

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEARS ENDED SEPTEMBER 30, 2023 AND 2022



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YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Girl Scouts of Eastern Pennsylvania, Inc.
Miquon, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Girl Scouts of Eastern Pennsylvania, Inc., which comprise the statement of financial position as of September 30, 2023 and 2022, 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 Eastern Pennsylvania, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girl Scouts of Eastern Pennsylvania, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Eastern Pennsylvania, 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 Eastern Pennsylvania, 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.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
January 31, 2024

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS	2023	2022
Cash and Cash Equivalents	\$ 4,315,631	\$ 2,030,541
Accounts Receivable, Net of Allowance of \$31,355 and \$5,365 in 2023 and 2022, Respectively	18,493	23,498
Pledges Receivable, Net of Allowance of \$25,000 and \$39,000 in 2023 and 2022, Respectively	210,112	219,773
Merchandise Held for Resale	332,100	304,358
Prepaid Expenses and Other Assets	161,880	131,056
Investments	13,660,554	14,961,846
Land, Buildings, and Equipment, Net	15,760,055	16,423,290
Right-of-Use Assets	136,227	-
Assets Held in Trust	421,383	393,929
	<u>\$ 35,016,435</u>	<u>\$ 34,488,291</u>
Total Assets	\$ 35,016,435	\$ 34,488,291
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 259,697	\$ 372,859
Accrued Expenses	376,713	416,354
Other Liabilities	190,874	203,615
Deferred Revenue	207,511	121,742
Right-of-Use Liabilities	136,227	-
Bonds Payable, Net	325,252	469,136
Total Liabilities	1,496,274	1,583,706
NET ASSETS		
Without Donor Restrictions	31,928,091	31,481,725
With Donor Restrictions	1,592,070	1,422,860
Total Net Assets	<u>33,520,161</u>	<u>32,904,585</u>
	<u>\$ 35,016,435</u>	<u>\$ 34,488,291</u>
Total Liabilities and Net Assets	\$ 35,016,435	\$ 34,488,291

