,395	(42,938)
Contributions restricted for long-term investment		(100)
Change in assets and liabilities:		
ERC receivable	103,648	(741,748)
Program advances	(158,359)	
Pledges receivable	51,723	(15,233)
Inventories	122,481	152,529
Prepaid expenses	(81,096)	37,697
Other assets	(22,930)	(24,004)
Accounts payable and accrued expenses	116,494	101,539
Deferred revenue	(1,912)	(17,477)
Due to Girl Scouts USA	24,084	(8,805)
Net Cash Provided by Operating Activities	<u>1,708,210</u>	<u>331,357</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(315,052)	(369,034)
Purchases of investments	(10,951,466)	(12,332,984)
Proceeds from sales and maturities of investments	9,940,151	11,723,814
Net Cash Used by Investing Activities	<u>(1,326,367)</u>	<u>(978,204)</u>
FINANCING ACTIVITIES		
Principal payments on mortgages payable	(80,098)	(77,354)
Repayment on bonds payable	(171,065)	(165,850)
Repayments on auto loans	(11,728)	(10,656)
Repayment on capital lease obligations	(9,718)	(34,695)
Payment on annuity obligation	(5,465)	(5,013)
Draw on line of credit	250,000	200,000
Repayment on line of credit	(250,000)	(200,000)
Contributions restricted for long-term investment		100
Net Cash Used by Financing Activities	<u>(278,074)</u>	<u>(293,468)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	103,769	(940,315)
CASH AND EQUIVALENTS		
Beginning of Year	<u>3,004,023</u>	<u>3,944,338</u>
End of Year	<u>\$ 3,107,792</u>	<u>\$ 3,004,023</u>
CASH AND EQUIVALENTS		
Cash and equivalents	\$ 963,172	\$ 1,614,787
Cash restricted for long-term purposes	47,030	40,470
Cash equivalents included in investments	<u>2,097,590</u>	<u>1,348,766</u>
TOTAL CASH AND EQUIVALENTS	<u>\$ 3,107,792</u>	<u>\$ 3,004,023</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 90,497	\$ 95,410
Noncash financing activities:		
Long-term debt incurred for acquisition of equipment		50,516

See accompanying notes.

GIRL SCOUTS OF CENTRAL INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS September 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Girl Scouts of Central Indiana, Inc. (the Council) is the preeminent leadership development organization for girls and the leading authority on girls' healthy development. Girl Scouts builds girls of courage, confidence, and character, who make the world a better place. The Council is a non-profit organization chartered by Girl Scouts of the USA (GSUSA) to deliver local and regional program opportunities. The Council currently serves more than 17,000 girls and has 8,000 volunteers in 45 counties across central Indiana.

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Council to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of the Council's management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, and when a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions with donor restrictions associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash and Equivalents: For the purpose of the statements of cash flows, the Council considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Girl Scouts Service Units and Troops establish bank accounts under the Council's tax identification number. All funds are maintained for the benefit of the girls in the respective Service Units and Troops. These funds are not under the financial control of the Council and have not been included in the financial statements.

Investment Valuation and Income Recognition: Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of interest and dividend income and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Advances represent amounts due from a vendor of the Council as restitution for the vendor's failure to provide contracted services in 2022.

Pledges Receivable: Unconditional pledges receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Pledges receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors, historical experience, economic conditions, and other relevant factors.

Inventories: Girl Scout supplies and merchandise for resale are stated at the lower of cost or net realizable value on a first-in, first-out basis (FIFO). Inventory reserves totaled \$4,734 at September 30, 2022. Management determined that no reserve was necessary at September 30, 2021.

Land, Buildings and Equipment: Expenditures for land, buildings and equipment and items in excess of \$5,000 which substantially increase the useful lives of existing assets are capitalized at cost or at fair value at the date of the gift. Repairs and maintenance costs are expensed as incurred. Depreciation has been computed on straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives as follows:

Buildings and improvements	10-40 years
Furniture, fixtures and equipment	3-10 years
Transportation equipment	5 years

Leasehold improvements and capital leased assets are depreciated over the shorter of the asset's useful life or the lease term.

The Council's land, buildings and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of land, buildings and equipment were required in 2022 or 2021.

