
GIRL SCOUTS OF COLORADO

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

Contents

	Page
Independent Auditors' Report	1 - 2
 Financial Statements	
Statement Of Financial Position.....	3
Statements Of Activities	4 - 5
Statements Of Functional Expenses.....	6 - 7
Statement Of Cash Flows.....	8
Notes To Financial Statements.....	9 - 31

Independent Auditors' Report

Board of Directors
Girl Scouts of Colorado
Denver, Colorado

Opinion

We have audited the financial statements of Girl Scouts of Colorado, a not-for-profit organization, 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 Colorado 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. 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 Colorado 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.

Change In Accounting Principle

As discussed in Note 2 to the financial statements, in 2023, Girl Scouts of Colorado adopted Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

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 Colorado's ability to continue as a going concern for one year after the date that 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Colorado'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 Colorado'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.

RubinBrown LLP

January 24, 2024

GIRL SCOUTS OF COLORADO
STATEMENT OF FINANCIAL POSITION

	Assets	
	September 30,	
	2023	2022
Cash and cash equivalents	\$ 2,592,509	\$ 7,672,709
Accounts receivable	97,685	—
ERTC receivable	—	794,200
Promises to give	110,500	71,875
Prepaid expenses	256,040	259,933
Inventory	251,836	180,768
Investments	10,392,909	5,824,549
Property and equipment, less accumulated depreciation	5,576,189	3,485,629
Right of use assets - operating leases	1,314,325	—
Beneficial interests in perpetual trusts	227,312	227,312
Beneficial interests in assets held by others	19,561,916	17,448,623
Total Assets	\$ 40,381,221	\$ 35,965,598

Liabilities And Net Assets		
Liabilities		
Accounts payable	\$ 28,385	\$ 126,748
Accrued expenses	1,975,655	1,322,520
Deferred revenue	380,019	192,136
Operating lease liabilities	1,596,512	—
Total Liabilities	3,980,571	1,641,404
Net Assets		
Without donor restrictions	34,911,988	32,325,020
With donor restrictions	1,488,662	1,999,174
Total Net Assets	36,400,650	34,324,194
Total Liabilities And Net Assets	\$ 40,381,221	\$ 35,965,598

GIRL SCOUTS OF COLORADO

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues And Support			
Product sales:	\$ 22,808,133	\$ —	\$ 22,808,133
Cost of sales	(5,306,931)	—	(5,306,931)
Troop proceeds	(4,804,224)	—	(4,804,224)
Net Product Sales	12,696,978	—	12,696,978
Sales of merchandise:	579,784	—	579,784
Cost of sales	(300,236)	—	(300,236)
Net Merchandise Sales	279,548	—	279,548
Special events:	430,725	—	430,725
Less direct expenses	(199,547)	—	(199,547)
Net Special Events	231,178	—	231,178
Camp and program service fees	1,520,723	—	1,520,723
Contributions and grants	1,003,004	161,146	1,164,150
Contributed nonfinancial assets	244,446	—	244,446
Net assets released from restrictions	755,260	(755,260)	—
Total Revenues And Support	16,731,137	(594,114)	16,137,023
Expenses			
Services to troops and girls	10,116,618	—	10,116,618
Council events and camps	2,918,263	—	2,918,263
Management and general	2,014,183	—	2,014,183
Development and fundraising	621,029	—	621,029
Total Expenses	15,670,093	—	15,670,093
Change In Net Assets From Operations	1,061,044	(594,114)	466,930
Nonoperating Activities			
Change in value of beneficial interests in assets held by others	1,329,812	83,602	1,413,414
Investment income	412,662	—	412,662
National Girl Scouts defined benefit retirement obligation	(548,025)	—	(548,025)
Gain on involuntary conversion and loss on disposal of property	253,868	—	253,868
Other income	77,607	—	77,607
Total Nonoperating Activities	1,525,924	83,602	1,609,526
Increase (Decrease) In Net Assets	2,586,968	(510,512)	2,076,456
Net Assets, Beginning Of Year	32,325,020	1,999,174	34,324,194
Net Assets, End Of Year	\$ 34,911,988	\$ 1,488,662	\$ 36,400,650