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Grants and Contributions	\$ 201,222	\$ 572,326	\$ 773,548
Legacies and Bequests	12,124	-	12,124
Major Events	741,424	-	741,424
In-Kind Contributions	25,561	-	25,561
United Way Allocation	-	166,128	166,128
Net Assets Released from Restrictions	680,866	(680,866)	-
Total Public Support	<u>1,661,197</u>	<u>57,588</u>	<u>1,718,785</u>
REVENUE			
Program and Related Fees:			
Cookie Program:			
Revenue	19,307,276	-	19,307,276
Cost of Goods	(4,822,624)	-	(4,822,624)
Magazine/Nuts About Reading Program:			
Revenue	644,305	-	644,305
Cost of Goods	(297,861)	-	(297,861)
Program Service Fees	1,940,338	-	1,940,338
Total Program and Related Fees Revenue	<u>16,771,434</u>	<u>-</u>	<u>16,771,434</u>
OTHER REVENUE			
Sales of Merchandise:			
Gross Receipts	812,578	-	812,578
Direct Costs	(413,223)	-	(413,223)
Endowment Earnings Used for Operations	389,911	11,153	401,064
Miscellaneous Revenue	211,047	-	211,047
Total Other Revenue	<u>1,000,313</u>	<u>11,153</u>	<u>1,011,466</u>
Total Public Support and Revenue	19,432,944	68,741	19,501,685
EXPENSES			
Program Services:			
Membership Services	5,232,277	-	5,232,277
Camp Programs	3,665,789	-	3,665,789
Other Girl Programs	6,671,620	-	6,671,620
Total Program Services	<u>15,569,686</u>	<u>-</u>	<u>15,569,686</u>
General and Administrative	1,600,941	-	1,600,941
Fundraising	1,534,898	-	1,534,898
Total Expenses	<u>18,705,525</u>	<u>-</u>	<u>18,705,525</u>
CHANGES IN NET ASSETS FROM OPERATIONS BEFORE DEPRECIATION	727,419	68,741	796,160
DEPRECIATION	<u>1,365,462</u>	<u>-</u>	<u>1,365,462</u>
CHANGES IN NET ASSETS FROM OPERATIONS	(638,043)	68,741	(569,302)
OTHER CHANGES IN NET ASSETS			
Realized and Unrealized Gain on Investments	1,166,321	80,843	1,247,164
Endowment Earnings Used for Operations	(389,911)	(11,153)	(401,064)
Investment Income	307,999	16,371	324,370
Capital Campaign Contributions	-	14,408	14,408
Total Other Changes in Net Assets	<u>1,084,409</u>	<u>100,469</u>	<u>1,184,878</u>
CHANGES IN NET ASSETS	446,366	169,210	615,576
Net Assets - Beginning of Year	<u>31,481,725</u>	<u>1,422,860</u>	<u>32,904,585</u>
NET ASSETS - END OF YEAR	<u>\$ 31,928,091</u>	<u>\$ 1,592,070</u>	<u>\$ 33,520,161</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Grants and Contributions	\$ 301,424	\$ 523,682	\$ 825,106
Legacies and Bequests	26,341	-	26,341
Major Events	633,820	-	633,820
In-Kind Contributions	49,154	-	49,154
United Way Allocation	-	138,080	138,080
Net Assets Released from Restrictions	1,108,583	(1,108,583)	-
Total Public Support	<u>2,119,322</u>	<u>(446,821)</u>	<u>1,672,501</u>
REVENUE			
Program and Related Fees:			
Cookie Program:			
Revenue	16,746,275	-	16,746,275
Cost of Goods	(4,587,893)	-	(4,587,893)
Magazine/Nuts About Reading Program:			
Revenue	520,062	-	520,062
Cost of Goods	(237,979)	-	(237,979)
Program Service Fees	1,899,859	-	1,899,859
Total Program and Related Fees Revenue	<u>14,340,324</u>	<u>-</u>	<u>14,340,324</u>
OTHER REVENUE			
Sales of Merchandise:			
Gross Receipts	726,928	-	726,928
Direct Costs	(351,995)	-	(351,995)
Endowment Earnings Used for Operations	372,827	4,571	377,398
Miscellaneous Revenue	138,620	-	138,620
Total Other Revenue	<u>886,380</u>	<u>4,571</u>	<u>890,951</u>
Total Public Support and Revenue	17,346,026	(442,250)	16,903,776
EXPENSES			
Program Services:			
Membership Services	3,839,893	-	3,839,893
Camp Programs	3,409,259	-	3,409,259
Other Girl Programs	6,452,500	-	6,452,500
Total Program Services	<u>13,701,652</u>	<u>-</u>	<u>13,701,652</u>
General and Administrative	1,866,219	-	1,866,219
Fundraising	1,336,959	-	1,336,959
Total Expenses	<u>16,904,830</u>	<u>-</u>	<u>16,904,830</u>
CHANGES IN NET ASSETS FROM OPERATIONS BEFORE DEPRECIATION	441,196	(442,250)	(1,054)
DEPRECIATION	<u>1,348,190</u>	<u>-</u>	<u>1,348,190</u>
CHANGES IN NET ASSETS FROM OPERATIONS	(906,994)	(442,250)	(1,349,244)
OTHER CHANGES IN NET ASSETS			
Gain on Extinguishment of Debt	1,200,796	-	1,200,796
Realized and Unrealized Loss on Investments	(3,140,251)	(264,104)	(3,404,355)
Endowment Earnings Used for Operations	(372,827)	(4,571)	(377,398)
Investment Income	313,989	21,108	335,097
Capital Campaign Contributions	-	349,731	349,731
Total Other Changes in Net Assets	<u>(1,998,293)</u>	<u>102,164</u>	<u>(1,896,129)</u>
CHANGES IN NET ASSETS	(2,905,287)	(340,086)	(3,245,373)
Net Assets - Beginning of Year	<u>34,387,012</u>	<u>1,762,946</u>	<u>36,149,958</u>
NET ASSETS - END OF YEAR	<u>\$ 31,481,725</u>	<u>\$ 1,422,860</u>	<u>\$ 32,904,585</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services			Total	General and Administrative	Fundraising	Total
	Membership Services	Camp Programs	Other Girl Programs				
EXPENSES FROM OPERATIONS							
Salaries	\$ 2,919,829	\$ 1,046,517	\$ 1,004,055	\$ 4,970,401	\$ 740,822	\$ 760,673	\$ 6,471,896
Employee Health and Retirement	650,636	233,199	223,737	1,107,572	165,080	169,503	1,442,155
Payroll Taxes	201,377	57,102	68,406	326,885	50,578	47,938	425,401
Total Salaries and Related Expenses	<u>3,771,842</u>	<u>1,336,818</u>	<u>1,296,198</u>	<u>6,404,858</u>	<u>956,480</u>	<u>978,114</u>	<u>8,339,452</u>
Computer Expenses and Equipment	217,692	65,084	54,713	337,489	61,644	76,291	475,424
Insurance	20,416	307,656	43,013	371,085	12,353	4,508	387,946
Interest and Amortization	-	-	-	-	49,392	-	49,392
Other Expenses	52,821	159,232	81,658	293,711	53,516	35,718	382,945
Program Fees	3,049	69,085	54,858	126,992	106	8,796	135,894
Troop and Service Unit Support for Program Participation	-	-	3,775,018	3,775,018	-	-	3,775,018
Postage and Shipping	93	334	101,192	101,619	90,971	50	192,640
Printing, Promotion, and Advertising	77,388	44,274	107,258	228,920	13,010	48,587	290,517
Professional Fees	409,360	154,324	135,217	698,901	223,188	115,655	1,037,744
Food	64,950	412,324	63,690	540,964	6,741	163,952	711,657
Specific Assistance	231,031	130,111	25,050	386,192	-	-	386,192
Supplies	142,714	151,574	807,516	1,101,804	61,108	36,965	1,199,877
Telecommunications	112,876	21,711	31,127	165,714	29,283	15,329	210,326
Travel	84,203	192,289	47,365	323,857	11,650	24,531	360,038
Utilities, Repairs and Maintenance	43,842	620,973	47,747	712,562	31,499	26,402	770,463
Total Operational Expenses	<u>5,232,277</u>	<u>3,665,789</u>	<u>6,671,620</u>	<u>15,569,686</u>	<u>1,600,941</u>	<u>1,534,898</u>	<u>18,705,525</u>
Depreciation	<u>75,366</u>	<u>1,141,830</u>	<u>85,889</u>	<u>1,303,085</u>	<u>45,794</u>	<u>16,583</u>	<u>1,365,462</u>
Total Functional Expenses	<u>\$ 5,307,643</u>	<u>\$ 4,807,619</u>	<u>\$ 6,757,509</u>	<u>\$ 16,872,771</u>	<u>\$ 1,646,735</u>	<u>\$ 1,551,481</u>	<u>\$ 20,070,987</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	Program Services			Total	General and Administrative	Fundraising	Total
	Membership Services	Camp Programs	Other Girl Programs				
EXPENSES FROM OPERATIONS							
Salaries	\$ 2,184,940	\$ 1,017,222	\$ 1,039,892	\$ 4,242,054	\$ 838,275	\$ 675,515	\$ 5,755,844
Employee Health and Retirement	542,207	252,430	258,056	1,052,693	208,023	167,633	1,428,349
Payroll Taxes	157,862	71,377	76,119	305,358	59,336	42,188	406,882
Total Salaries and Related Expenses	2,885,009	1,341,029	1,374,067	5,600,105	1,105,634	885,336	7,591,075
Computer Expenses and Equipment	157,383	74,175	64,021	295,579	25,482	19,559	340,620
Insurance	25,510	259,742	23,670	308,922	14,736	5,556	329,214
Interest and Amortization	158	68	45	271	44,693	113	45,077
Other Expenses	35,741	143,813	40,768	220,322	65,531	106,598	392,451
Program Fees	1,153	51,580	37,461	90,194	-	-	90,194
Troop and Service Unit Support for Program Participation	-	-	3,546,482	3,546,482	-	-	3,546,482
Postage and Shipping	168	973	186,444	187,585	62,715	10,425	260,725
Printing, Promotion, and Advertising	57,873	59,175	77,009	194,057	51,251	50,384	295,692
Professional Fees	167,136	107,360	76,410	350,906	375,433	89,197	815,536
Food	20,001	351,498	38,393	409,892	5,948	110,903	526,743
Specific Assistance	167,945	110,497	23,000	301,442	-	-	301,442
Supplies	138,470	133,854	847,466	1,119,790	37,697	17,329	1,174,816
Telecommunications	115,127	27,428	38,811	181,366	35,922	18,128	235,416
Travel	24,108	160,373	27,859	212,340	4,731	5,504	222,575
Utilities, Repairs and Maintenance	44,111	587,694	50,594	682,399	36,446	17,927	736,772
Total Operational Expenses	3,839,893	3,409,259	6,452,500	13,701,652	1,866,219	1,336,959	16,904,830
Depreciation	82,445	1,098,856	91,605	1,272,906	55,635	19,649	1,348,190
Total Functional Expenses	<u>\$ 3,922,338</u>	<u>\$ 4,508,115</u>	<u>\$ 6,544,105</u>	<u>\$ 14,974,558</u>	<u>\$ 1,921,854</u>	<u>\$ 1,356,608</u>	<u>\$ 18,253,020</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 615,576	\$ (3,245,373)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,365,462	1,348,190
Amortization of Debt Issuance Costs	11,116	11,116
Restricted Long Term Contributions	(14,408)	(349,731)
Change in Value of Assets Held in Trust	(27,454)	109,737
Bad Debt Expense	15,871	42,731
Loss (Gain) on Sale of Assets	23,931	(8,500)
Gain on Extinguishment of Debt	-	(1,200,796)
Realized and Unrealized (Gain) Loss on Investments	(1,247,164)	3,404,355
(Increase) Decrease in Assets:		
Accounts Receivable	(10,866)	(11,336)
Pledges Receivable	9,661	13,526
Merchandise Held for Resale	(27,742)	(31,550)
Prepaid Expenses and Other Assets	(30,824)	(24,215)
Increase (Decrease) in Liabilities:		
Accounts Payable	(113,162)	39,653
Accrued Expenses	(39,641)	(174,131)
Other Liabilities	(12,741)	9,137
Deferred Revenue	85,769	47,040
Net Cash Provided (Used) by Operating Activities	603,384	(20,147)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(726,158)	(1,412,473)
Proceeds from Sale of Assets	-	338,500
Proceeds from Sale of Investments	3,507,066	2,457,312
Purchase of Investments	(958,610)	(3,714,735)
Net Cash Provided (Used) by Investing Activities	1,822,298	(2,331,396)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond Principal Payments	(155,000)	(145,000)
Restricted Long-Term Contributions	14,408	349,731
Payments on Loan Payable	-	(10,950)
Net Cash Provided (Used) by Financing Activities	(140,592)	193,781
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,285,090	(2,157,762)
Cash and Cash Equivalents - Beginning of Year	2,030,541	4,188,303
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,315,631	\$ 2,030,541
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 38,275	\$ 26,090