Beneficial Interest in Assets Held by Others: The Council maintains a quasi-endowment fund with a number of Community Foundations throughout the state. The original principal of the funds cannot be committed, granted or expended by the Community Foundations. Beneficial interest in assets held by others is reported at fair value in the statements of financial position. See Note 3 for discussion of fair value measurements. Beneficial interest in assets held by others is included in net assets without donor restrictions, and changes in value of the beneficial interest in trust is recognized in other revenues.

Beneficial Interest in Perpetual Trust: The Council is also the sole income beneficiary of a perpetual trust administered by an outside party. Under the terms of the trust, the Council has the irrevocable right to receive 100% of the income earned on the trust's assets in perpetuity, but will never receive the assets held in trust. The Council's beneficial interest in perpetual trust is presented at fair value. See Note 3 for discussion of fair value measurements. Beneficial interest in perpetual trust is included in net assets with donor restrictions, and changes in value of the beneficial interest in perpetual trust is recognized in other revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor’s obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. The Council had no outstanding conditional contributions as of September 30, 2022 and 2021.

For the year ended September 30, 2022, the Council received an unrestricted contribution from an individual donor’s private foundation totaling \$2,400,000, which accounted for approximately 22% of total revenue and support.

Product and Retail Sales: Product sales are recognized when such products are transferred to Girl Scout Troops. Revenue is recorded net of gross receipts allocated to troops and product and related costs. Retail sales, consisting of the sale of uniforms, pins, badges and other supplies, are recognized at the time of sale and are recorded net of cost of goods sold and product discounts. Program product sales, including the sale of Girl Scout Cookies, account for a significant portion of the Council’s revenue. All Girl Scout Cookies are purchased from one vendor.

Product sales consisted of the following for the year ended September 30, 2022 and 2021:

2022	Fall Sales	Cookie Sales	Total
Product sales	\$ 681,876	\$ 9,309,242	\$ 9,991,118
Cost of sales	<u>(303,798)</u>	<u>(2,561,843)</u>	<u>(2,865,641)</u>
Product sales, net	<u>\$ 378,078</u>	<u>\$ 6,747,399</u>	<u>\$ 7,125,477</u>
2021			
Product sales	\$ 608,820	\$ 7,911,133	\$ 8,519,953
Cost of sales	<u>(288,123)</u>	<u>(2,280,672)</u>	<u>(2,568,795)</u>
Product sales, net	<u>\$ 320,697</u>	<u>\$ 5,630,461</u>	<u>\$ 5,951,158</u>

Program Service Fees are recognized when such program services are provided. Program fees received in advance are classified as deferred revenue. Deferred revenue as of September 30, 2020 was \$49,209.

Special Events Revenue is considered an unconditional contribution, except for the portion related to the direct benefit being provided to the donors that is considered an exchange transaction. The contribution portion of the revenue is recognized when received, and the exchange transaction portion of the revenue is recognized when the event occurs.

Advertising: The Council expenses advertising costs as incurred and totaled \$25,806 in 2022 and \$38,931 in 2021.

Functional and Allocated Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific program or supporting service benefited. Expenses related to more than one function are allocated among program and support services based on occupied space (including interest, occupancy, and depreciation) or time spent by the Council’s staff (including salaries and benefits). General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: The Council is exempt from income taxes on income from related activities under Section 501(c)(3) of the U. S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Council is not considered to be a private foundation under Section 509(a) of the Internal Revenue Code.

The Council files U.S. federal and Indiana information returns. The Council is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before 2019. Management believes that the Council's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in a material change.

Reclassifications: Certain amounts in the 2021 financial statements have been reclassified to conform with the presentation of the 2022 financial statements.

Subsequent Events: The Council has evaluated the financial statements for subsequent events occurring through February 8, 2023, the date the financial statements were available to be issued. See Note 18.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The following reflects the Council's financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date:

	2022	2021
Cash and equivalents	\$ 963,172	\$ 1,614,787
Cash restricted for long-term purposes	47,030	40,470
ERC receivable	638,100	741,748
Pledges receivable, net	56,940	108,663
Investments	17,375,597	18,348,187
Beneficial interest in assets held by others	115,702	138,998
Beneficial interest in perpetual trust	340,730	436,125
Total Financial Assets	<u>19,537,271</u>	<u>21,428,978</u>
Donor-imposed Restrictions or Not Available for Withdrawal:		
Pledges receivable restricted by donors	(56,940)	(108,663)
Donor-restricted endowment funds	(8,237,564)	(10,195,398)
Beneficial interest in assets held by others	(115,702)	(138,998)
Beneficial interest in perpetual trust	<u>(340,730)</u>	<u>(436,125)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$10,786,335</u>	<u>\$ 10,549,794</u>

The Council has certain donor-restricted assets limited to use which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year.