GIRL SCOUTS OF COLORADO

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues And Support			
Product sales:	\$ 20,394,076	\$ —	\$ 20,394,076
Cost of sales	(4,541,389)	—	(4,541,389)
Troop proceeds	(4,380,670)	—	(4,380,670)
Net Product Sales	11,472,017	—	11,472,017
Sales of merchandise:	589,908	—	589,908
Cost of sales	(288,170)	—	(288,170)
Net Merchandise Sales	301,738	—	301,738
Special events:	385,634	—	385,634
Less direct expenses	(73,984)	—	(73,984)
Net Special Events	311,650	—	311,650
Camp and program service fees	1,022,350	—	1,022,350
Contributions and grants	3,419,816	677,711	4,097,527
Contributed nonfinancial assets	127,551	—	127,551
Net assets released from restrictions	170,056	(170,056)	—
Total Revenues And Support	16,825,178	507,655	17,332,833
Expenses			
Services to troops and girls	8,702,514	—	8,702,514
Council events and camps	2,037,889	—	2,037,889
Management and general	1,747,877	—	1,747,877
Development and fundraising	667,499	—	667,499
Total Expenses	13,155,779	—	13,155,779
Change In Net Assets From Operations	3,669,399	507,655	4,177,054
Nonoperating Activities			
Change in value of beneficial interests in assets held by others	(2,285,313)	(168,022)	(2,453,335)
Change in value of beneficial interests in perpetual trusts	—	(23,983)	(23,983)
Investment income	9,723	—	9,723
National Girl Scouts defined benefit retirement obligation	(560,214)	—	(560,214)
Gain on extinguishment of PPP loan	1,689,269	—	1,689,269
Other income	11,731	—	11,731
Total Nonoperating Activities	(1,134,804)	(192,005)	(1,326,809)
Increase In Net Assets	2,534,595	315,650	2,850,245
Net Assets, Beginning Of Year	29,790,425	1,683,524	31,473,949
Net Assets, End Of Year	\$ 32,325,020	\$ 1,999,174	\$ 34,324,194

GIRL SCOUTS OF COLORADO

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended September 30, 2023

	Services To Troops And Girls	Council Events And Camps	Total Program Services	Management And General	Development And Fundraising	Total Supporting Services	Total
Salaries and benefits	\$ 6,299,210	\$ 1,961,738	\$ 8,260,948	\$ 1,379,714	\$ 504,190	\$ 1,883,904	\$ 10,144,852
Supplies and consumables	664,304	512,119	1,176,423	122,553	157,467	280,020	1,456,443
Product costs	5,306,931	—	5,306,931	—	—	—	5,306,931
Troop proceeds	4,804,224	—	4,804,224	—	—	—	4,804,224
Merchandise cost of sales	300,236	—	300,236	—	—	—	300,236
Grants and assistance to girls and troops	222,725	153,616	376,341	—	—	—	376,341
Occupancy	1,172,358	65,429	1,237,787	28,800	53,697	82,497	1,320,284
Professional services	187,365	1,236	188,601	271,159	13,126	284,285	472,886
Information technologies	140,271	36,778	177,049	20,695	2,974	23,669	200,718
Travel	191,805	115,077	306,882	42,735	22,957	65,692	372,574
Depreciation	408,870	5,680	414,550	31,025	14,943	45,968	460,518
Other	829,710	66,590	896,300	117,502	51,222	168,724	1,065,024
Total Expenses	20,528,009	2,918,263	23,446,272	2,014,183	820,576	2,834,759	26,281,031
Expenses netted against revenue:							
Costs of product sales	(5,306,931)	—	(5,306,931)	—	—	—	(5,306,931)
Troop proceeds	(4,804,224)	—	(4,804,224)	—	—	—	(4,804,224)
Cost of merchandise sales	(300,236)	—	(300,236)	—	—	—	(300,236)
Special events direct costs	—	—	—	—	(199,547)	(199,547)	(199,547)
Net Expenses	\$ 10,116,618	\$ 2,918,263	\$ 13,034,881	\$ 2,014,183	\$ 621,029	\$ 2,635,212	\$ 15,670,093
Percentage of total expenses	64%	19%	83%	13%	4%	17%	100.0%

GIRL SCOUTS OF COLORADO

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2022

	Services To Troops And Girls	Council Events And Camps	Total Program Services	Management And General	Development And Fundraising	Total Supporting Services	Total
Salaries and benefits	\$ 5,831,956	\$ 1,504,615	\$ 7,336,571	\$ 1,047,236	\$ 485,329	\$ 1,532,565	\$ 8,869,136
Supplies and consumables	307,684	327,373	635,057	173,710	109,465	283,175	918,232
Product costs	4,541,389	—	4,541,389	—	—	—	4,541,389
Troop proceeds	4,380,670	—	4,380,670	—	—	—	4,380,670
Merchandise cost of sales	288,170	—	288,170	—	—	—	288,170
Grants and assistance to girls and troops	392,826	—	392,826	—	—	—	392,826
Occupancy	815,598	44,005	859,603	78,204	20,671	98,875	958,478
Professional services	145,881	—	145,881	213,952	14,170	228,122	374,003
Information technologies	131,411	39,821	171,232	22,496	4,704	27,200	198,432
Travel	172,219	64,282	236,501	34,960	17,996	52,956	289,457
Depreciation	266,507	4,677	271,184	31,403	18,286	49,689	320,873
Other	638,432	53,116	691,548	145,916	70,862	216,778	908,326
Total Expenses	17,912,743	2,037,889	19,950,632	1,747,877	741,483	2,489,360	22,439,992
Expenses netted against revenue:							
Costs of product sales	(4,541,389)	—	(4,541,389)	—	—	—	(4,541,389)
Troop proceeds	(4,380,670)	—	(4,380,670)	—	—	—	(4,380,670)
Cost of merchandise sales	(288,170)	—	(288,170)	—	—	—	(288,170)
Special events direct costs	—	—	—	—	(73,984)	(73,984)	(73,984)
Net Expenses	\$ 8,702,514	\$ 2,037,889	\$ 10,740,403	\$ 1,747,877	\$ 667,499	\$ 2,415,376	\$ 13,155,779
Percentage of total expenses	66%	16%	82%	13%	5%	18%	100%