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Girl Scouts of Eastern Pennsylvania, Inc. (GSEP) is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. GSEP operates under a charter granted by the Girl Scouts of the USA (GSUSA). GSUSA is the world's preeminent organization dedicated to girls, where, in accepting and nurturing environments, girls build character and skills for success in the real world. In partnership with committed adult volunteers, girls develop qualities such as leadership, strong values, social conscience, and conviction about their own potential and self-worth that will serve them their entire lives.

GSEP serves over 25,100 girls ages 5 through 18 in nine counties throughout Eastern Pennsylvania. GSEP was chartered on May 1, 2007, as the surviving organization after the merger of three local Girl Scout councils: Girl Scouts – Great Valley Council, Girls Scouts of Freedom Valley, and Girl Scouts of Southeastern Pennsylvania. GSEP is a volunteer-based organization with approximately 13,100 adult volunteers.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, GSEP resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as net assets with donor restrictions and net assets without donor restrictions.

GSEP's net assets have been grouped into the following two classes:

Net Assets without Donor Restrictions – Funds which have not been restricted by donors and over which the board of directors has discretionary control.

Net Assets with Donor Restrictions – Net assets with donor restrictions result from contributions whose use by GSEP is limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by passage of time or can be fulfilled and removed by actions of GSEP pursuant to those stipulations. When such donor restrictions expire or are fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. These types of net assets with donor restrictions represent the historical cost or market value at the date of gift of contributions whose use by GSEP is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by GSEP.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments having an original maturity date of three months or less at the date of purchase.

Pledges and Other Receivables

GSEP recognizes pledges and other contributions as support in the period in which the unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flow. The discount on those amounts is computed using a risk-adjusted interest rate applicable to the years in which the promises are received. GSEP evaluates the collectability of pledges and other receivables, and an allowance is provided based on amounts considered uncollectible.

Merchandise Held for Resale

Merchandise held for resale consists primarily of Girl Scouts apparel, products, and supplies and is stated at the lower of cost or net realizable value. The merchandise is valued using the weighted average cost method.

Investments and Investment Income

Investments in marketable securities and mutual funds are valued in the statements of financial position at fair value, as determined, based on quoted market prices. Realized and unrealized gains and losses are included in the statements of activities.

Investment income consists of earned interest and dividends and realized and unrealized gains and losses, net of investment management fees (see Note 4).

Land, Buildings, and Equipment and Depreciation

Land, buildings, and equipment are stated at cost or market value at date of contribution. Construction-in-progress consists of renovation projects at camp properties. GSEP's policy is to expense items with a cost less than \$5,000. Depreciation is provided on the straight-line method over the estimated useful lives of the assets (3 to 40 years). Depreciation for the years ended September 30, 2023 and 2022, was \$1,365,462 and \$1,348,190, respectively. Costs of ordinary maintenance repairs that do not materially extend asset useful lives are expensed as incurred (see Note 8).

Leases

GSEP determines if an arrangement is a lease at inception. Operating and financing leases are included in right-of-use (ROU) assets and ROU liabilities in the statement of financial position.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent GSEP's right to use an underlying asset for the lease term and lease liabilities represent GSEP's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that GSEP will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. GSEP has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, GSEP has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Assets Held in Trust

GSEP has a beneficial interest in five perpetual trusts. The trust assets are held by outside trustees. Each year, GSEP records income received from these trusts as income without donor restrictions.

Printing, Promotion, and Advertising Costs

Printing, promotion, and advertising costs (\$290,517 in 2023 and \$295,692 in 2022) are charged to operations when incurred.

Contributed Services

GSEP provides program services to approximately 2,400 troops in nine counties throughout Eastern Pennsylvania. The troops are led by unpaid volunteers who make significant contributions of their time to fulfill the objectives of GSEP. No amounts have been included as contributions for the value of these donated program services or the services of other volunteer workers as they do not meet the criteria for recognition in the financial statements.

Donated materials and services consist of contributed space, hospitality services, advertising, media, and printing services related to Take the Lead and other events held in the Greater Philadelphia, Berks, and Lehigh Valley areas. Donated materials and services for the years ended September 30, 2023 and 2022 totaled \$25,561 and \$49,154, respectively.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Tax Status

The Internal Revenue Service (IRS) has classified GSEP as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC); as an organization, contributions to which are deductible under Section 170(c) of the IRC; and as an organization that is not a private foundation as defined in Section 509(a) of the IRC.

