



Financial Statements
September 30, 2019
(With Comparative Totals for September 30, 2018)
**Girl Scouts of the Sierra Nevada,
Inc.**

Girl Scouts of the Sierra Nevada, Inc.
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(With Comparative Totals for September 30, 2018)

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Independent Auditor's Report

To the Board of Directors
Girl Scouts of the Sierra Nevada, Inc.
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Girl Scouts of the Sierra Nevada, Inc. (a nonprofit Council), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

Change in Accounting Principle

As discussed in Note 9 to the financial statements, Girl Scouts of the Sierra Nevada, Inc. has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the September 30, 2018 financial statements have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the September 30, 2018 financial statements of Girl Scouts of the Sierra Nevada, Inc., and we expressed an unmodified opinion on those audited financial statements in our report dated February 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Reno, Nevada
February 13, 2020

Girl Scouts of the Sierra Nevada, Inc.
Statement of Financial Position
September 30, 2019
(With Comparative Totals for September 30, 2018)

	2019	2018 (Memorandum Only)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,268,788	\$ 1,320,666
Accounts and pledges receivable	17,033	56,109
Investments	586,730	539,488
Inventories	85,693	80,609
Prepaid expenses	38,071	43,098
Total current assets	1,996,315	2,039,970
Property and Equipment, Net	549,459	618,622
Total assets	\$ 2,545,774	\$ 2,658,592
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 24,378	\$ 24,134
Accrued payroll	31,658	38,503
Current portion of lease obligation	3,339	-
Service unit trust and custodial funds	37,067	36,317
Accrued compensated absences	36,646	54,548
Cookie sale recognitions outstanding	3,117	7,777
Deferred revenue	6,655	12,870
Total current liabilities	142,860	174,149
Lease Obligation, Net of Current Portion	12,960	-
Total liabilities	155,820	174,149
Net Assets		
Without donor restrictions		
Designated		
Investment in property and equipment, net	425,619	492,622
Operating reserve	350,000	350,000
Quasi-endowment fund	135,191	130,709
Capital asset replacement fund	197,563	168,620
Undesignated	1,068,772	1,117,890
Total net assets without donor restrictions	2,177,145	2,259,841
With donor restrictions	212,809	224,602
Total net assets	2,389,954	2,484,443
Total Liabilities and Net Assets	\$ 2,545,774	\$ 2,658,592

Girl Scouts of the Sierra Nevada, Inc.

Statement of Activities

Year Ended September 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

	2019		Total	2018
	Without Donor Restrictions	With Donor Restirctions		(Memorandum Only)
Public Support and Revenue				
Contributions	\$ 217,921	\$ 18,500	\$ 236,421	\$ 322,110
Cookie sales	1,946,836	-	1,946,836	1,995,041
Related expenses	(558,727)	-	(558,727)	(562,373)
Cookie sales, net	1,388,109	-	1,388,109	1,432,668
Fundraising events	94,213	-	94,213	95,412
Related expenses	(27,203)	-	(27,203)	(33,638)
Fundraising events, net	67,010	-	67,010	61,774
Fall sale program	57,387	-	57,387	69,023
Related expenses	(20,120)	-	(20,120)	(35,045)
Fall sale program, net	37,267	-	37,267	33,978
Legacies and bequests	9,861	-	9,861	11,315
Sale of merchandise	162,110	-	162,110	142,084
Related expenses	(108,931)	-	(108,931)	(102,791)
Sale of merchandise, net	53,179	-	53,179	39,293
Program service fees	184,497	-	184,497	170,772
Net investment income	31,853	2,123	33,976	45,242
Rental income	35,046	-	35,046	30,604
Miscellaneous	9,978	-	9,978	26,325
Reclassifications				
Net assets released from restriction - satisfaction of purpose restrictions	32,416	(32,416)	-	-
Total public support, revenue, and reclassifications	2,067,137	(11,793)	2,055,344	2,174,081
Expenses				
Program services				
Membership development	865,986	-	865,986	957,851
Special programs	278,645	-	278,645	285,581
Camping services	542,238	-	542,238	502,439
Total program services	1,686,869	-	1,686,869	1,745,871

Girl Scouts of the Sierra Nevada, Inc.