As part of the Council's liquidity management plan, the Council invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Council maintains a \$2,000,000 line of credit which are available to meet unexpected liquidity needs. There was no outstanding balance on the line of credit as of September 30, 2022 and 2021.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Council has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy 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) and the lowest priority to unobservable inputs (Level 3). The asset 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 three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs to the valuation methodology may 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/or inputs that are derived principally from or corroborated by 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. In situations where there is little or no market activity for the asset or liability, the Council makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Council for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at September 30, 2022 and 2021.

Money Market Fund Shares: Valued at the closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

Equity Mutual Funds: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

Exchanged-traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds and Municipal Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Beneficial Interest in Assets Held by Others: Valued based on the Council's proportionate share of the fair value of the underlying investments in the Community Foundations' pooled investment portfolios as reported by the Community Foundations, without adjustment. The valuation methodology for the beneficial interest in assets held by others does not utilize any unobservable inputs.

Beneficial Interest in Perpetual Trust: Valued using the Council's proportionate share of the fair value of the assets in the trust, as provided by the trustee, unless there are facts and circumstances that indicate that the fair value of the beneficial interest differs from the fair value of the Council's proportionate share of the assets held by the trust, in which case the present value of the estimated future cash flows would be used. When the Council's proportionate share of the fair value of the assets in the trust is used to estimate fair value, these assets are not classified in the fair value hierarchy.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Council's assets that are measured at fair value on a recurring basis as of September 30, 2022 and 2021:

2022	Level 1	Level 2	Level 3	Total	Held at NAV
Assets					
Endowment Fund and Other Investments:					
Money market fund shares	\$ 2,097,590			\$ 2,097,590	
Equity mutual funds	9,565,604			9,565,604	
Exchanged-traded funds	695,400			695,400	
Corporate bonds		\$2,032,010		2,032,010	
Municipal bonds		2,984,993		2,984,993	
Beneficial Interest in Assets Held by Others			\$115,702	115,702	
Beneficial Interest in Perpetual Trust					<u>\$340,730</u>
Total	<u>\$12,358,594</u>	<u>\$5,017,003</u>	<u>\$115,702</u>	<u>\$17,491,299</u>	<u>\$340,730</u>
2021					
Assets					
Endowment Fund and Other Investments:					
Money market fund shares	\$ 1,348,766			\$ 1,348,766	
Equity mutual funds	13,404,280			13,404,280	
Exchanged-traded funds	829,943			829,943	
Corporate bonds		\$2,313,128		2,313,128	
Municipal bonds		452,070		452,070	
Beneficial Interest in Assets Held by Others			\$138,998	138,998	
Beneficial Interest in Perpetual Trust					<u>\$436,125</u>
Total	<u>\$15,582,989</u>	<u>\$2,765,198</u>	<u>\$138,998</u>	<u>\$18,487,185</u>	<u>\$436,125</u>

NOTE 4 - INVESTMENTS

The Council's investments at September 30, 2022 and 2021 are as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 2,097,590	\$ 2,097,590	\$ 1,348,766	\$ 1,348,766
Equity mutual funds	9,891,877	9,565,604	11,114,052	13,404,280
Exchange-traded funds	567,600	695,400	462,220	829,943
Corporate bonds	2,257,650	2,032,010	2,329,873	2,313,128
Municipal bonds	<u>3,235,934</u>	<u>2,984,993</u>	<u>448,339</u>	<u>452,070</u>
Total Investments	<u>\$18,050,651</u>	<u>\$17,375,597</u>	<u>\$15,703,250</u>	<u>\$18,348,187</u>

NOTE 4 - INVESTMENTS (CONTINUED)

Investment return is summarized as follows for the years ended September 30, 2022 and 2021:

	2022	2021
Interest and dividend income	\$ 289,887	\$ 243,080
Realized net gain on sales of investments	<u>559,046</u>	<u>1,475,055</u>
Total interest, dividends and realized gains	848,933	1,718,135
Brokerage fees	<u>(166,431)</u>	<u>(158,563)</u>
Investment income, net	682,502	1,559,572
Unrealized net gain (loss) on investments	<u>(3,224,596)</u>	<u>1,049,800</u>
Total Investment Return	<u>\$(2,542,094)</u>	<u>\$2,609,372</u>