GSEP's tax returns are subject to review and examination by federal and state authorities. GSEP is not aware of any activity that would jeopardize its tax-exempt status. The tax returns are open to examination by federal and state authorities.

GSEP follows the income tax standard for uncertain tax positions. This standard had no impact on GSEP's financial statements.

Use of Estimates

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

Concentrations of Credit and Market Risk

Financial instruments, which potentially expose GSEP to concentrations of credit risk, consist primarily of cash and investments. At times, cash and temporary cash investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. GSEP invests in investment securities that are exposed to various risks, such as interest rate, market, and credit risk. It is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the financial statements. The board of directors has implemented investment guidelines intended to mitigate the risk to investments. See Note 4 for investment information.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that are specifically identified with a respective program, general and administrative service, or fundraising are directly charged to that function. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied, as follows:

- Salaries, employee health and retirement, and payroll taxes are allocated based on management's estimated percentage of time and effort.
- Depreciation is allocated based on the square footage and use of the building and facilities.
- Insurance and occupancy are allocated on the same basis as depreciation.
- Telecommunications and information technology expenses are allocated based on staffing levels utilizing the services.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

GSEP adopted the requirements of the guidance effective October 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. GSEP elected the available practical expedients in the year of adoption to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. GSEP has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of ROU assets.

As a result of the adoption of the new lease accounting guidance, GSEP recognized on October 1, 2022, date of adoption, ROU assets and lease liabilities of \$180,669.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, GSEP has evaluated events and transactions through January 31, 2024, the date the financial statements were available to be issued. On December 27, 2023, GSEP sold a conservation easement to Natural Lands Trust Incorporated for the permanent preservation of 458 acres of land at Camp Laughing Waters in New Hanover and Upper Frederick Townships in Montgomery County for \$3,913,000. Per the terms of the agreement, GSEP received \$1,332,000 at settlement with the remaining balance to be paid in future years.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

GSEP recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which GSEP expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that GSEP determines are within the scope of Topic 606, GSEP performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) GSEP satisfies a performance obligation.

Performance Obligations and Revenue Recognition

GSEP recognizes revenues from the cookie program, Fall product program (candy, nuts, magazines) and merchandise sales at point of sale. These revenues are reported at approved rates by GSEP and payment is due at the time of sale. Program service fees from camps and other girl programs are recognized over the period of time the program is delivered. Any payments received in advance of programs taking place are classified as deferred revenue.

The following table shows GSEP's revenues, excluding cost of goods sold, disaggregated according to the timing of the transfer of goods or service and by source for the years ended September 30, 2023 and 2022:

	2023	2022
Revenues Recognized at a Point in Time:		
Cookie Program	\$ 19,307,276	\$ 16,746,275
Fall Product Program	644,305	520,062
Merchandise Sales	812,578	726,928
	20,764,159	17,993,265
Revenues Recognized over Time:		
Program Service Fees	1,940,338	1,899,859

At September 30, 2023, 2022 and 2021, the balance of contract assets was \$49,848, \$28,863, and \$18,786, respectively. At September 30, 2023, 2022 and 2021, the balance of contract liabilities was \$207,511, \$121,742, and \$74,702, respectively.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Cookies, Fall product program, merchandise sales and program service revenues are reported at approved rates.

Periodic promotional sales may occur within the shops with merchandise being discounted. Those enrolled in programs may also receive discounts. The amounts of discounts are applied to individual accounts when such amounts are awarded. The transaction prices are reduced directly by these discounts from the amount of the standard rates charged.

NOTE 3 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 as of September 30:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 4,210,216	\$ 1,928,873
Government Bonds	-	1,496,565
Accounts Receivable	18,493	23,498
Pledges Receivable	147,359	130,337
Distributions from Beneficial Interests in Assets		
Held by Others	12,124	21,341
Endowment Spending-Rate Distributions		
Appropriations	388,907	389,911
Total	<u>\$ 4,777,099</u>	<u>\$ 3,990,525</u>

GSEP's 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, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

GSEP's board-designated endowment of \$7,178,535 and \$6,738,527 as of September 30, 2023 and 2022, respectively, is subject to an annual spending rate of 5% as described in Note 6. Although GSEP does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

GSEP also has a board-designated Land, Building, and Equipment Fund of \$5,750,033 and \$6,024,431 as of September 30, 2023 and 2022, respectively. The purpose of this fund is to use investment income and principle for capital expenditures related to its camps and facilities. These amounts could also be made available if necessary.

As part of GSEP's liquidity management plan, GSEP invests cash in excess of daily requirements in short-term investments, including money market funds and short-term treasury instruments. As more fully described in Note 9, GSEP also has a line of credit facility up to a maximum of \$2,500,000, which it could draw upon, if necessary.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 4 INVESTMENTS

GSEP's policy is to invest in high-quality financial institutions and to diversify investments among various individual funds of equities and fixed income. The investments as of September 30, 2023 and 2022, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Certificates of Deposit	\$ 2,523	\$ 2,523
Mutual Funds:		
Fixed Income	5,278,176	6,246,839
Domestic Equities	5,034,354	4,396,636
International Equities	3,277,862	2,754,351
Pooled Income Fund	67,639	64,932
Government Bonds	-	1,496,565
Total Investments	<u>\$ 13,660,554</u>	<u>\$ 14,961,846</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Dividends and Interest	\$ 353,578	\$ 364,017
Realized Gain on Investments	3,416	344,442
Unrealized Gain (Loss) on Investments	1,243,748	(3,748,797)
Investment Fees	(29,208)	(28,920)
Total Investment Income	<u>\$ 1,571,534</u>	<u>\$ (3,069,258)</u>

NOTE 5 FAIR VALUE MEASUREMENTS

GSEP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are described below:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. A review of the fair value hierarchy classifications is conducted on an annual basis. Changes in the type of inputs may result in a reclassification for certain financial assets or liabilities.