GIRL SCOUTS OF COLORADO

STATEMENT OF CASH FLOWS

	For The Years Ended September 30,	
	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 2,076,456	\$ 2,850,245
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	460,518	320,873
Gain on involuntary conversion and loss on disposal of property	(253,868)	—
Gain on extinguishment of PPP loan	—	(1,689,269)
Unrealized gains on investments	(3,630)	(13,621)
Change in value of beneficial interests in perpetual trusts	—	23,983
Change in value of beneficial interests in assets held by others	(1,413,414)	2,453,335
Contributions received for endowment	(1,774)	(29,529)
Contributions received for capital outlays	(310)	(389,794)
Changes in assets and liabilities:		
Accounts receivable	(97,685)	47,500
ERTC receivable	794,200	—
Promises to give	(38,625)	(26,000)
Prepaid expenses	3,893	(134,230)
Inventory	(71,068)	15,439
Right-of-use assets and lease liabilities	147,444	—
Accounts payable	(98,363)	(122,128)
Accrued expenses	653,135	131,039
Deferred revenue	187,883	(21,618)
Net Cash Provided By Operating Activities	2,344,792	3,416,225
Cash Flows From Investing Activities		
Purchases of property and equipment	(2,454,223)	(832,901)
Insurance proceeds	291,756	—
Purchases of investments	(7,564,710)	(5,800,000)
Contributions to beneficial interests in assets held by others	(737,213)	(6,840,194)
Distributions from beneficial interests in assets held by others	37,334	86,249
Sale of investments	2,999,980	—
Net Cash Used In Investing Activities	(7,427,076)	(13,386,846)
Cash Flows From Financing Activities		
Proceeds from contributions received for endowment	1,774	29,529
Proceeds from contributions received for capital outlays	310	389,794
Net Cash Provided By Financing Activities	2,084	419,323
Net Decrease In Cash And Cash Equivalents	(5,080,200)	(9,551,298)
Cash And Cash Equivalents, Beginning Of Year	7,672,709	17,224,007
Cash And Cash Equivalents, End Of Year	\$ 2,592,509	\$ 7,672,709

GIRL SCOUTS OF COLORADO

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 And 2022

1. Operations

Program - Membership And Services To Troops

Research shows girls learn best in an all-girl, girl-led and girl-friendly environment like Girl Scouts of Colorado (Girl Scouts). Girl Scouts strives to provide a safe, no-limits place, designed specifically with her in mind, where she practices different skills, explores her potential and takes on leadership positions.

The Girl Scouts program is a girl-led leadership experience where girls discover, connect and take action through badge-earning, civic engagement, outdoor experiences and travel. It is a life-long leadership journey that progresses as girls grow. Through the Girl Scout Leadership Experience, the girls in Girl Scouts are developing leadership skills through everyday actions big and small across the four program pillars: Science, Technology, Engineering and Math; Outdoor; Life Skills and Entrepreneurship.

Participating in Girl Scouts is proven to help girls thrive in five key ways as they:

- Develop a strong sense of self
- Display positive values
- Seek challenges and learn from setbacks
- Form and maintain healthy relationships and
- Identify and solve problems in the community

Girl Scouts helps girls prepare themselves for a lifetime of leadership and achieve these outcomes through events and activities held across the state, outdoor programs, highest awards programs, outreach programs and volunteer training.

Nature Of Operations

Girl Scouts is chartered by Girl Scouts of the United States of America (GSUSA) to provide Girl Scouting to all the girls in the State of Colorado. Girl Scouts is dedicated to providing a premier leadership opportunity for building girls of courage, confidence and character, who make the world a better place. Girl Scouts' revenues and other support are derived principally from contributions, product program and merchandise sales, camp and program service fees and investment income.

2. Summary Of Significant Accounting Policies

Basis Of Presentation

Financial statement presentation follows generally accepted accounting principles (GAAP) for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, Girl Scouts is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Basis Of Accounting

The financial statements of Girl Scouts have been prepared on the accrual basis of accounting.

Cash And Cash Equivalents

Girl Scouts considers all highly liquid, short-term investments with original maturities of three months or less, which are available for Girl Scouts' operating needs, to be cash equivalents.

Girl Scouts invests its excess cash with financial institutions with strong credit ratings and has established guidelines related to diversification and maturities that maintain safety and liquidity. At times, such amounts may be in excess of Federal Deposit Insurance Corporation insurance amounts of \$250,000 per financial institution.

At September 30, 2023, Girl Scouts' cash accounts exceeded federally insured limits by approximately \$2,184,000.

Inventory

Inventories are stated at the lower of cost or net realizable value. Inventories consist of merchandise that is available to girls, volunteers and parents through Girl Scouts' retail store, events and at camp. Revenue earned from merchandise is used to further the Girl Scout program.