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 5 - ENDOWMENT FUND

The Council's endowment funds provide a source of income for operations and scholarships to program participants, as well as creating sustainability for the Council. The Council's endowment consists of seven individual funds and includes both donor-restricted endowment funds and funds designed by the Board to function as endowments. Additionally, the endowment includes a beneficial interest in a perpetual trust, which is not subject to the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA). In 2020, the Council received a financial sustainability grant from the Lilly Endowment, Inc. The grant included donor-restricted funds designated for an endowment, which were pooled with other donor-restricted funds held for endowment by the Council.

The Council also holds endowments through Community Foundations. The principal amounts will permanently remain with the Community Foundation, with investment income earned on the investments to be paid back to the Council. Future donations made to the Community Foundation will continue to remain permanently with the Community Foundation, with income earned on those donations to be paid to the Council as described above.

Interpretation of Relevant Law

The Council is subject to UPMIFA and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. The Council considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Council has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. However, the majority of the endowment is subject to additional restrictions provided by the donor related to spending from underwater funds. Additionally, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Council
- The investment policies of the Council

NOTE 5 - ENDOWMENT FUND (CONTINUED)

As of September 30, 2022, the Council had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		\$ 7,256,347	\$ 7,256,347
Accumulated investment gains		981,217	981,217
Beneficial interest in perpetual trust		340,730	340,730
Board designated funds held by Community Foundations	<u>\$115,702</u>	<u> </u>	<u>115,702</u>
Total Endowment Funds	<u>\$115,702</u>	<u>\$ 8,578,294</u>	<u>\$ 8,693,996</u>

As of September 30, 2021, the Council had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restrictions	Total
Donor-restricted endowment funds		\$ 7,256,347	\$ 7,256,347
Accumulated investment gains		2,939,051	2,939,051
Beneficial interest in perpetual trust		436,125	436,125
Board designated funds held by Community Foundations	<u>\$138,998</u>	<u> </u>	<u>138,998</u>
Total Endowment Funds	<u>\$138,998</u>	<u>\$10,631,523</u>	<u>\$10,770,521</u>

Changes in endowment by net asset class are as follows for the years ended September 30, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at September 30, 2020	\$113,372	\$ 8,880,813	\$ 8,994,185
Contributions		100	100
Net investment return	32,512	1,750,610	1,783,122
Appropriation of endowment assets for expenditure	<u>(6,886)</u>	<u> </u>	<u>(6,886)</u>
Balance at September 30, 2021	138,998	10,631,523	10,770,521
Net investment return	(13,410)	(1,711,353)	(1,724,763)
Appropriation of endowment assets for expenditure	<u>(9,886)</u>	<u>(341,876)</u>	<u>(351,762)</u>
Balance at September 30, 2022	<u>\$115,702</u>	<u>\$ 8,578,294</u>	<u>\$ 8,693,996</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the donor-restricted endowment or the level that the donors otherwise require the Council to retain as a fund of perpetual duration. There were no underwater endowment funds at September 30, 2022 and 2021.

NOTE 5 - ENDOWMENT FUND (CONTINUED)

Return Objectives and Risk Parameters

The Council has adopted investment and spending policies for endowment assets that attempt to preserve the capital, maximize the return within reasonable and prudent levels of risk, and provide a return to the restricted funds. Endowment assets are comprised of the assets of donor-restricted funds that the Council must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield a return while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council 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 Council targets a diversified asset allocation that places a greater emphasis on long-term growth and a reasonable return.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowments held at various Community Foundations have adopted a spending policy based on the guidance of the Community Foundations. On average, the Community Foundations set a suggested spending policy of 5% of the fund balance. This policy is subject to change based on market and other factors.

The spending policy of the donor-restricted Lilly Endowment funds is governed by the grant agreement which provided the funds. Whenever the balance of the endowment fund is equal to or less than the original gift value, the maximum spending from the endowment fund for the Council's next fiscal year is 2% of the endowment fund balance. This maximum spending limit continues until the endowment fund balance exceeds the original gift value. Whenever the endowment fund balance is greater than the original gift value, the Council may spend any percentage or amount of the endowment fund as is consistent with its spending policy. In August 2021, the Council adopted a spending policy of appropriating for distribution each year 4% of its endowment assets' average fair value over the prior 12 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. This policy is consistent with the Council's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide appropriate amounts to achieve the growth and sustainability goals of the Council. These funds continue to be governed by the grant agreement with Lilly Endowment. At no time will the Council violate that grant agreement.