The following tables set forth, by level, within the fair value hierarchy, GSEP's assets measured at fair value on a recurring basis, as of September 30:

	Investment Assets at Fair Value as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	\$ 5,278,176	\$ -	\$ -	\$ 5,278,176
Domestic Equities	5,034,354	-	-	5,034,354
International Equities	3,277,862	-	-	3,277,862
Assets Held in Trust	-	-	421,383	421,383
Total Investment Assets at Fair Value	<u>\$ 13,590,392</u>	<u>\$ -</u>	<u>\$ 421,383</u>	14,011,775
Investments Measured at Net Asset Value per Share				67,639
Certificates of Deposit				2,523
Total				<u>\$ 14,081,937</u>

	Investment Assets at Fair Value as of September 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	\$ 6,246,839	\$ -	\$ -	\$ 6,246,839
Domestic Equities	4,396,636	-	-	4,396,636
International Equities	2,754,351	-	-	2,754,351
Government Bonds	1,496,565	-	-	1,496,565
Assets Held in Trust	-	-	393,929	393,929
Total Investment Assets at Fair Value	<u>\$ 14,894,391</u>	<u>\$ -</u>	<u>\$ 393,929</u>	15,288,320
Investments Measured at Net Asset Value per Share				64,932
Certificates of Deposit				2,523
Total				<u>\$ 15,355,775</u>

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following provides a brief description of the types of recurring financial instruments GSEP holds, the methodology for estimating fair value, and the level within the hierarchy of the estimate:

Mutual Funds: These are mutual funds which invest in securities which are traded on a recognized liquid exchange. The closing price of the security as of the reporting date is used to determine fair value. These are considered Level 1 inputs.

Assets Held in Trust: This represents GSEP's interest in several perpetual trusts. These are recorded at fair value based on GSEP's interest in the underlying assets, which approximates the present value of the estimated future cash receipts from these trusts. These are considered a Level 3 input.

During the years ended September 30, 2023 and 2022, there were no transfers into or out of Level 3 of the fair value hierarchy and there were no purchases or issues of Level 3 assets.

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2023	2022		
Assets Held In Trust	\$ 421,383	\$ 393,929	Fair Market Value of Trust Instruments	Value of Underlying Assets

Fair value measurements of investments measured at net asset value (NAV) per share at the measurement date include GSEP's investment in a pooled income fund held by GSUSA.

NOTE 6 ENDOWMENT

GSEP has endowment funds that are restricted by donors to be maintained in perpetuity and funds designated by the board of directors to function as endowment. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of GSEP has interpreted the Commonwealth of Pennsylvania state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, GSEP classifies as net assets with donor restrictions: (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) enhancements and diminution of the fund after amount deemed income under Pennsylvania law.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 6 ENDOWMENT (CONTINUED)

GSEP's endowment funds had the following activity for the year ended September 30, 2023:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 6,738,527	\$ 684,977	\$ 7,423,504
Investment Return:			
Dividends and Interest	158,426	16,371	174,797
Net Appreciation	671,493	53,390	724,883
Contributions	-	750	750
Income Expended for Scholarships	-	(4,000)	(4,000)
Endowment Earnings Used for Operations	(389,911)	(11,153)	(401,064)
Changes in Net Assets	440,008	55,358	495,366
Endowment Net Assets - End of Year	<u>\$ 7,178,535</u>	<u>\$ 740,335</u>	<u>\$ 7,918,870</u>

GSEP's endowment funds had the following activity for the year ended September 30, 2022:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 8,634,010	\$ 825,483	\$ 9,459,493
Investment Return:			
Dividends and Interest	161,794	21,108	182,902
Net Appreciation	(1,684,450)	(154,368)	(1,838,818)
Contributions	-	775	775
Income Expended for Scholarships	-	(3,450)	(3,450)
Endowment Earnings Used for Operations	(372,827)	(4,571)	(377,398)
Changes in Net Assets	(1,895,483)	(140,506)	(2,035,989)
Endowment Net Assets - End of Year	<u>\$ 6,738,527</u>	<u>\$ 684,977</u>	<u>\$ 7,423,504</u>

Return Objectives and Risk Parameters

The board of directors believes broad diversification and a conservative approach to portfolio management are necessary to reduce volatility and prudently optimize total return. Total return is defined as capital gains, realized and unrealized, plus income derived from dividends and interest. It is recognized that economic and securities market conditions are not constant, but ever changing, and as a result, periodic portfolio rebalancing will be required to maintain asset productivity.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, GSEP 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). GSEP's asset allocation for net assets with donor restrictions targets a composition of stock between 50% and 70%, fixed income between 30% and 50%, and cash equivalents between 0% and 10%.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 6 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The earnings on the net assets with donor restrictions are released from restricted funds and are used in accordance with donor stipulations.

Under GSEP's investment policy, the board of directors established a spending rate to fund operations. This spending rate is based on 5% of the average of 12 prior quarter-end market values of the board-designated portfolio. Distributions normally begin after the close of the fiscal year and are usually taken in one lump sum. For the years ended September 30, 2023 and 2022, the amount released for operations was \$389,911 and \$372,827, respectively.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as net assets with donor restrictions. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of contributions of net assets with donor restrictions. There were no deficiencies of this nature at September 30, 2023 or 2022.

NOTE 7 PLEDGES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Less than One Year	\$ 228,457	\$ 225,820
One to Five Years	7,050	34,950
Gross Unconditional Promises to Give	235,507	260,770
Less: Discount to Net Present Value	(395)	(1,997)
Less: Allowance for Uncollectible Promise to Give	(25,000)	(39,000)
Net Grant and Pledges Receivable	<u>\$ 210,112</u>	<u>\$ 219,773</u>

Promises due in one to five years were discounted at interest rates ranging from 3.3% to 6.2%. Promises due in less than one year were not discounted.

NOTE 8 LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Land and Land Improvements	\$ 3,228,320	\$ 3,257,095
Buildings and Building Improvements	30,964,201	30,878,966
Equipment	3,931,515	4,069,053
Construction-in-Progress	361,943	298,283
Total	38,485,979	38,503,397
Less: Accumulated Depreciation	(22,725,924)	(22,080,107)
Total	<u>\$ 15,760,055</u>	<u>\$ 16,423,290</u>

GSEP did not have outstanding commitments on uncompleted construction contracts as of September 30, 2023.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 9 BANK CREDIT FACILITY

GSEP maintains an unsecured revolving line of credit with a bank whereby it is permitted to borrow up to a maximum of \$2,500,000 under a line of credit facility for working capital purposes, expiring on April 30, 2024. Interest is payable on any outstanding balances on the line of credit at the Secured Overnight Financing Rate (SOFR) plus 3.25% (SOFR was 5.31% and 2.98% as of September 30, 2023 and 2022, respectively). There were no amounts outstanding on the line of credit as of September 30, 2023 or 2022.