Investments And Investment Return

Investments that have a readily determinable fair value are carried at fair value. The basis for determining fair value is described in Note 13. Investment income includes dividends, interest and realized and unrealized gains and losses on investments carried at fair value. Gains and losses on sales of investments are generally determined on a specific cost identification method.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

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

Investment income is reflected in the statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property And Equipment

Property and equipment is recorded at cost or, if donated, at the approximate fair value of the donation, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over estimated useful lives ranging from 3 to 40 years. Girl Scouts capitalizes all fixed asset purchases over \$2,500 with an estimated useful life greater than 1 year. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is included in the statements of activities.

Property and equipment purchased with donor-restricted contributions or received as a gift is considered with donor restrictions. The restriction is released when the property and equipment is placed in service.

Girl Scouts reviews the carrying value of property and equipment 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. No impairment loss has been recognized in the years ended September 30, 2023 or 2022.

Leases

On October 1, 2022, Girl Scouts utilized the modified retrospective approach to adopt the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (ASC 842), which includes a number of optional practical expedients that entities may elect to apply. Girl Scouts has elected certain practical expedients, including the use of hindsight in determining the lease term at transition and in assessing impairment of an entity's right-of-use (ROU) assets and the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The initial adoption of ASC 842 did not result in a cumulative adjustment to net assets. Results for 2023 are presented under ASC 842, while the 2022 financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

As described in Note 10, Girl Scouts maintains office leases. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. Girl Scouts' leases generally have terms of 3 to 10 years. Girl Scouts does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered include, but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the leased asset and the terms associated with extending the lease. Girl Scouts has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

Additionally, some leases contain incentives, such as rent abatements subsequent to taking possession of the leased property and tenant improvement allowances. These incentives reduced the ROU asset related to the lease and are amortized as reductions of expense over the lease term.

As most leases do not provide an implicit discount rate, Girl Scouts has made an election available to private companies that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

Girl Scouts' operating leases typically contain fixed rent escalations over the lease term, and Girl Scouts recognizes expense for these leases on a straight-line basis over the lease term. Girl Scouts recognizes the related lease expense on a straight-line basis and records the difference between the recognized lease expense and amounts payable under the lease as part of the ROU asset.

Girl Scouts does not separate non-lease components of a contract from the lease components to which they relate for all classes of lease assets.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Girl Scouts, as lessor, leases office space to a tenant as described in Note 8. Under ASC 842, Girl Scouts classifies the lease as an operating lease and elects not to separate the lease component, comprised of monthly rent from the tenant, from the associated non-lease components, comprised of fees related to utility costs. Girl Scouts accounts for the combined lease and non-lease components under ASC 842.

PPP Loans

Girl Scouts had loans that were part of the Paycheck Protection Program (the PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and administered by the U.S. Small Business Administration (the SBA). In accordance with the requirements of the CARES Act, Girl Scouts used the proceeds from these loans exclusively for qualified expenses under the PPP, including payroll costs, mortgage interest, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. Girl Scouts considered the PPP loans to be debt, subject to the provisions of FASB ASC Topic 470, *Debt*.

Under ASC 470, the loans remained recorded as a liability until either (1) the loan was, in part or wholly, forgiven and the debtor had been legally released or (2) the debtor paid off the loan to the creditor. Once the loan was, in part or wholly, forgiven and legal release was received, the liability was reduced by the amount forgiven and a gain on extinguishment was recorded. A gain on extinguishment of \$1,689,269 was recognized in 2022 upon notification of forgiveness by the SBA during February 2022.

Contributions And Grants

Contributions and grants, including unconditional promises to give due in future periods, are recognized as support in the period received. Conditional promises to give, that is, those with measurable performance or other barriers, are recognized as support when the conditions upon which they depend are met.

Promises to give are reported at the amount management expects to collect on balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Those balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the promise to give. Allowances for uncollectible promises to give are provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. No allowance was deemed necessary at September 30, 2023 or 2022.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Government contracts and grants are reported as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. There were no such conditional contributions at September 30, 2023 or 2022.

Contributed Goods And Services

Girl Scouts receives gifts in-kind, such as rent, legal services and other services, that require specialized skills. Girl Scouts also receives gifts in-kind of donated goods and property and equipment. In-kind contribution revenue is recognized when Girl Scouts has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of gifts-in-kind revenue is limited to circumstances in which Girl Scouts takes constructive possession of the gifts in-kind and Girl Scouts is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). Gifts in-kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. Fair value of donated services is based on comparable rates for similar services and fair value of donated goods and property and equipment is based on comparable market prices per publicly available websites.