Statement of Activities

Year Ended September 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	(Memorandum Only)
Supporting services				
General and administrative	\$ 290,882	\$ -	\$ 290,882	\$ 322,932
Fundraising	172,082	-	172,082	175,272
Total supporting services	<u>462,964</u>	<u>-</u>	<u>462,964</u>	<u>498,204</u>
Total expenses	<u>2,149,833</u>	<u>-</u>	<u>2,149,833</u>	<u>2,244,075</u>
Other Gains (Losses)				
Insurance recovery	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,421</u>
Change in Net Assets	(82,696)	(11,793)	(94,489)	36,427
Net Assets, Beginning of Year	<u>2,259,841</u>	<u>224,602</u>	<u>2,484,443</u>	<u>2,448,016</u>
Net Assets, End of Year	<u>\$ 2,177,145</u>	<u>\$ 212,809</u>	<u>\$ 2,389,954</u>	<u>\$ 2,484,443</u>

Girl Scouts of the Sierra Nevada, Inc.

Statement of Functional Expenses
Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

	2019					2018		
	Program Services			Supporting Services		Total		
	Membership Development	Special Programs	Camping Services	Total Program	General and Administrative	Fund Raising	Cost of Goods Sold	
Salaries and wages	\$ 464,976	\$ 134,552	\$ 254,050	\$ 853,578	\$ 129,588	\$ 99,111	\$ -	\$ 1,082,277
Payroll taxes and employee benefits	109,620	30,999	43,233	183,852	31,150	22,991	-	237,993
Total personnel costs	574,596	165,551	297,283	1,037,430	160,738	122,102	-	1,320,270
Conferences, conventions and meetings	3,068	5,356	321	8,745	9,377	789	-	18,911
Fundraising	-	-	-	-	-	-	27,203	27,203
Insurance	25,274	7,226	22,814	55,314	10,968	5,311	-	71,593
Miscellaneous	8,548	2,403	4,226	15,177	2,321	2,827	-	19,546
Occupancy	27,003	4,374	52,101	83,478	4,214	3,222	-	90,914
Organizational dues	1,316	348	2,244	3,908	330	410	-	4,648
Postage and shipping	2,093	733	2,495	5,321	404	676	-	7,020
Printing and publications	8,307	5,435	8,886	22,628	1,446	5,035	-	29,109
Professional fees	11,825	3,769	4,116	19,710	3,628	16,276	-	39,614
Product sales	-	687,778	-	687,778	-	-	-	687,778
Repairs and maintenance	2,265	707	1,400	4,372	81,019	3,997	-	89,388
Scholarships and assistance	96,052	155	14,021	110,228	2,050	-	-	112,278
Supplies	32,353	56,836	53,691	142,880	1,304	1,203	-	145,387
Telephone	12,614	3,558	6,549	22,721	3,426	2,620	-	28,767
Travel	29,194	9,730	16,145	55,069	656	730	-	56,455
Total expenses before depreciation	834,508	953,959	486,292	2,274,759	281,881	165,198	27,203	2,749,041
Depreciation expense	31,478	12,464	55,946	99,888	9,001	6,884	-	115,773
Less expenses included with revenue on the statement of activities as cost of goods sold	865,986	966,423	542,238	2,374,647	290,882	172,082	27,203	2,864,814
	-	(687,778)	-	(687,778)	-	-	(27,203)	(714,981)
Total expenses included in the expense section on the statement of activities	\$ 865,986	\$ 278,645	\$ 542,238	\$ 1,686,869	\$ 290,882	\$ 172,082	\$ -	\$ 2,149,833
								\$ 2,244,075

Girl Scouts of the Sierra Nevada, Inc.