NOTE 10 LEASES

GSEP leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain equipment leases require GSEP to guarantee minimum residual values. The expected amount payable under the residual guarantees is estimated to be \$136,227 at September 30, 2023.

The following provides quantitative information concerning the GSEP's leases for the year ended September 30, 2023:

Lease Cost:	
Total Lease Cost	\$ 60,196
Other Information:	
Operating Cash Flows From Operating Leases	\$ 60,196
Weighted-Average Remaining Lease Term - Operating Leases	2.5
Weighted-Average Discount Rate - Operating Leases	6.23%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2023, is as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 60,196
2025	50,224
2026	37,668
Subtotal	148,088
Less: Imputed Interest	(11,861)
Total	<u>\$ 136,227</u>

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 10 LEASES (CONTINUED)

Operating Lease Agreements – ASC 840

As outlined in Note 1, GSEP elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption. Lease disclosures for the year ended September 30, 2022 are made under the prior lease guidance found in FASB ASC 840.

GSEP leases office equipment under noncancellable operating leases. Scheduled future payments were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 60,196
2024	60,196
2025	50,224
2026	37,668
Total	<u>\$ 208,284</u>

NOTE 11 BONDS PAYABLE, NET

In January 2000, GSEP borrowed \$2,380,000 from the proceeds of Montgomery County Industrial Development Authority Tax-Exempt Revenue Bonds for the construction of its corporate headquarters at the Shelly Ridge Service Center, Miquon, Pennsylvania. Interest is payable monthly at a variable rate based on the USD-SIFMA Municipal Swap Index (Securities Industry and Financial Markets Association Municipal Swap Index), which averaged 3.06% and 0.61% for the years ended September 30, 2023 and 2022, respectively. The bonds, which mature on February 1, 2025, require mandatory redemption payments to be maintained. The bonds are collateralized by the property and a bank letter of credit, which is subject to renewal in March 2024.

Scheduled future mandatory redemption payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>	
2024	\$ 165,000	
2025	175,000	
Total	<u>\$ 340,000</u>	
	<u>2023</u>	<u>2022</u>
Bonds Payable as of September 30	\$ 340,000	\$ 495,000
Less: Unamortized Bond Issuance Costs	14,748	25,864
Bonds Payable, Net	<u>\$ 325,252</u>	<u>\$ 469,136</u>

Interest expense on the bonds and letter of credit fees totaled \$14,764 and \$5,782 for the years ended September 30, 2023 and 2022, respectively.

Bond issue costs represent costs associated with the issuance of the Revenue Bonds. Such costs are being amortized over the term of the bonds, which is 25 years, which is not a material change from the effective interest rate method. Amortization was \$11,116 the years ended September 30, 2023 and 2022, respectively. The bond issuance costs are presented net of the bonds payable on the statement of financial position.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 12 PAYCHECK PROTECTION PROGRAM LOAN

On March 11, 2021, GSEP received a loan from TD Bank in the amount of \$1,186,297 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if GSEP fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with PPP guidelines. The covered period from March 11, 2021 to August 25, 2021, is the time that GSEP has to spend the PPP Loan funds.

On May 25, 2022, the PPP Loan, including interest of \$14,499, was forgiven in full and GSEP was legally released from the debt. The loan forgiveness has been recorded as a gain on extinguishment of debt on the statement of activities for the year ended September 30, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on GSEP's financial position.

NOTE 13 NET ASSETS

Net assets without donor restrictions are available for the following purposes as of September 30:

	2023	2022
Undesignated	\$ 18,999,523	\$ 18,718,767
Board-Designated Endowment	7,178,535	6,738,527
Board-Designated Land, Building, and Equipment	5,750,033	6,024,431
Total	<u>\$ 31,928,091</u>	<u>\$ 31,481,725</u>

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 13 NET ASSETS (CONTINUED)

Net assets with donor restrictions consist of the following funds restricted for time and/or purpose as of September 30:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Endowment Earnings for Scholarships, Camperships and Program Support	\$ 55,709	\$ 57,326
Capital Improvements	46,024	33,817
Program Support and Scholarships	148,821	49,367
Promises to Give that are Restricted by Donors and which are Unavailable for Expenditure until Due:		
Program Support	48,896	48,640
Capital Improvements	79,148	121,433
Subject to Passage of Time:		
Promises to Give that are not Restricted by Donors, but which are Unavailable for Expenditure until Due	107,463	90,697
Endowment Appreciation	47,687	(8,220)
Endowment Corpus to be Maintained in Perpetuity	636,939	635,871
Interest in Perpetual Trust Held in Perpetuity	<u>421,383</u>	<u>393,929</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,592,070</u>	<u>\$ 1,422,860</u>

NOTE 14 COOKIE PROGRAM

Cookie Program revenue represents gross cookie revenues earned of \$19,307,276 and \$16,746,275 less the direct cost of cookies purchased from the baker of \$4,822,624 and \$4,587,893 for the years ended September 30, 2023 and 2022, respectively. In the statement of functional expenses, allocations to troops and service units, indirect salary, cost of rewards, and other costs related to the Cookie Program of \$4,834,450 and \$4,765,675 were allocated to Other Girl Programs in 2023 and 2022, respectively.

NOTE 15 BENEFIT PLANS

The council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the U.S.A. (GSUSA). 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.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 15 BENEFIT PLANS (CONTINUED)

Net plan assets declined during the year and are less than the actuarial present value of accumulated plan benefits as of January 1, 2023. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30,000,000 to \$26,000,000 starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2023 and 2022 were \$27,500,000 and \$32,200,000, respectively. Aggregate contributions to be made by GSUSA in fiscal 2024 are expected to be \$26,000,000.

GSEP made contributions into the NGSCR of \$674,638 and \$689,638 during the years ended September 30, 2023 and 2022, respectively.

GSEP provides a defined contribution savings plan to all eligible employees. GSEP's plan provides an employer match of 50% of the employee contribution up to 3% of the employee salary. Employer and employee contributions are subject to certain IRS limits. GSEP's contributions for the years ended September 30, 2023 and 2022, were \$90,279 and \$101,122, respectively.