In-kind contributions included in the statements of activities are comprised of the following:

	<u>2023</u>	<u>2022</u>
Rent	\$ 78,000	\$ 78,000
Legal services	41,806	46,151
Small equipment	2,950	—
Construction costs	77,811	—
Travel and lodging	1,779	—
Catering and other services	42,100	3,400
	<u>\$ 244,446</u>	<u>\$ 127,551</u>

Contributions of services are recognized as revenue at their estimated fair values only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. Many individuals volunteer their time and perform a variety of tasks that assist Girl Scouts with specific assistance programs and fundraising events. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under GAAP. All contributed nonfinancial goods and services are used in operations.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Revenue Recognition

Revenue from camp and program services and special event fees are deferred and recognized over the periods in which the events and programs occur. The transaction price is allocated to each event or service sold and is the amount of consideration to which Girl Scouts expects to be entitled in exchange for transferring services to the customer. All revenue is recognized over the period of time in which the services are provided to the customer, and each service represents a single performance obligation. Sales discounts are included in the related net revenues, if applicable, and are not material. Deferred revenue consists of special event ticket sales and fees for camp programs occurring in the next year. Product sales revenue for the fall product program sale and the cookie program activity is presented as gross sales less the related costs of sales and proceeds retained by the troops. Special event revenue is presented as gross revenues from special events less the costs directly related to the event. Revenue from sales of merchandise are presented as gross revenues from merchandise sales less the costs of sales. No consideration is variable as there are no price changes for volume purchasing and any increases or decreases in services are at stand-alone selling prices of those goods or services.

At September 30, 2023, the opening and closing balances of deferred revenue are \$192,136 and \$380,019, respectively. At September 30, 2022, the opening and closing balances of deferred revenue are \$213,754 and \$192,136, respectively.

Operating And Nonoperating Activities

Operating results in the statements of activities reflect all transactions except those items associated with the defined benefit retirement plan, investments and beneficial interests, other gains (losses) and other income.

Net Assets

Net assets, revenues and support, 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 without donor restrictions are 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, board-designated funds as described in Note 6.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

- *Net Assets With Donor Restrictions* - Net assets with donor restrictions are subject to donor- or certain grantor-imposed restrictions. Contributions restricted by donors are reported 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 statements of activities as net assets released from restrictions.

Functional Allocation Of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method Of Allocation</u>
Salaries and benefits	Time and effort
Supplies and consumables	Time and effort
Occupancy	Square footage
Professional services	Full-time equivalent
Information technologies	Full-time equivalent
Travel	Time and effort
Depreciation	Square footage
Other	Time and effort

Tax Status

Girl Scouts is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Girl Scouts is subject to federal and state income tax on any unrelated business taxable income.

Use Of Estimates

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

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

Legal Contingencies

Girl Scouts is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of Girl Scouts.

3. Availability Of Financial Assets And Liquidity

The following represents Girl Scouts' financial assets available for general expenditures within one year at September 30:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,592,509	\$ 7,672,709
Accounts receivable	97,685	—
ERTC receivable	—	794,200
Promises to give	110,500	71,875
Investments	10,392,909	5,824,549
Total Financial Assets	13,193,603	14,363,333
Less amounts not available to be used within one year:		
Purpose-restricted net assets	53,697	662,887
Restricted cash	43,035	77,624
Financial Assets Available To Meet General Expenditures Over The Next 12 Months	\$ 13,096,871	\$ 13,622,822

As of September 30, 2023 and 2022, Girl Scouts had \$13,096,871 and \$13,622,822, respectively, in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date.

In addition to the items above, as noted in Note 5, Girl Scouts maintains a board-designated fund at Rose Community Foundation and is able to access such funds to help meet operating expenses. At September 30, 2023 and 2022, the board-designated fund had a balance of \$12,079,013 and \$10,510,879, respectively (Note 6).

During 2022, Girl Scouts created a second board-designated fund with the proceeds from the sale of Magic Sky Ranch. This second board-designated fund is also at Rose Community Foundation and is intended for funding capital projects. At September 30, 2023 and 2022, the second board-designated fund had a balance of \$6,383,533 and \$5,900,643 (Note 6).

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

In addition, Girl Scouts has a line of credit available. \$3,000,000 was available from February 1, 2022 through April 30, 2022, \$1,000,000 was available from May 1, 2022 through January 31, 2023, and \$3,000,000 is available from March 16, 2023 through March 31, 2025. The line of credit is unsecured and carries an interest rate at the bank's index rate (8.5% and 6.25% at September 30, 2023 and 2022, respectively). As of September 30, 2023 and 2022, there was \$3,000,000 and \$1,000,000, respectively, available under the line of credit.

4. Promises To Give

Promises to give consist of:

	<u>2023</u>	<u>2022</u>
National Geographic	\$ 50,000	\$ —
Women of Distinction Pledges	28,000	25,250
Stack Infrastructure	25,000	—
Other	7,500	13,125
Amazon STEM	—	3,500
Anschutz	—	25,000
VF Foundation	—	5,000
	<u>\$ 110,500</u>	<u>\$ 71,875</u>

All promises to give are expected to be collected within one year.

5. Beneficial Interests In Assets Held By Others

Girl Scouts has transferred assets to Rose Community Foundation and the Community First Foundation (the Funds) and retained a beneficial interest in those assets. With both foundations, Girl Scouts has granted variance power to the Funds, which allows the Funds to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Funds' Boards of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of Girl Scouts.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

In accordance with FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the transfers were not considered to be contributions from Girl Scouts to the foundations, but rather were accounted for as reciprocal transfers between Girl Scouts and the foundations. Therefore, the amounts held at the foundations totaling \$19,561,916 and \$17,448,623, respectively, at September 30, 2023 and 2022, respectively, are reflected in the statement of financial position as beneficial interests in assets held by others. These amounts include both board-designated funds (Note 6) and net assets with donor restrictions.