Statement of Cash Flows

Year Ended September 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

	2019	2018 (Memorandum Only)
Operating Activities		
Change in net assets	\$ (94,489)	\$ 36,427
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	115,773	122,312
Net realized and unrealized (gains) losses on investments	3,028	(20,152)
Changes in certain assets and liabilities		
Accounts and pledges receivable	39,076	(42,816)
Inventories	(5,084)	1,712
Prepaid expenses	5,027	160
Accounts payable	244	(22,467)
Accrued payroll	(6,845)	(1,021)
Service unit trust and custodial funds	750	(2,172)
Accrued compensated absences	(17,902)	7,526
Cookie sale recognitions outstanding	(4,660)	4,500
Deferred revenue	(6,215)	3,685
Net Cash from Operating Activities	<u>28,703</u>	<u>87,694</u>
Investing Activities		
Purchases of property and equipment	(28,018)	(77,506)
Purchases of investments	(52,270)	(45,778)
Proceeds from redemption of investments	2,000	20,313
Net Cash used for Investing Activities	<u>(78,288)</u>	<u>(102,971)</u>
Financing Activities		
Payment on capital lease	(2,293)	-
Net Change in Cash and Cash Equivalents	(51,878)	(15,277)
Cash and Cash Equivalents, Beginning of Year	1,320,666	1,335,943
Cash and Cash Equivalents, End of Year	<u>\$ 1,268,788</u>	<u>\$ 1,320,666</u>
Supplemental Noncash Investing and Financing Disclosures		
Acquisition of equipment with capital lease	<u>\$ 18,592</u>	<u>\$ -</u>

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activities

The Girl Scouts of the Sierra Nevada, Inc. (Council) participates in a nationally recognized educational program. The all-girl Council is available to any girl age five to seventeen regardless of race, nationality, religion, socioeconomic background or disability. The four program goals of the Girl Scouts are to encourage girls to develop to their full potential, relate to others with increasing understanding, skill and respect, develop a meaningful set of values to guide their actions and to provide for sound decision-making and contribute to the improvement of society.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Council's audited financial statements for the year ended September 30, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments

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

Accounts and Pledges Receivable

Accounts and pledges receivable are reported at net realizable value and represent amounts due for program activities, reimbursements, and unconditional promises to give. The allowance for doubtful accounts is based upon management's estimate of uncollectibility taking into consideration past payment history. Management considers all accounts and pledges receivable at September 30, 2019 and 2018, to be fully collectible.

Accordingly, no allowance for doubtful accounts is recorded. Furthermore, all pledges receivable are expected to be collected within one year.

Inventories

Inventories consist of Girl Scout merchandise and membership materials and are stated at the lower of cost, determined by the weighted average method, or net realizable value.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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

Service Unit Trust and Custodial Funds

Service unit trust and custodial funds include amounts earned by individual troops through various member activities and other funds held for the benefit of Council members. Such amounts are available to be used towards Girl Scout activities and merchandise.

Accrued Compensated Absences

Accrued compensated absences represents the Council's liability for the earned paid leave benefits available to employees at September 30 each year, as determined in accordance with the Council's personnel policies.

Cookie Sale Recognitions Outstanding

Cookie sale recognitions outstanding represent the value of undistributed prizes awarded for achieving certain cookie sales goals.

Net Assets

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

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various purposes as detailed on the statement of financial position.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Council reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized from program service fees when the related camps or workshops are held. Accordingly, amounts received in advance of program events are deferred until the activities commence. Gift shop, cookie, and merchandise sales are recognized at the time of purchase.

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

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than on program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applies. The expenses that are allocated include personnel costs, insurance, occupancy, postage and shipping, printing and publications, and telephone, which are allocated based on estimates of time and effort.

Income Taxes

The Council is organized as a Nevada nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition,

the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Council determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Council to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Council's mission. Investments are made by diversified investment managers whose performance is monitored by the Council and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Council and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Subsequent Events

The Council has evaluated subsequent events through February 13, 2020, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

	2019	2018
Cash and cash equivalents	\$ 1,268,788	\$ 1,320,666
Accounts and pledges receivable	17,033	56,109
Investments	41,167	15,557
	\$ 1,285,821	\$ 1,376,775

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure. In addition, the Board has designated endowment funds totaling \$135,191 and \$130,709 and capital asset replacement funds totaling \$197,563 and \$168,620 at September 30, 2019 and 2018, respectively. Although the Council does not intend to spend from the Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation) or the capital asset replacement fund, these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is designated as operating reserves, which were \$350,000 for each of the years ended September 30, 2019 and 2018.