NOTE 6 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at September 30, 2022 and 2021:

	2022	2021
Due in less than one year	\$35,225	\$ 66,875
Due in one to two years	25,000	25,000
Due in two to three years	<u>60,225</u>	<u>25,000</u>
Less: Unamortized discounts	<u>(3,285)</u>	<u>(8,212)</u>
Total Pledges Receivable, net	<u>\$56,940</u>	<u>\$108,663</u>

NOTE 7 - LAND, BUILDINGS AND EQUIPMENT

At September 30, 2022 and 2021, the carrying value of land, buildings and equipment consisted of the following:

	2022	2021
Land	\$ 509,600	\$ 509,600
Buildings and improvements	16,345,153	16,151,909
Transportation vehicles	318,095	318,095
Furniture, fixtures and equipment	1,675,809	1,559,067
Leasehold improvements	<u>56,679</u>	<u>56,679</u>
	18,905,336	18,595,350
Less: Accumulated depreciation	<u>(8,978,879)</u>	<u>(8,380,480)</u>
Land, Buildings, and Equipment, net	<u>\$ 9,926,457</u>	<u>\$10,214,870</u>

NOTE 8 - DEBT AND CREDIT ARRANGEMENTS

Long-term debt consisted of the following at September 30, 2022 and 2021:

	2022	2021
Series 2015A bond payable with monthly payments of \$16,979, including interest at a fixed interest rate of 3.10%, secured by real estate and maturing November 2027.	\$ 961,202	\$1,132,267
Series 2015B bond payable with interest-only monthly payments at a variable rate of 2.25% plus the 1-month LIBOR (3.91% at September 30, 2022) with principal payments beginning on December 1, 2027, secured by real estate and maturing November 2042.	1,749,926	1,749,926
Mortgage payable in monthly payments, including variable interest at the one-year treasury weekly average plus 3.00% (7.07% at September 30, 2022), secured by real estate and maturing August 2024.	22,702	33,006
Mortgage payable in monthly payments of \$6,609, including interest at 5.74% at September 31, 2022, secured by real estate and maturing August 2025.	211,835	281,301
Auto loan payable in monthly payments of \$676, including interest at 6.79% at September 30, 2022, secured by the automobile and maturing January 2025.	16,307	23,432
Auto loan payable in monthly payments of \$522, including interest at 7.74% at September 30, 2022, secured by the automobile and maturing January 2026.	<u>17,366</u>	<u>22,298</u>
	2,979,338	3,242,230
Less: Bond issuance cost, net of accumulated amortization	<u>(35,596)</u>	<u>(44,684)</u>
Total Long-term Debt, net	<u>\$2,943,742</u>	<u>\$3,197,546</u>

NOTE 8 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)

On November 18, 2015, the Indiana Financial Authority (IFA) issued Education Facilities Revenue Bonds, Series 2015A and series 2015B, totaling \$3,500,000 to the Council to fund the construction of the Leadership and Adult Learning Center at Camp Dellwood. The bonds are a direct purchase by a financial institution and do not require a letter of credit. The bond issuances are subject to certain covenants, primarily financial coverage ratios, which the Council has reported compliance.

At September 30, 2022, estimated future principal payments of long-term debt in each of the next five years were as follows:

Payable In Fiscal Year Ending September 30,	Principal Payments
2023	\$271,005
2024	279,989
2025	261,957
2026	194,959
2027	203,748

In September 2020, the Council entered into a bank line of credit agreement which provides for borrowings up to a maximum aggregate amount of \$2,000,000, with interest computed at the *Wall Street Journal's* prime lending rate plus 0.5% (6.75% at September 30, 2022). There were no borrowings outstanding as of September 30, 2022 and 2021. Borrowings under the line of credit are collateralized by substantially all of the Council's assets and are payable on demand.

NOTE 9 - CAPITAL LEASES PAYABLE

In November 2020, the Council entered into a capital lease agreement for copiers, which expires in October 2025. Principal and interest payments of \$911 are due monthly. Equipment with a cost of \$50,516 and accumulated depreciation of \$19,364 and \$9,261 at September 30, 2022 and 2021, respectively, has been pledged as collateral for these capital lease obligations. Amortization of assets held under capital leases is included with depreciation expense.