Distributions of the Funds' assets are restricted for various purposes.

Girl Scouts is also the beneficiary of two perpetual trusts. Girl Scouts records these trusts at fair market value in the amount of split interest as designated by the donors, ranging from 5% to 25%. The fair value of these assets at September 30, 2023 and 2022 is \$227,312.

6. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions as of September 30:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 10,873,253	\$ 12,427,869
Board-designated funds	18,462,546	16,411,522
Land, property and equipment	5,576,189	3,485,629
	<u>\$ 34,911,988</u>	<u>\$ 32,325,020</u>

The board-designated funds consist of amounts held at Rose Community Foundation as described in Notes 3 and 5. During 2023 and 2022, the changes in the board-designated funds consisted of \$715,297 and \$6,776,399, respectively, in transfers to board-designated and investment gains of \$1,335,727 and \$2,301,145, respectively. There were no distributions for operations or other specific purposes from the board-designated funds in 2023 or 2022.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

Net Assets With Donor Restrictions

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

	2023	2022
Time Restricted		
Unconditional promises to give	\$ 110,500	\$ 71,875
Purpose Restricted		
Endowed funds income available for expenditure	88,979	51,344
Capital outlay	187,404	173,128
Activities in Routt County	22,096	15,728
Other:		
Debbie Haskins	14,185	14,135
City of Lakewood Grant	15,000	—
Amazon STEM tours	14,000	—
Sisterhood of Support	—	61,537
Dream Lab	—	362,500
AT&T STEM patch program	—	24,888
CollegeInvest	—	71,083
Other	10,512	128,744
Total Other	53,697	662,887
Total Purpose Restricted	352,176	903,087
Beneficial Interests In Perpetual Trusts	227,312	227,312
Endowed Funds, The Income Of Which Is Available To Support:		
Disabled campership	5,000	5,000
Capital replacement	120,954	120,954
Activities in Routt County	27,000	27,000
Traveling leaders	105,745	105,745
Camp programs	86,535	86,535
Denver Metro outreach	300,000	300,000
Stephanie A. Foote Leadership Prize	57,263	57,263
Girl Scouts Adventure Fund	25,090	25,090
Camping scholarships	29,910	28,136
Doris M. Knudsen Sterling	41,177	41,177
Total Endowed Funds	798,674	796,900
	\$ 1,488,662	\$ 1,999,174

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Endowment earnings appropriated	\$ 30,834	\$ 49,149
Time restrictions accomplished	71,875	6,875
Purpose restrictions accomplished	652,551	114,032
	<u>\$ 755,260</u>	<u>\$ 170,056</u>

7. Endowment

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Girl Scouts' endowment includes only endowment funds with donor restrictions.

Girl Scouts' governing body has interpreted the State of Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, Girl Scouts retains in perpetuity: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of endowment funds with donor restrictions is classified as purpose restricted and is appropriated for expenditure by Girl Scouts in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Girl Scouts considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

1. Duration and preservation of the fund
2. Purposes of Girl Scouts and the endowment funds with donor restrictions
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Girl Scouts
7. Investment policies of Girl Scouts

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

At September 30, 2023 and 2022, the following is Girl Scouts' endowment investments by type of fund:

	With Donor Restrictions		
	Earnings	Principal	Total
2023 donor-restricted funds	\$ 88,979	\$ 798,674	\$ 887,653

	With Donor Restrictions		
	Earnings	Principal	Total
2022 donor-restricted funds	\$ 51,344	\$ 796,900	\$ 848,244

Changes in endowment investments for the years ended September 30 are as follows:

	With Donor Restrictions		
	Earnings	Principal	Total
Endowment net assets, beginning of year	\$ 51,344	\$ 796,900	\$ 848,244
Net investment return	68,469	—	68,469
Contributions	—	1,774	1,774
Appropriations	(30,834)	—	(30,834)

Endowment Investments - September 30, 2023	\$ 88,979	\$ 798,674	\$ 887,653
---	------------------	-------------------	-------------------

	With Donor Restrictions		
	Earnings	Principal	Total
Endowment net assets, beginning of year	\$ 240,293	\$ 767,371	\$ 1,007,664
Net investment return	(139,800)	—	(139,800)
Contributions	—	29,529	29,529
Appropriations	(49,149)	—	(49,149)

Endowment Investments - September 30, 2022	\$ 51,344	\$ 796,900	\$ 848,244
---	------------------	-------------------	-------------------

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). Girl Scouts has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

At September 30, 2023, deficiencies of this nature exist in two donor-restricted endowment funds, which together have an original gift value of approximately \$56,900, a current fair value of approximately \$55,100, and a deficiency of approximately \$1,800. These deficiencies resulted from unfavorable financial market fluctuations and, as provided under UPMIFA, continued appropriation for certain purposes that were deemed prudent by the Girl Scouts' Board. Girl Scouts plans to recover their losses over the next year.