NOTE 16 RELATED PARTY TRANSACTIONS

GSEP remitted to GSUSA membership dues aggregating \$334,681 and \$286,582 for the years ended September 30, 2023 and 2022, respectively. Accrued expenses include \$7,400 and \$6,045 for amounts collected, but not remitted to, GSUSA as of September 30, 2023 and 2022, respectively.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Girl Scouts of Eastern Pennsylvania, Inc.
Miquon, Pennsylvania

We have audited the financial statements of Girl Scouts of Eastern Pennsylvania, Inc., as of and for the years ended September 30, 2023 and 2022, and our report thereon dated January 31, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Program Accomplishments for the year ended September 30, 2023, which is the responsibility of management, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
January 31, 2024

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
PROGRAM ACCOMPLISHMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Girl Scouts of Eastern Pennsylvania, Inc. (GSEP), operates as an independent, nonprofit organization chartered by Girl Scouts of the USA (GSUSA). GSEP's mission is to build girls of courage, confidence, and character, who make the world a better place in nine Pennsylvania counties: Berks, Bucks, Carbon, Chester, Delaware, Lehigh, Montgomery, Northampton, and Philadelphia. In fiscal year 2023 (October 1, 2022-September 30, 2023), GSEP provided the Girl Scout Leadership Experience (GSLE) to over 25,000 girls, with the help of more than 13,000 adult members.

Program Accomplishments FY23

Back on track. That is what FY23 felt like for the Girl Scouts of Eastern Pennsylvania. The headline: a 12% increase in Girl Membership, year over year, after a COVID-induced decline, marking two consecutive years of a significant upward trend. In FY23, Adult Membership was up 6% and Lifetime Membership was up 4%. These gains moved GSEP into the slot as sixth largest Girl Scout council in the nation, serving 5.5% of the available girl market.

Other successes include a record year for the Cookie Program, and for sponsorship and attendance at our signature event, Take the Lead. Programs and summer camp saw strong attendance.

As we look ahead to the future of Girl Scouting, we focus on evolving to meet more girls where they are through meaningful and relevant programs and are keenly focused on bringing the GSLE to girls in communities of the greatest need.

Strategy and New Markets

The GSEP team had two priority focus areas for FY23 recruitment: (1) launch a hyper-local regional strategy across our nine-county footprint, and (2) build new troops, especially in the K-3 age range.

Renewal for Member Year '23 (MY23) kicked off in April of 2022, with national marketing from Girl Scouts of the USA encouraging members to renew for the new year. GSEP also launched its own early renewal campaign with tiered incentives offered to Girl Scouts to renew through June. The Mission Delivery team organized the annual council-wide recruitment event called Meet Us at Rita's in September 2022. We started MY23 at 55% of our girl goal for the Member Year.

To customize our recruitment efforts to local needs, we analyzed communities where we had a lower market share. We identified the area with the greatest need as Philadelphia. We restructured staff so all communities had support, adding team members who live in the community they are serving. Over FY23 we achieved a total of 41% growth across Philadelphia compared to the prior year. The success resulted from increased local recruitment events and the launch of the first ever Girl Scouts camp in Philadelphia. The camp quickly filled its 500 available spots and had a waiting list.

To prioritize reaching girls in the K-3 age range, we coordinated a council-wide campaign in January through March 2023 with the goal of engaging schools and community locations, like libraries. We focused on grades K-3 to ensure families that may not have had the same opportunities to join Girl Scouts during COVID-19 had an easy path to get engaged. Our goal was to recruit 1,500 girls. At the end of March, we had recruited 2,066 girls, in 362 troops, 22 of which were newly formed in the spring.

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Member and Community Excellence

In FY23, GSEP girl membership was up another 12%, finishing the year at 25,178 girls. Adult Membership was up 6% to 9,598, and Lifetime Membership was up 4%, at 3,487. These gains moved GSEP into the slot as sixth largest Girl Scout council in the nation, serving 5.5% of the available girl market.

FY23 was the second year of GSEP's newly formed regional structure.

Region 1: Philadelphia County

Region 2: Berks County, Chester County, Delaware County

Region 3: Bucks County, Carbon County, Lehigh County, Northampton County, Montgomery County

Each region was led by a Regional Mission Delivery Director and included Community Engagement Specialists (CES), Volunteer Experience Specialists (VES), and Girl Experience Specialists (GES). This approach brings the Transformation Strategy to life with communities at the center.

CES are focused on membership goals for their Service Units and organized and attended recruitment events across the council while managing relationships with Service Unit leadership teams.

VES provide support for our nearly 13,000 adult volunteers and offered training for them to better serve their girls.

In MY23, our GES team developed a new focus on regional programming, to make sure programs and events were available for Girl Scouts across the council footprint. For the first time in a long time, programs were planned proportionally, based on the number of girl members. These programs will take place in late MY23 and MY24.

There remains a focus on Philadelphia, and in MY23 focus groups were conducted to find out more about girls who live in the city of Philadelphia, including what challenges they and their caregivers face, what they know about Girl Scouts and what they need from programs designed for them. This data is supporting how we approach our work in Philadelphia and will help to inform a new special project, called "Calling All Girl Bosses." Planning for this kicked off in MY23. It aims to increase access and engagement for middle and high school aged girls in Philadelphia.

The FY23 Fall Product Program exceeded goal by almost 14%, with Girl Scouts selling \$644,305 worth of nuts, candy and magazines, a 24% increase over last year's gross sales. More than 2,370 Girl Scouts took part, an increase of 16% over the prior year.

The FY23 Cookie Program ran from January 19 – March 12, and closed with a record high \$19,307,276 in gross revenue, \$903,474 above budget. The Per Girl Average (PGA) was 269, slightly below FY22's number of 294. 77% of registered Girl Scouts participated, or 14,313 girls. By comparison, in the previous year an average of 75.7% of registered Girl Scouts participated. While the season was a success from a revenue standpoint, it was not without challenges. GSUSA launched a new cookie, the Raspberry Rally, which was available to customers only online, not at traditional Cookie Booths. This caused confusion for the consumer and frustrations for Girl Scouts. Additionally, bakers did not keep up with demand, which led to negative feedback from troops and Girl Scouts, and dissatisfaction from some consumers. GSEP ended the season with a glut of leftover inventory, due to various factors,

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including troops holding onto too many cookies for fear of running out and GSEP facilitating troop to troop transfers instead of utilizing inventory at the council level.