Following is a schedule of future minimum capital lease payments required by capital lease obligations as of September 30, 2022:

Payable In Fiscal Year Ending September 30,	Capital Lease Payments
2023	\$10,930
2024	10,930
2025	10,930
2026	913
Less: Amount representing interest	<u>(1,676)</u>
Net Capital Lease Obligations	<u>\$32,027</u>

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, the Council was granted a loan of \$1,137,900 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans, including accrued interest, are forgivable as long as the entity uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. The amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. The Council treats PPP loans as contributions, which are recognized when the related conditions are substantially met. The Council received forgiveness of the 2020 PPP loan from the bank on February 23, 2021.

On February 4, 2021, the Council received additional loan proceeds of \$1,213,293 under the PPP, as expanded and amended under the Consolidated Appropriations Act, 2021. The Council received forgiveness of the 2021 PPP loan from the bank on October 29, 2021.

Based on when the conditions were substantially met, the Council recognized contributions of \$1,213,293 and \$1,137,900 in the years ended September 31, 2021 and 2020, respectively, related to PPP loans.

NOTE 11 - PENSION PLAN

The Council participates in the Retirement Plan of the GSUSA, a noncontributory defined benefit multi-employer pension plan (Plan) sponsored by GSUSA. The risks of participating in this multi-employer plan are different from single-employer plans in the following respects:

- a) Assets contributed to the Plan by one employer may be used to provide benefits to employees of other participating employers.
- b) If a participating employer stops contributing to the Plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c) If the Council chooses to stop participating in the Plan, the Council may be required to pay those plans an amount based on the Council's proportionate share of unfunded vested plan benefits, referred to as a withdrawal liability.

The National Board of GSUSA voted to freeze the Plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The Plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the Plan prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels. The Council's participation in the Plan is outlined in the table below. "EIN/Pension Plan Number" provides the Employee Identification Number (EIN) and the three-digit plan number. "FIP/RP Status" indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. There have been no significant changes that affect the comparability of 2022 contributions.

Pension Fund	Retirement Plan of the Girl Scouts of the USA
EIN/Pension Plan Number	12-1624016
Council Contributions	
Year ended 9/30/2022	\$492,711
Year ended 9/30/2021	\$493,604
Year of Most Recent Form 5500 Filing	12/31/2021
FIP/RP Status	N/A
Surcharge Imposed	No
Council Contributed more than 5% of Total Contributions	No

NOTE 11 - PENSION PLAN

Due to the nature of the Plan, it is not practicable to determine the extent to which the assets of the Plan cover the actuarially computed value of vested benefits for the Council as a stand-alone operation. In addition, because the Plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements. As of December 31, 2021, the date for which the most current information is available, the Retirement Plan of the Girl Scouts of the USA had assets of \$527,600,000 and liabilities of \$660,400,000 for a net funded deficit of \$(132,800,000). The Council expects to make contributions totaling approximately \$475,000 to the Plan during the year ending September 30, 2023.

NOTE 12 - RETIREMENT PLAN

The Council maintains a 403(b) thrift plan that matches 3% of contributions made by employees. In addition, the Council makes contributions of 2% and 4% based on years of service. The Council contributed \$149,018 and \$180,813 to the plan for the years ended September 30, 2022 and 2021, respectively.

NOTE 13 - EMPLOYEE SELF-INSURANCE PROGRAM

The Council has adopted a partially self-funded insurance plan for employee medical and prescription drug insurance. Expenses are recorded as incurred. Insurance policies in force at September 30, 2022 and 2021 limit the Council’s maximum claims cost to approximately \$1,000,000 and the maximum claim liability per covered individual to \$60,000. Actual claims costs were \$756,095 and \$840,993 for the years ended September 30, 2022 and 2021. The Council’s portion of the predetermined funding provision is charged to expense each month. At September 30, 2022 and 2021, the accrued liability related to these self-insured plans was \$70,736 and \$5,428, respectively.

NOTE 14 - OPERATING LEASES

The Council leases office space under non-cancelable operating leases that expire at various dates through October 2022.

Management notified the landlord for one of its facilities its intent to vacate effective January 1, 2021. The Council agreed to continue to pay monthly lease payments through the end of the lease term in October 2022, or until the landlord finds a new tenant. Effective January 2022, the Council was released from further payments totaling \$32,000.