At September 30, 2022, deficiencies existed in three donor-restricted endowment funds, which together have an original gift value of approximately \$112,400, a current fair value of approximately \$104,700, and a deficiency of approximately \$7,700. These deficiencies resulted from unfavorable financial market fluctuations and, as provided under UPMIFA, continued appropriation for certain purposes that were deemed prudent by the Girl Scouts' Board.

Girl Scouts has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under Girl Scouts' policies, endowment assets are invested in a manner that seeks to obtain the best possible yield on its investments, which is consistent with its goals of preserving principal and maintaining liquidity.

To satisfy its long-term rate of return objectives, Girl Scouts relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Girl Scouts targets a diversified asset allocation that consists of permitted income investments, equity investments and other investments as determined appropriate by Girl Scouts' asset allocation formula.

The funds may make distributions annually, provided that the aggregate amount of all such distributions during the calendar year does not exceed five percent of average net fair market value for such year, from the funds for the benefit of Girl Scouts. For all other endowment funds, Girl Scouts has the policy of appropriating for distribution any net investment income earned by the funds to be expended in accordance with the individual donor restrictions of each fund. In establishing the distribution policy, Girl Scouts considered the long-term expected return on its endowment. This is consistent with Girl Scouts' objective to maintain the purchasing power of the endowment assets held in perpetuity and to provide additional real growth through new gifts.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

8. Property And Equipment

Property and equipment consists of:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 1,106,473	\$ 1,106,473
Buildings and improvements	6,165,673	5,167,722
Furniture, equipment and vehicles	4,180,931	3,014,483
Construction in progress	656,267	366,809
	<u>12,109,344</u>	<u>9,655,487</u>
Less accumulated depreciation	<u>(6,533,155)</u>	<u>(6,169,858)</u>
	<u>\$ 5,576,189</u>	<u>\$ 3,485,629</u>

During 2023, a storm damaged the roofs of several buildings on the Tomahawk Ranch property, resulting in the write-off of fully depreciated damaged assets. Insurance proceeds of \$291,756 were received in 2023 and are included in gain on involuntary conversion and loss on disposal of property on the statement of activities.

During 2016, Girl Scouts entered into a cancellable agreement with another not-for-profit organization to build a facility on the Tomahawk Ranch property. Per the terms of the agreement, Girl Scouts received \$180,000 from the not-for-profit organization to cover partial costs of the facility, which the other not-for-profit organization will be allowed to use when not being used by Girl Scouts. In the event Girl Scouts terminates the agreement, Girl Scouts will be required to pay \$152 for every month left on the 99-year agreement. Annual lease income of \$1,818 was recognized in 2023 and 2022 and is expected in future years over the term of the agreement. At September 30, 2023 and 2022, the deferred revenue related to this agreement was \$166,364 and \$168,182, respectively.

9. Promotional Rewards

Girl Scouts issues promotional rewards to girls as an incentive for selling cookies. These promotional rewards may only be used for Girl Scouts-related products. Beginning in 2013, Girl Scouts changed its policy regarding promotional rewards allowing them to have an expiration date 10 years after issuance. Prior to 2013, the promotional rewards expired after one year. Management developed an estimate for the liability of outstanding promotional rewards based on previous years' redemption rates. The promotional rewards liability was \$738,252 and \$692,763 as of September 30, 2023 and 2022, respectively, and is included in accrued expenses on the statement of financial position.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

10. Leases

Girl Scouts has operating leases for office spaces that expire at various times from January 2024 to February 2033. Girl Scouts had operating lease costs of \$395,964 for the year ended September 30, 2023. This excludes immaterial short-term leases and variable lease costs.

Supplemental cash flow and other information related to leases are as follows for the year ended September 30, 2023:

Cash Flow Information:

ROU assets obtained in exchange for new operating lease obligations	\$ 1,126,664
Cash paid for operating leases included in operating activities	395,964

Other Information:

Weighted-average remaining term - operating leases	8.12
Weighted-average discount rate - operating leases	3.71%

The reconciliation of the undiscounted cash flows for each of the next five years and total remaining years of the lease liabilities recorded on the statement of financial position for the year ended September 30, 2023 is as follows:

<u>Year</u>	<u>Operating Leases</u>
2024	\$ 327,961
2025	224,006
2026	191,988
2027	165,974
2028	170,045
Thereafter	802,793
Total minimum lease payments	1,882,767
Less: Amount of lease payments representing interest	286,255
Present value of future minimum lease payments	1,596,512
Less: Current portion	273,044
Long-term lease liabilities	<u>\$ 1,323,468</u>

On October 1, 2022, Girl Scouts adopted the new lease standard using a modified-retrospective approach by recognizing and measuring leases at the adopting date with a cumulative effect of initially applying the guidance recognized at the date of initial application and did not restate the prior periods presented in the financial statements. Accordingly, the following information is presented for the year ended September 30, 2022 under ASC Topic 840.