Note 3 - Fair Value Measurements and Disclosures

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

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

Girl Scouts of the Sierra Nevada, Inc.
Notes to Financial Statements
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(With Comparative Totals for September 30, 2018)

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

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

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

All investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values or publicly traded equity stocks based on daily redemption values.

The following table presents assets and liabilities measured at fair value on a recurring basis:

	2019			
	Level 1	Level 2	Level 3	Total
Domestic equity funds/ common stock	\$ 185,974	\$ -	\$ -	\$ 185,974
Mutual funds	400,756	-	-	400,756
	<u>\$ 586,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,730</u>
	2018			
	Level 1	Level 2	Level 3	Total
Domestic equity funds/ common stock	\$ 58,864	\$ -	\$ -	\$ 58,864
Mutual funds	480,624	-	-	480,624
	<u>\$ 539,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,488</u>

Girl Scouts of the Sierra Nevada, Inc.
Notes to Financial Statements
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(With Comparative Totals for September 30, 2018)

Investment return is as follows for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Interest dividends	\$ 37,004	\$ 25,090
Net realized and unrealized gains (losses)	<u>(3,028)</u>	<u>20,152</u>
	<u>\$ 33,976</u>	<u>\$ 45,242</u>

Note 4 - Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Buildings	\$ 583,133	\$ 583,133
Building improvements	1,173,976	1,163,530
Office equipment	157,450	138,858
Camp equipment	187,411	169,839
Vehicles	<u>38,188</u>	<u>38,188</u>
	2,140,158	2,093,548
Less accumulated depreciation	<u>(1,714,539)</u>	<u>(1,600,926)</u>
Without donor restrictions, net	<u>425,619</u>	<u>492,622</u>
With donor restrictions - building	43,200	43,200
Less accumulated depreciation	<u>(11,160)</u>	<u>(9,000)</u>
Temporarily restricted, net	<u>32,040</u>	<u>34,200</u>
With donor restricted - land	<u>91,800</u>	<u>91,800</u>
Property and equipment, net	<u>\$ 549,459</u>	<u>\$ 618,622</u>

Note 5 - Leases

Facilities are leased under various month-to-month operating leases, and equipment under various operating and capital leases expiring at various dates through 2026.

Girl Scouts of the Sierra Nevada, Inc.
Notes to Financial Statements
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(With Comparative Totals for September 30, 2018)

Minimum future rental payments under the leases are as follows for the years ended September 30:

<u>Years ended September 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2020	\$ 4,078	\$ 1,370
2021	4,078	1,370
2022	4,078	1,370
2023	4,078	1,370
2024	1,905	1,370
Thereafter	-	2
	<u>18,217</u>	<u>\$ 6,852</u>
Total minimum lease payments	18,217	<u>\$ 6,852</u>
Less amount representing interest	<u>(1,918)</u>	
Capital lease obligation	<u>\$ 16,299</u>	

The Council incurred rental expense totaling \$11,320 and \$15,289 for the years ended September 30, 2019 and 2018, respectively.

Note 6 - Retirement Plan

The Council participates in the National Girl Scout Council Retirement Plan (Plan), a noncontributory multi-employer defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The Plan covers substantially all the employees of various Girl Scout councils who were eligible to participate in the plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010, are based on years of service and salary levels.

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2019. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCRCP the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCRCP has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2019 and 2018 were \$32.2 million and \$32.4 million, respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the spin-off of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions to be made in fiscal 2020 are expected to be \$32.2 million.

The Council's pension expense and contributions to this Plan for 2019 and 2018 were \$67,620 and \$68,493, respectively, which represents 0.21% of aggregate contributions to the Plan for 2019 and 2018.

The Council also maintains a 403(b) tax-deferred annuity plan (TDA), which is available to all employees immediately upon hiring. Employees may make pre-tax contributions to the TDA through payroll deductions. However, the Council does not make any contributions to the TDA.