Operating lease expenses for the years ended September 30, 2022 and 2021 were \$16,483 and \$53,807, respectively.

The Council also leases certain facilities under non-cancelable operating leases that expire at various dates through July 2024.

Future minimum rental income receipts required under these lease agreements at September 30, 2022, are as follows:

Receivable In Fiscal Year Ending September 30,	Rental Payments
2023	\$20,625
2024	<u>8,000</u>
	<u>\$28,625</u>

Total rental revenue recognized under these leases totaled \$139,845 and \$83,471 in 2022 and 2021, respectively.

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditure for specified purposes:		
Membership outreach		\$ 9,375
Scholarships	\$ 93,721	94,721
Capital campaign	50,000	78,000
Capital improvements	47,030	37,470
Program support	3,600	114,167
Development capacity and energy-savings systems		97,901
Other		<u>80,000</u>
Total Subject to Expenditure for Specified Purposes	<u>194,351</u>	<u>511,634</u>
Subject to the endowment's spending policy and appropriation	<u>8,237,564</u>	<u>10,195,398</u>
	2022	2021
Illiquid assets not subject to the Council's spending policy or appropriation:		
Land	\$ 240,000	\$ 240,000
Beneficial interest in perpetual trust	<u>340,730</u>	<u>436,125</u>
	<u>580,730</u>	<u>676,125</u>
Total Net Assets with Donor Restrictions	<u>\$9,012,645</u>	<u>\$11,383,157</u>

Net assets released from donor restrictions are as follows:

	2022	2021
Subject to Expenditures for specified purposes:		
Membership outreach	\$ 9,375	\$ 14,308
Scholarships	4,000	4,000
Capital campaign	28,000	25,000
Capital improvements	40,000	27,085
Program support	561,169	459,837
Development capacity and energy-savings systems	97,901	156,214
Other	<u>80,000</u>	<u>161,684</u>
Total Net Assets Released from Donor Restrictions	<u>\$820,445</u>	<u>\$848,128</u>

NOTE 16 - RELATED PARTY TRANSACTIONS

The Council is chartered by GSUSA to use the name, marks and programs of the national organization. The Council collected and subsidized annual dues on behalf of GSUSA totaling \$242,780 and \$238,874 for the years ending September 30, 2022 and 2021, respectively, and passed through the amounts to GSUSA. In addition, the Council purchased uniforms and other sales items from GSUSA totaling \$219,323 and \$128,887 for the years ending September 30, 2022 and 2021, respectively.

The Council recognized contributions from its Board of Directors of \$21,479 and \$24,815 for the years ended September 30, 2022 and 2021, respectively.

NOTE 17 - EMPLOYEE RETENTION CREDITS

The Consolidated Appropriations Act, 2021 (CAA) eliminated the restriction that prevented Paycheck Protection Program (PPP) loan borrowers from claiming the Employee Retention Credit (ERC), which was made available under the CARES Act, and allowed for the ERC to be claimed retroactively by eligible employers. The ERC under the CARES Act is a fully refundable tax credit for eligible employers equal to 50% of qualified wages up to \$10,000 paid to each retained employee between March 13 and December 31, 2020. The CAA and American Rescue Plan Act of 2021 extended the availability of the ERC through December 31, 2021, allowing for a fully refundable tax credit for eligible employers equal to 70% of qualified wages up to \$10,000 paid to each retained employee per quarter during 2021. In fiscal year 2021, the Council claimed a retroactive credit of \$520,741 relating to calendar year 2020 and a retroactive credit of \$514,943 relating to calendar year 2021. Management treated these credits as contributions and determined that conditions related to the credits were substantially met during the year ended September 30, 2021. Therefore, the Council recorded contributions in fiscal year 2021 for the amount of the credits. Payments of \$103,648 were received as of September 30, 2022. Credits totaling \$638,100 had yet to be received as of September 30, 2022.

NOTE 18 - SUBSEQUENT EVENT

On September 15, 2022, GSUSA was awarded a grant from Lilly Endowment Inc. (LEI) of \$15,000,000. The grant period is from September 1, 2022 through September 30, 2025 and the purpose is strengthening youth programs in Indiana. The Council and five other Girl Scout Councils that serve Indiana are sub-grantees of this grant and the Council will serve as fiscal agent. This first distribution on this grant was \$4,900,000 and was made in December 2022.