Total rent expense for the year ended September 30, 2022 was \$443,730.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Future minimum lease payments under noncancellable operating leases that have remaining terms in excess of one year are as follows at September 30, 2022:

Year	Amount
2023	\$ 259,779
2024	225,538
2025	187,184
2026	175,470
2027	166,225
Thereafter	974,672
Total	\$ 1,988,868

11. Pension And Other Postretirement Benefit Plans

Defined Contribution Plan

Girl Scouts has a 403(b) defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of Girl Scouts' contributions to the plan. The contribution approved was 2% for the years ended September 30, 2023 and 2022. Pension expense was \$78,341 and \$72,338 for the years ended September 30, 2023 and 2022, respectively.

Defined Benefit Plan

Girl Scouts participates in the National Girl Scout Council Retirement Plan (NGSCR or Plan), a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of GSUSA voted to freeze NGSCR to new entrants and to freeze future benefit accruals for all current participants under NGSCR effective July 31, 2010. NGSCR covers substantially all of the employees of various Girl Scout councils who were eligible to participate in NGSCR 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 COLORADO

Notes To Financial Statements (*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 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2022 and 2023 were \$32.2 million and \$27.5 million, respectively. Aggregate contributions to be made in fiscal 2024 are expected to be \$26 million.

For the years ended September 30, 2023 and 2022, the total actuarial required payments and actual payments made by Girl Scouts were \$548,025 and \$560,214, respectively. The future costs associated with funding this unfunded liability will be subject to market conditions and accrued actuarial evaluations.

12. Troop/Group Fund Accounts

Bank accounts for each troop/group are established under Girl Scouts' tax identification number. All funds are maintained for the beneficial interest of the girls within the respective troop/group. These funds are not under the financial control of Girl Scouts and have not been included in the financial statements.

13. Disclosures About Fair Value Of Assets And Liabilities

ASC Topic 820, *Fair Value Measurements* (Topic 820), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset
- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities consist of a bond fund. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and these securities are classified within Level 2 of the valuation hierarchy.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

Beneficial Interests In Assets Held By Others

The carrying amounts of financial assets required to be measured at fair value on a recurring basis include investments held by the Funds, the fair values of which are based upon information determined and reported by the Funds. The fair values of investments held by the Funds include Levels 1, 2 and 3; however, Girls Scouts' pro rata share of the pooled investments is not quoted in active markets and is, therefore, classified as Level 3 in the fair value hierarchy.

Beneficial Interests In Perpetual Trusts

Beneficial interests in perpetual trusts held by others are valued using the fair values of the assets in the trusts as a practical expedient unless facts and circumstances indicate that the fair values of the assets in the trusts differ from the fair values of the beneficial interests. Perpetual trusts held by others are classified within Level 3 of the fair value hierarchy.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis, and the levels within the fair value hierarchy in which the fair value measurements fall at September 30, 2023 and 2022:

	2023			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money market	\$ 10,180,981	\$ —	\$ 10,180,981	\$ —
Certificates of deposit	200,764	—	200,764	—
Bond fund	11,164	11,164	—	—
Beneficial interests in perpetual trusts	227,312	—	—	227,312
Beneficial interests in assets held by others	19,561,916	—	—	19,561,916
Total	\$ 30,182,137	\$ 11,164	\$ 10,381,745	\$ 19,789,228

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

	2022			
	Fair Value Measurements Using			
	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	Fair Value			
Investments:				
Money market	\$ 4,836,180	\$ —	\$ 4,836,180	\$ —
Government agency bond	977,678	—	977,678	—
Bond fund	10,691	10,691	—	—
Beneficial interests in perpetual trusts	227,312	—	—	227,312
Beneficial interests in assets held by others	17,448,623	—	—	17,448,623
Total	\$ 23,500,484	\$ 10,691	\$ 5,813,858	\$ 17,675,935

There were no significant transfers between Levels 1, 2 or 3 during the years ended September 30, 2023 and 2022.

During the years ended September 30, 2023 and 2022, there were no changes in the methods and/or assumptions utilized to derive the fair values of the Girl Scouts' assets.

14. Concentrations

Approximately 85% and 76% of operating revenues were received from one funding stream during the years ended September 30, 2023 and 2022, respectively. Approximately 20% of expenses were product cost of sales purchased from one vendor for the years ended September 30, 2023 and 2022, respectively.

15. Related Party Transactions

Girl Scouts is a chartered council of the national organization, GSUSA. Girl Scouts collects a \$25 annual fee per girl, and this money is deposited into a specific bank account which GSUSA is able to access. Girl Scouts acts as a pass-through entity collecting dues on behalf of GSUSA, and this revenue is never recorded on the books of Girl Scouts. There was \$255 and \$11,292 due to GSUSA as of September 30, 2023 and 2022, respectively, which is included in accounts payable.

16. Employee Retention Tax Credit

The CARES Act provided an ERTC, which is a refundable tax credit against certain employment taxes for eligible employers. Girl Scouts qualified for the credit beginning on January 1, 2021 and received credits for qualified wages through March 31, 2021. During the year ended September 30, 2021, Girl Scouts recognized \$794,200 as ERTC income which was received in 2023.

17. Subsequent Events

Management evaluates subsequent events through the date that the financial statements are available for issue, which is the date of the Independent Auditors' Report.

Subsequent to year end, Girl Scouts entered into a purchase obligation as of October 30, 2023 with Little Brownie Bakers for approximately \$3,939,000.