Note 7 - Endowments

The Council's endowments consist of funds established for the purposes of providing scholarships to selected individuals and various other projects including the long-term maintenance of facilities. The Council's endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported as without donor restrictions and with donor restrictions based solely on the absence or existence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2019 and September 30, 2018, there were no such donor stipulations. As a result of this interpretation, the Council retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Girl Scouts of the Sierra Nevada, Inc.
Notes to Financial Statements
September 30, 2019
(With Comparative Totals for September 30, 2018)

The endowment net asset composition by type of fund was as follows for the years ended September 30:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 135,191	\$ -	\$ 135,191
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	71,369	71,369
Accumulated investment gains	-	1,780	1,780
	<u>\$ 135,191</u>	<u>\$ 73,149</u>	<u>\$ 208,340</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 130,709	\$ -	\$ 130,709
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	71,369	71,369
Accumulated investment gains	-	1,657	1,657
	<u>\$ 130,709</u>	<u>\$ 73,026</u>	<u>\$ 203,735</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Council has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Council had no underwater endowments at September 30, 2019 and 2018.

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the endowment investments. The annual distribution is approved in the budget process to not exceed actual dividends and interest earned.

Girl Scouts of the Sierra Nevada, Inc.
Notes to Financial Statements
September 30, 2019
(With Comparative Totals for September 30, 2018)

Changes in endowment net assets were as follows for the years ended September 30:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 130,709	\$ 73,026	\$ 203,735
Contributions	-	-	-
Interest and dividends	2,504	3,165	5,669
Net unrealized gain (loss)	1,978	(1,042)	936
Reclassifications	-	-	-
Appropriated for expenditure	-	(2,000)	(2,000)
Endowment net assets, end of year	<u>\$ 135,191</u>	<u>\$ 73,149</u>	<u>\$ 208,340</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 122,965	\$ 71,734	\$ 194,699
Contributions	-	-	-
Interest and dividends	2,409	3,090	5,499
Net unrealized gain (loss)	8,045	(970)	7,075
Reclassifications	(1,172)	1,172	-
Appropriated for expenditure	(1,538)	(2,000)	(3,538)
Endowment net assets, end of year	<u>\$ 130,709</u>	<u>\$ 73,026</u>	<u>\$ 203,735</u>

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods during the years ended September 30:

	2019	2018
Subject to Expenditure for Specified Purpose		
Facilities and improvements	\$ 33,594	\$ 39,550
Camp Wasiu II	6,766	2,726
Financial Literacy	7,500	7,500
S.T.E.M. Programs	-	10,000
	47,860	59,776
Endowments		
Subject to appropriation when a specified event occurs		
Restricted by donors for		
Scholarships	1,780	1,657
Perpetual in nature, earning from which are subject to		
endowment spending policy appropriation		
Scholarships	35,779	35,779
Service center equipment and improvements	35,590	35,590
	73,149	73,026
Perpetual in Nature, Not Subject to Spending Policy or		
Appropriation Land - Elko	91,800	91,800
	\$ 212,809	\$ 224,602

During 2014, the Council received a donation of land from the City of Elko. The deed states that the property is to revert to the City of Elko should the property no longer be used for the Council's charitable purpose. The donated land has been classified as with donor restrictions.

When both With Donor Restrictions and Without Donor Restrictions resources are available for use, it is the Council's policy to use With Donor Restrictions resources first, then Without Donor Restrictions resources.

Note 9 - Change in Accounting Policy

As of October 1, 2018, the Council adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Council's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosures to improve a financial statement user's ability to assess the Council's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present investment returns on the statement of activities net of external and direct internal investment expenses.

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

Note 10 - Restatement Resulting from Change in Accounting Policy

As disclosed in Note 10, the Council adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* as of September 30, 2018. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Council's September 30, 2018 net assets.

	As Previously Reported	Adoption of ASU 2016-14	As Restated
Unrestricted net assets	\$ 2,259,841	\$ (2,259,841)	\$ -
Temporarily restricted net assets	97,023	\$ (97,023)	-
Permanently restricted net assets	127,579	\$ (127,579)	-
Net assets without donor restrictions		2,259,841	2,259,841
Net assets with donor restrictions		224,602	224,602

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

	As Previously Reported	Adoption of ASU 2016-14	As Restated
Net assets, beginning of year			
Unrestricted net assets	\$ 2,218,038	\$ (2,218,038)	\$ -
Temporarily restricted net assets	102,399	(102,399)	-
Permanently restricted net assets	127,579	(127,579)	-
Net assets without donor restrictions		2,218,038	2,218,038
Net assets with donor restrictions		229,978	229,978