In FY23, Fundraising at GSEP met 95% of its overall goal. All three Take the Lead fundraising events—Philadelphia, Berks County and Lehigh Valley—were held in-person. In each location, GSEP hosted a girl-led, fully produced event, attended by members of each respective community. As in prior years, each event recognized remarkable women, whose work and contributions to their region exemplifies the Girl Scout mission. In 2023, GSEP was proud to recognize 12 honorees, who were paired with high school-aged Girl Scouts for a shadow day and mentorship experience. Due to the generous support of corporate sponsors and individuals, and the commitment of our co-chairs, committees, and staff, Take the Lead fundraising reached 118% of its goal. In Fall 2022, GSEP hosted its inaugural Golf for Girl Scouts event at Stonewall Golf Club in Chester County, which raised almost \$42,000 and introduced the organization to many new members of the community. United Way efforts surpassed their fundraising goals and individual giving reached 96% of its fundraising goal. Furthermore, GSEP was chosen to participate in a workforce development grant, along with five other Girl Scout councils, through the Department of Labor to increase employment opportunities for historically underserved populations at our camp properties.

Operational Excellence

GSEP celebrated 572 Bronze Award Girl Scouts and held in-person award ceremonies for 135 Silver Award Girl Scouts and 63 Gold Award Girl Scouts.

2023 was the inaugural year for GSEP's Philly Camp, held in four locations across the city of Philadelphia: Northwest, Center City/South, Northeast and North. 511 girls registered for Philly Camp. Each attendee received a free week-long session, which included GSLE activities and a field trip. The Camp was featured on PHL-17.

GSEP's four resident camps and three-day camps served close to 3,700 Girl Scouts during summer 2023. There were 1,502 registrations for day camp, and 2,164 registrations for resident camp. Campers in grades K-3 made up 24% of all GSEP camp registrations, while campers in grades 4-5 made up 28%. Cadettes and older campers made up around 47% of camp registrations. The average age of all campers was 10.5 years; 9 years for day camp and 11 years for resident camp.

Girl Scouts Beyond Bars (GSBB) served 27 girls in 2023. An important life-changing program at GSEP for girls whose mothers are or were incarcerated, this program has been running since the 1990s. This year's events and activities included wildlife exploration and overnight camping at Camp Shelly Ridge.

On April 16, 2023, GSEP held the Women's Leadership Summit for 75 volunteers and local leaders. Held during national volunteer week, this event had keynote speaker author Tina Wells, who shared her "Elevation Approach" toward achieving work-life harmony. The event included a service project for the Laurel House, a local domestic violence shelter, and personal and professional development sessions on personal finance, fostering an inclusive culture, and art therapy.

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GSEP attended the Girls Scouts' 56th National Council Session (NCS), held in Orlando, Florida in July. Our 16 Delegates and 3 Alternates were joined by 11 staff, and our top six Cookie Sellers. GSEP's proposed change to the Blue Book of Basic Documents – allowing virtual attendance at future NCS sessions, was presented, debated, and accepted. Delegates from every council across the nation and USA Girl Scouts Overseas were also in attendance. The session was followed by “Phenom by Girls Scouts” - a Girl Scouts extravaganza that included speakers, performers and more. The next NCS takes place in 2026 in Washington, D.C.

Adult Camping Weekend, organized by GSEP's Alumni Association was a big success in August 2023, with 150 participants attending from the GSEP footprint and well beyond. In total, the event raised more than \$23,000 for older girl scholarships.

Our F.A.L.L. (Fall Adult Leading and Learning) 2022-2023 event served 124 participants from all over GSEP for a day of learning, networking, and fun. There were more than 30 workshops for attendees. But it wasn't all work as attendees also had a camp-filled fun time getting prepared to serve girls.

The annual Volunteer Awards ceremony was at Camp Laughing Waters on November 9, 2022. It was a wonderful opportunity to thank Volunteers for all that they do build girls of courage, confidence and character who make the world a better place. In 2022, 52 Volunteers and 13 Service Units were recognized for their exemplary service to GSEP. There were 12 numeral guard pics awarded, totaling 585 years of collective service to Girl Scouts. Eight Service Units received the CEO Award, which recognizes their efforts to achieve the council's goals and objectives of Service, Learning, and Growth in Membership Year 2022.

Retail introduced two new concepts: Luella the mobile shop van and a Build-A-Bear Workshop at Shelly Ridge.

Functional Excellence

The FY23 Operating Budget was bolstered by the success of the Cookie Program, and the three Take the Lead events surpassing goals. Both helped to put GSEP in a great financial position for the second half of the year. While GSEP camps did not reach their budgeted attendance goal, corresponding costs were also considered, and the impact was able to be absorbed. GSEP ended the year with a multiple six-figure income from operations for the second consecutive year.

Human Resources was incredibly active recruiting and onboarding new positions for the three-region realignment. For FY23 GSEP planned for 84 Full-Time and 9 Part-Time positions. The bulk of the hiring was done during quarters one & two, however, HR continued hiring into FY24 for the remaining open positions, some of which were newly created roles.

GSEP also hired a Chief Administrative Officer overseeing Human Resources and Property, and a Chief Information & Transformation Officer managing IT, Business Analytics, and Member Support.

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In FY23, GSEP realized significant progress under the dynamic leadership of GSEP's first Chief Information and Transformation Officer. The strategic vision and initiatives undertaken the past year have allowed the organization to increase momentum in moving toward a more technologically mature and optimized state. A few notable achievements included completing major projects outlined by the IT Strategy Committee. These projects, emphasizing Microsoft Cloud technologies and improved security offerings, have positioned us well to accelerate and thrive in today's fast-paced tech landscape.

Data and business intelligence platforms have also seen positive changes, making it easier for us to get valuable insights. We've hired new staff to ensure we provide the best possible value for both our internal teams and external customers.

Renewed attention to both Member and customer support applications and processes has led to real improvements and has strengthened collaboration among our teams, increasing opportunities for troop placements in our local areas.

Several annual capital projects at GSEP camps provided significant improvements to the girl experience. Camp Mosey Wood received the replacement of 2 large, beautiful decking systems for four platform tent sites at Stonewood. Camp Shelly Ridge received a new roof for the Service Center, the addition of a Clivus Multrum bathroom facility at the site of the new platform tent unit, as well as a new picturesque window in the loft space of Smith Lodge. Camp Laughing Waters received a brand-new Horse Barn and extensive renovations to the interior and exterior of the Health Center. General maintenance projects were performed at Camps Shelly Ridge, Valley Forge, Mosey Wood and Wood Haven, and a maintenance vehicle was also purchased.

During 2023, GSEP secured a commitment for the Girl Adventure Place Campaign at Camp Mountain House in the amount of \$125,000 from Senator Nick Miller. Additionally, solicitations are pending for Camp Shelly Ridge for a second phase of the capital campaign to access the backend of the property, for a new well and swimming pool at Camp Wood Haven, and for the ongoing Girl Adventure Place campaign for Camp Mountain House.